

# Heartland BancCorp

## Heartland BancCorp Announces Higher 3<sup>rd</sup> Quarter 2013 Earnings: Directors Increase Dividend

### For Immediate Release:

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Scott McComb, Chairman & CEO of Heartland BancCorp, parent company of Heartland Bank, today reported a 2% increase in third quarter 2013 earnings over the third quarter of 2012. Net income of \$1.440 million or \$0.92 per diluted share for the three months ended September 30, 2013 compares to net income of \$1.412 million or \$0.91 per diluted share for the third quarter of 2012. Earnings were higher for the third quarter of 2013 as a result of higher net interest income, lower provision expense and higher non-interest income. Net interest income before provision increased \$95 thousand or 2% to \$5.486 million for the third quarter of 2013 over net interest income before provision of \$5.391 million for the third quarter of 2012. Interest income totaled \$6.227 million during the third quarter of 2013 a decrease of 3% compared to interest income of \$6.407 million for the same period in 2012. Interest expense declined to \$742 thousand, a decrease of 27% for the third quarter of 2013 compared to interest expense of \$1.016 million for the third quarter of 2012. Overall, short-term interest rates remained at historically low levels since 2007 resulting in the downward repricing of both earning assets as well as interest bearing liabilities throughout 2013 and 2012. Provision expense during the third quarter of 2013 totaled \$455 thousand down \$25 thousand over provision expense of \$480 thousand in 2012.

Net income for the nine-month period ending September 30, 2013 declined 36% to \$3.812 million or \$2.44 per diluted share, compared to earnings of \$5.914 million or \$3.80 per diluted share for the same nine-month period in 2012. Year to date 2012 earnings include net tax exempt life insurance proceeds totaling \$1.983 million recorded in other non-interest income from Heartland Bank's key-man insurance policies on its former Chairman and Founder. Excluding this one-time revenue item, 2012 year to date earnings would have totaled \$3.931 million or \$2.52 a diluted share \$119 thousand higher than earnings of \$3.812 million for the first nine months of 2013.

Assets totaling \$584 million at September 30, 2013 increased \$5.9 million over total assets of \$578 million at September 30, 2012. Net loans of \$420.9 million at September 30, 2013 increased \$28.2 million up 7% from net loans of \$392.7 million at September 30, 2012. Securities of \$118.1 million declined \$32.7 million or 22% over the prior year. The drop in securities outstanding resulted from the increase in loan demand funded in part by the liquidity from the bank's securities portfolio. Deposits outstanding of \$500 million at September 30, 2013 increased \$10 million, an increase of 2% over prior year levels. Growth in transaction account balances of \$31.7 million or 13% partially offset by a 9% or \$22 million decline in time deposits since September 30, 2012 contributed to the decrease in interest expense and reflects customer preferences to remain in accounts providing liquidity.

McComb commented "Our solid third quarter and year-to-date 2013 performance was achieved through our continued focus on attracting and enhancing new and current customer relationships. Heartland Bank remains a 'Well Capitalized' banking institution for regulatory capital purposes which put us in a good position to take advantage of strategic opportunities that may arise. The shift in long-term interest rates has allowed us to grow profitably and more businesses and consumers seeking the benefits of community banking, as opposed to mega banking, are filling our branches"

"I am further pleased to announce, in recognition of our strong financial performance through the first nine months of 2013, Heartland BancCorp's Board of Directors approved a 5% increase in Heartland BancCorps quarterly cash dividend and declared a fourth quarter cash dividend of \$0.3378 per share to shareholders of record December 25, 2013 payable January 10, 2014". A share of Heartland BancCorp common stock has produced a dividend yield of 4.50% over the seven year period beginning in 2007, the beginning of the U.S. economic collapse, projected through 2013.

Heartland BancCorp is a registered Ohio bank holding company and the parent of Heartland Bank, which operates eleven 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 provides a complete line of loan and deposit products accessible from any of our banking offices and ATMs, as well as from home or office using Heartland's telephone banking at 416-BANK or worldwide access at [www.heartlandbank.com](http://www.heartlandbank.com) 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 over-the-counter (OTC) Bulletin Board Service under the symbol HLAN. Learn more about Heartland Bank at HeartlandBank.com.

[HEARTLAND BANCCORP EARNINGS PROFILE ATTACHED]

**Heartland BancCorp**  
**Earnings Profile**  
**Third Quarter and Year to Date**  
**September 30, 2013 and 2012**

		<b>2013</b>	<b>2012</b>
<b>Third Quarter</b>	Net Interest Income <small>(after provision)</small>	\$5,030,866	\$4,911,116
	Non-Interest Income	851,350	710,725
	Net Income	1,439,843	1,412,398
	Basic Earnings Per Share	\$0.93	\$0.92
	Diluted Earnings Per Share		
		\$0.92	\$0.91
<b>Year to Date</b>	Net Interest Income <small>(after provision)</small>	\$14,332,291	\$14,640,506
	Non-Interest Income	2,863,614	4,282,543
	Net Income	3,812,051	5,913,808
	Basic Earnings Per Share	\$2.47	\$3.84
	Diluted Earnings Per Share	\$2.44	\$3.80