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## Heartland BancCorp Earnings Increase 26% to \$1.6 Million, or \$0.98 per Diluted Share, in First Quarter 2015, Increases Quarterly Cash Dividend 5% to \$0.3724 Per Share

Gahanna, OH – April 21, 2015 – Heartland BancCorp (“the company,” and “the bank”) (OTCQB: HLAN), today reported earnings increased 25.6% to \$1.6 million, or \$0.98 per diluted share in the first quarter of 2015 compared to \$1.2 million, or \$0.79 per diluted share, in the first quarter a year ago.

The Company also announced its board of directors increased its regular quarterly cash dividend by 5% to \$0.3724 per share. The dividend will be payable July 10, 2015, to common shareholders of record as of June 25, 2015. Previously Heartland paid a regular quarterly cash dividend of \$0.3547 per share.

“We started off 2015 with the same robust pace as we finished 2014, with double digit loan and deposit growth year-over-year as well as continued meaningful progress in reducing nonperforming assets,” stated G. Scott McComb, Chairman, President and CEO. “Management, at the board’s direction, is positioning the bank for future growth by strengthening our balance sheet, liquidity, and capital base. At this time we are exploring all growth opportunities, both organic and through acquisition, in our current markets and surrounding areas.”

### First Quarter Financial Highlights (at or for the period ended March 31, 2015)

- Net income was \$1.6 million, or \$0.98 per diluted share, compared to \$1.2 million, or \$0.79 per diluted share in the first quarter of 2014.
- Net interest margin remained healthy and above peer levels at 4.05%.
- Annualized return on average assets was 0.95%.
- Annualized return on average equity was 10.26%.
- Total deposits increased to \$586.1 million, a 14.5% increase compared to a year ago.
- Net loans increased to \$515.6 million, a 20.1% increase compared to a year ago.
- Non-performing assets decreased 44.5% to \$3.0 million, or 0.44% of total assets, at March 31, 2015, compared to December 31, 2014.
- Book value per share increased 10.2% to \$39.80 per share compared to \$36.11 per share one year earlier.
- Increased its quarterly cash dividend 5% to \$0.3724 per share, which represents a 3.5% yield based on the March 31, 2015 stock price.

### Balance Sheet Review

“Our community bankers generated another strong quarter of loan production,” said McComb. “As a result, net loans increased 20.1% to \$515.6 million at quarter end, compared to \$429.3 million a year earlier. Additionally, we continue to see significant potential for current and future growth in relationships in our marketplace.”

Total deposits increased 14.5% to \$586.1 million at March 31, 2015, compared to \$511.9 million a year earlier. Demand accounts represented 18.7%, while savings, NOW and money market accounts represented 37.6%, and CDs comprised 43.7% of the total deposit portfolio, at March 31, 2015.

Total assets increased 12.5% to \$675.6 million at March 31, 2015, compared to \$600.8 million a year earlier. Shareholders’ equity increased 10.4% to \$61.9 million at March 31, 2015, compared to \$56.0 million one year ago. At quarter end, Heartland’s tangible book value increased 10.3% to \$39.53 per share compared to \$35.84 per share one year earlier.

### **Credit Quality**

"Credit quality continues to improve, with nonperforming loans declining dramatically during the quarter and year-over year," said McComb. Heartland's nonaccrual loans decreased 46.7% to \$2.4 million at March 31, 2015, compared to \$4.5 million three months earlier, and decreased 54.5% compared to \$5.2 million a year earlier. Other real estate owned (OREO) and other non-performing assets increased modestly to \$117,000 at March 31, 2015, compared to \$108,000 three months earlier and decreased 88.8% compared to \$1.0 million a year earlier.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, decreased 44.5% to \$3.0 million at March 31, 2015, compared to \$5.3 million three months earlier, and decreased 53.5% when compared to \$6.4 million a year ago.

Heartland's first quarter provision for loan losses was \$240,000, compared to \$225,000 in the preceding quarter and \$405,000 in the first quarter a year ago. As of March 31, 2015, the allowance for loan losses represented 221.2% of nonaccrual loans compared to 119.7% three months earlier, and 97.4% one year earlier.

Net charge-offs were \$319,000 in the first quarter compared to \$238,000 in the preceding quarter, and net recoveries of \$19,000 in the first quarter a year ago. The allowance for loan losses was \$5.3 million, or 1.01% of total loans at March 31, 2015, compared to \$5.4 million, or 1.06% of total loans at December 31, 2014, and \$5.1 million, or 1.07% of total loans a year ago.

