

Heartland BancCorp

Heartland BancCorp Announces Increased 2nd Quarter and Year-To-Date 2014 Earnings

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Scott McComb, Chairman & CEO of Heartland BancCorp, parent company of Heartland Bank, today reported higher earnings for the second quarter and six months ending June 30, 2014. Net income for the second quarter of 2014 totaled \$1.578 million or \$1.01 per diluted share up 23% compared to net income of \$1.282 million or \$0.82 per diluted share for the three months ended June 30, 2013. Year to date 2014 net income of \$2.812 million or \$1.79 per diluted share increased 19% over earnings of \$2.372 million or \$1.52 per diluted share for the first six months of 2013.

Net interest income (after provision) of \$5.487 million for the second quarter of 2014 increased \$715 thousand or 15% over the prior year second quarter amount of \$4.772 million. The increase in net interest income resulted from a \$495 thousand or 9% year-over-year increase in interest income primarily from growth in commercial lending in 2014 along with an 11% decline in interest expense reflecting growth in non-interest bearing demand deposits and continued low market interest rates. Provision expense for the second quarter 2014 declined \$205 thousand or 37% compared to the second quarter 2013. The lower provision expense for the second quarter of 2014 reflects a lower level of net loan charge-offs coupled with declining levels of non-performing assets in 2014 compared to 2013.

Non-interest income of \$923 thousand for the second quarter of 2014 declined \$238 thousand or 20% compared to the second quarter of 2013. The decline in 2014 resulted from lower net gains recorded on the sales of available for sale securities totaling \$465 thousand in 2013 compared to \$137 thousand in 2014.

Non-interest or operating expenses of \$4.220 million for the second quarter of 2014 declined slightly compared to \$4.232 million for second quarter of 2013. Expenses decreased in almost every category during the second quarter of 2014 compared to the same period in the prior year partially reflecting lower foreclosed property cost in 2014.

Year to date 2014 net income increased 19% over the same period in 2013. Net income of \$2.812 million or \$1.79 per diluted share compares to earnings of \$2.372 million or \$1.52 per diluted share for

the first six months of 2013. Net interest income after provision expense was \$10,682 million for the first six months of 2014, up 15% compared to \$9.301 million for the same period in 2013.

The increase in net interest income was due to a 5% or \$616 thousand increase in interest income and a 23% decrease in interest expense. Further contributing to the improvement in net interest income during the first 6 months of 2014 was a 32% or \$355 thousand decline in provision expense resulting from the overall improvement in asset quality thus far in 2014.

Noninterest income totaled \$1.592 million for the first six months of 2014 down from \$2.012 million for the same period in 2013. Gains from the sale of available-for-sale securities totaling \$684 thousand in 2013 declined \$547 thousand to \$137 thousand in 2014.

Non-interest or operating expense of \$8.429 million increased \$227 thousand or 3% in 2014 over \$8.202 million for the first six months of 2013.

Balance Sheet highlights for the first half of 2014 compared to the same period in 2013 include:

- Total assets increased to \$615 million up 9% or \$48.5 million
- Total loans (net of allowance) increased to \$455 million up \$55.6 million or 14%
- Deposits increased to \$572.6 million up \$50.9 million or 11%
- Non-interest bearing and interest bearing transactions accounts increased \$40.7 million or 14%
- Book value per share increased \$2.42 or 7% to \$37.21 at June 30, 2014
- Shareholders' equity increased by \$3.9 million or 7% to \$57.7 million.

McComb stated, "I am pleased with our second quarter progress and our outlook for the balance of 2014. We remain sharply focused on growing our loan and deposit relationships to enhance our net interest revenue while remaining committed to prudent interest rate management. Interest rates are poised to increase in the future and we have positioned the bank to protect our net interest margin. With the local economy continuing to strengthen loan demand, we have been able to reduce our investment portfolio and re-deploy that capital into higher yielding loans. An expanding economy will create opportunities for us to grow without the downside risk of deploying capital at unprofitable levels. With a significant reduction in non-performing assets combined with strong loan and deposit growth we remain focused on our core competency of serving our central Ohio market as its premier community bank."

About Heartland Bank

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 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
Second Quarter and Year-To-Date
June 30, 2014 and 2013

		2014	2013
Second Quarter	Net Interest Income (after provision)	\$5,486,751	\$4,772,155
	Noninterest Income	923,317	1,161,192
	Net Income	1,577,800	1,281,653
	Basic Earnings Per Share	\$1.02	\$0.83
	Diluted Earnings Per Share	\$1.01	\$0.82
Year-to-Date	Net Interest Income (after provision)	\$10,682,266	\$9,301,425
	Noninterest Income	1,592,387	2,012,264
	Net Income	2,811,777	2,372,208
	Basic Earnings Per Share	\$1.81	\$1.54
	Diluted Earnings Per Share	\$1.79	\$1.52