### **Operating Results**

"Growing earnings in pace with assets keep us focused on generating sustainable profitability," said McComb. Heartland's net interest margin improved four basis points to 4.05% in the first quarter of 2015, compared to 4.01% in the preceding quarter and declined eight basis points compared to 4.13% in the first quarter a year ago.

Total revenues (net interest income before the provision for loan losses, plus non-interest income) increased 12.5% to \$6.8 million in the first quarter, compared to \$6.0 million in the first quarter a year ago. Net interest income before the provision for loan loss increased 13.9% to \$6.1 million in the first quarter of 2015, compared to \$5.3 million in the first quarter a year ago.

Heartland's noninterest income increased slightly to \$679,000 in the first quarter of 2015, compared to \$669,000 in the first quarter a year ago.

"The increase in noninterest expense for the current quarter reflects higher employee and incentive costs due to higher loan production and expansion into new markets such as Pickerington, Ohio. The bank is at the point where we need more corporate and operations staff to continue to mitigate risk and support a robust growing balance sheet," said McComb. In the first quarter of 2015, noninterest expenses increased 10.2% to \$4.3 million, compared to \$3.9 million in the first quarter 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).

**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>March 31, 2015</u>	<u>Dec. 31, 2014</u>	<u>March 31, 2014</u>
Cash and cash equivalents	31,078,674	22,561,068	32,050,021
Available-for-sale securities	100,811,843	101,479,692	111,301,455
Held-to-maturity securities, fair value \$6,922,387 and \$6,918,508 at March 31, 2015 and 2014, respectively and \$6,914,217 at December 31, 2014	6,453,351	6,454,963	6,625,150
Loans, net of allowance for loan losses of \$5,271,174 and \$5,100,283 at March 31, 2015 and 2014, respectively and \$5,350,637 at December 31, 2014	515,645,398	498,585,125	429,302,310
Premises and equipment	12,880,648	12,653,144	12,043,040
Nonmarketable equity securities	2,655,439	2,655,439	1,891,550
Foreclosed assets held for sale	117,457	108,082	1,045,972
Interest receivable	2,359,955	1,803,108	2,090,793
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,881,258	1,881,258	2,600,821
Other	1,308,202	1,083,056	1,403,012
Total assets	<u>\$ 675,609,578</u>	<u>\$ 649,682,288</u>	<u>\$ 600,771,477</u>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits			
Demand	\$ 109,641,986	\$ 108,394,566	\$ 85,849,357
Saving, NOW and money market	220,201,722	203,367,315	209,050,095
Time	256,227,173	244,394,645	217,019,221
Total deposits	<u>586,070,881</u>	<u>556,156,526</u>	<u>511,918,673</u>
Short-term borrowings	22,882,863	28,395,316	28,798,256
Interest payable and other liabilities	4,769,023	4,421,322	4,016,523
Total liabilities	<u>613,722,767</u>	<u>588,973,164</u>	<u>544,733,452</u>
<b>Shareholders' Equity</b>			
Common stock, without par value; authorized 5,000,000 shares; issued 2015 - 1,554,921, 2014 - 1,551,922 shares and December 2014 - 1,554,457 shares	23,577,337	23,558,806	23,437,557
Retained earnings	37,159,060	36,160,565	32,971,348
Accumulated other comprehensive income (expense)	1,150,414	989,753	(370,880)
Total shareholders' equity	<u>61,886,811</u>	<u>60,709,124</u>	<u>56,038,025</u>
Total liabilities and shareholders' equity	<u>\$ 675,609,578</u>	<u>\$ 649,682,288</u>	<u>\$ 600,771,477</u>
Book value per share	<u>\$ 39.80</u>	<u>\$ 39.05</u>	<u>\$ 36.11</u>

## Heartland BancCorp

### Consolidated Statements of Income

	Three Months Ended		
	March 31, 2015	Dec. 31, 2014	March 31, 2014
<b>Interest Income</b>			
Loans	\$ 6,140,166	\$ 6,162,060	\$ 5,238,041
Securities			
Taxable	303,519	324,614	339,731
Tax-exempt	385,458	387,701	430,547
Other	8,293	17,553	9,123
Total interest income	<u>6,837,436</u>	<u>6,891,928</u>	<u>6,017,442</u>
<b>Interest Expense</b>			
Deposits	753,517	761,837	674,517
Borrowings	3,677	3,970	4,778
Total interest expense	<u>757,194</u>	<u>765,807</u>	<u>679,295</u>
<b>Net Interest Income</b>	6,080,242	6,126,121	5,338,147
<b>Provision for Loan Losses</b>	240,000	225,000	405,000
<b>Net Interest Income After Provision for Loan Losses</b>	<u>5,840,242</u>	<u>5,901,121</u>	<u>4,933,147</u>
<b>Noninterest Income</b>			
Service charges	467,519	475,385	481,223
Net gains and commissions on loan sales	39,526	32,691	16,344
Net realized gains on available-for-sale securities	8,434	-	-
Net realized gains on sales of foreclosed assets	58	55,828	25,769
Other	163,196	216,095	145,734
Total noninterest income	<u>678,733</u>	<u>779,999</u>	<u>669,070</u>
<b>Noninterest Expense</b>			
Salaries and employee benefits	2,487,769	2,576,281	2,216,456
Net occupancy and equipment expense	441,724	415,152	446,459
Data processing fees	272,083	319,183	241,856
Professional fees	170,499	186,695	154,396
Marketing expense	141,000	199,286	136,250
Printing and office supplies	49,103	42,527	49,979
State financial institutions tax	105,982	90,097	102,933
FDIC Insurance premiums	111,000	91,836	78,581
Other	568,371	486,753	519,587
Total noninterest expense	<u>4,347,531</u>	<u>4,407,810</u>	<u>3,946,497</u>
<b>Income before Income Tax</b>	<u>2,171,444</u>	<u>2,273,310</u>	<u>1,655,720</u>
<b>Provision for Income Taxes</b>	621,419	617,225	421,743
<b>Net Income</b>	<u>\$ 1,550,025</u>	<u>\$ 1,656,085</u>	<u>\$ 1,233,977</u>
<b>Basic Earnings Per Share</b>	<u>\$ 1.00</u>	<u>\$ 1.07</u>	<u>\$ 0.80</u>
<b>Diluted Earnings Per Share</b>	<u>\$ 0.98</u>	<u>\$ 1.05</u>	<u>\$ 0.79</u>

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

	Three Months Ended		
	March 31, 2015	Dec. 31, 2014	March 31, 2014
<b>Performance Ratios:</b>			
Return on average assets	0.95%	1.04%	0.85%
Return on average equity	10.26%	11.22%	9.08%
Net interest margin	4.05%	4.01%	4.13%
Efficiency ratio	64.40%	63.82%	65.70%
<b>Asset Quality Ratios and Data:</b>			
	As of or for the Three Months Ended		
	March 31, 2015	Dec. 31, 2014	March 31, 2014
Non accrual loans	\$ 2,383	\$ 4,470	\$ 5,237
Loans past due 90 days and still accruing	454	725	76
OREO and other non-performing assets	117	108	1,046
Total non-performing assets	<u>\$ 2,954</u>	<u>\$ 5,303</u>	<u>\$ 6,359</u>
Non-performing assets to total assets	0.44%	0.82%	1.06%
Net charge-offs (recoveries) quarter ending	\$ 319	\$ 238	\$ (19)
Allowance for loan loss	\$ 5,271	\$ 5,351	\$ 5,100
Non accrual loans	\$ 2,383	\$ 4,470	\$ 5,237
Allowance for loan loss to non accrual loans	221.19%	119.70%	97.38%
Allowance for loan losses to loans outstanding	1.01%	1.06%	1.17%
<b>Book Values:</b>			
Total shareholders' equity	\$ 61,887	\$ 60,709	\$ 56,038
Less, goodwill	417	417	417
Shareholders' equity less goodwill	\$ 61,469	\$ 60,292	\$ 55,621
Common shares outstanding	1,554,921	1,554,457	1,551,922
Common shares as adjusted	1,554,921	1,554,457	1,551,922
<b>Book value per common share</b>	<b>\$ 39.80</b>	<b>\$ 39.05</b>	<b>\$ 36.11</b>
<b>Tangible book value per common share</b>	<b>\$ 39.53</b>	<b>\$ 38.79</b>	<b>\$ 35.84</b>

Note: Transmitted on Globe Newswire on April 21, 2015, at 4:00 p.m. EDT.