Contacts: G. Scott McComb, Chairman, President & CEO
Heartland BancCorp 614-337-4600

Heartland BancCorp Earnings Increase to $2.2 Million in 2Q17;
Declares Quarterly Cash Dividend of $0.4301 per Share

Gahanna, OH – July 18, 2017 – Heartland BancCorp ("the company," and "the bank") (OTCQB: HLAN), today reported second quarter net income increased 21.3% to $2.2 million, or $1.37 per diluted share, compared to $1.8 million, or $1.13 per diluted share, in the preceding quarter and grew 10.8% from $2.0 million, or $1.26 per diluted share, in the second quarter a year ago. In the first six months of 2017, net income increased 7.3% to $4.1 million, or $2.50 per diluted share, compared to $3.8 million, or $2.37 per diluted share, in the first six months of 2016.

The company also announced its board of directors declared a regular quarterly cash dividend of $0.4301 per share. The dividend will be payable October 10, 2017, to shareholders of record as of September 25, 2017, providing a 2.35% current yield at recent market prices.

"Our operating performance and loan and deposit growth during the second quarter is a direct result of expanding our banking team, investing in branch expansion, and the continual drive to deliver value," stated G. Scott McComb, Chairman, President and CEO. "We made strategic investments in our personnel, added fixed costs to expand our branch network into new markets, and continue to seek diversification into new business verticals. We made these additional investments in our future, while returning double digit growth in quarterly earnings, total revenues, assets, loans and deposits from a year ago."

Second Quarter Financial Highlights (at or for the period ended June 30, 2017)

- Net income was $2.2 million, or $1.37 per diluted share, in 2Q17.
- Net interest margin improved to 3.97% compared to 3.94% in the preceding quarter and 3.92% in the second quarter a year ago.
- Annualized return on average assets was 1.07% for the second quarter of 2017.
- Annualized return on average equity was 12.08%.
- Total assets increased 10.7% to $845.1 million, compared to $763.3 million a year earlier.
- Total deposits increased 11.5% to $716.8 million from a year ago.
- Net loans increased 14.9% to $663.4 million from a year ago.
- Non-performing assets improved to $3.2 million, or 0.39% of total assets, at June 30, 2017, compared to $4.3 million, or 0.53%, three months earlier and $5.7 million, or 0.75%, one year earlier.
- Tangible book value per share increased 5.9% to $47.16 per share compared to $44.55 per share one year earlier.
- Declared quarterly cash dividend of $0.4301 per share, which represents a 2.35% yield based on the June 30, 2017 stock price ($73.25).

Balance Sheet Review

"Our brand and reputation in the greater Columbus market continues to attract strong demand for loans, primarily in the agricultural, commercial and industrial (C&I), and residential mortgage sectors," said McComb. Net loans increased 14.9% to $663.4 million at June 30, 2017, compared to $577.4 million at June 30, 2016 and increased 4.4% compared to $635.7 million at March 31, 2017.

Total deposits increased 11.5% to $716.8 million at June 30, 2017, compared to $642.7 million a year earlier and increased 1.8% compared to $704.2 million three months earlier. Demand deposit accounts represented 22.7%, savings, NOW and money market accounts represented 36.0%, and CDs comprised 41.3% of the total deposit portfolio, at June 30, 2017.

Heartland's total assets increased 10.7% to $845.1 million at June 30, 2017, compared to $763.3 million a year earlier and shareholders' equity increased 7.0% to $75.4 million at June 30, 2017, compared to $70.5 million one year ago. At quarter end, Heartland's tangible book value increased 5.9% to $47.16 per share compared to $44.55 per share one year earlier.

Operating Results

Heartland's net interest income before the provision for loan loss increased 11.5% to $7.5 million in the second quarter of 2017, compared to $6.8 million in the second quarter a year ago, and increased 6.2% compared to $7.1 million in the preceding quarter. In the first six months of the year, net interest income before the provision for loan loss increased 8.6% to $14.6 million, compared to $13.5 million in the first six months of 2016.

Heartland's total revenues (net interest income before the provision for loan losses, plus non-interest income) increased 13.6% to $8.7 million in the second quarter, compared to $7.7 million in the second quarter a year ago, and increased 8.9% compared to $8.0 million in the preceding quarter. Year-to-date, total revenues increased 10.0% to $16.8 million, compared to $15.2 million in the first six months of 2016.

Net interest margin improved to 3.97% in the second quarter of 2017, compared to 3.94% in the preceding quarter and 3.92% in the second quarter a year ago. The slight increase in the net interest margin during the current quarter was due to strong loan growth, resulting in a loan-to-asset ratio of 78.5% at June 30, 2017 compared to 75.6% one year ago. In the first six months of 2017, the net interest margin was 3.95% compared to 3.97% in the first six months a year ago.

Noninterest income improved 28.3% to $1.2 million in the second quarter, compared to $940,000 in the second quarter a year ago, and increased 29.0% compared to $935,000 in the preceding quarter. In the first six months of 2017, noninterest income increased 21.0% to 2.1 million, compared to $1.8 million in the first six months of 2016.

Heartland's second quarter noninterest expenses were $5.4 million, compared to $4.8 million in the second quarter a year ago and $5.2 million in the preceding quarter. The efficiency ratio for the second quarter of 2017 was 61.43%, compared to 62.99% for the second quarter of 2016. "We continue to invest in seasoned bankers while increasing revenues and reducing our efficiency ratio as the bank executes on its organic growth strategy," said McComb.

Credit Quality

Nonaccrual loans decreased 13.5% to $3.1 million at June 30, 2017, compared to $3.6 million three months earlier and decreased 40.1% compared to $5.2 million a year earlier. There were $22,000 in loans past due 90 days and still accruing at June 30, 2017, compared to $271,000 at the end of the preceding quarter and $479,000 a year ago. There were $735,000 in restructured loans included in nonaccrual loans at June 30, 2017, as compared to $740,000 three months earlier.

Performing restructured loans that were not included in nonaccrual loans at the end of the second quarter of 2017 were $1.9 million, compared to $2.3 million in the preceding quarter. 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.

There was no other real estate owned (OREO) and other non-performing assets on the books at June 30, 2017, compared to $400,000 at March 31, 2017.

Heartland's nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, decreased 26.5% to $3.2 million, or 0.39% of assets, at June 30, 2017, compared to $4.3 million, or 0.53% of assets, three months earlier, and decreased 44.7% compared to $5.7 million, or 0.75% of assets, a year ago.

The second quarter provision for loan losses was $255,000, compared to $330,000 in the preceding quarter and $135,000 in the second quarter a year ago. As of June 30, 2017, the allowance for loan losses represented 198.5% of nonaccrual loans compared to 165.3% three months earlier, and 114.1% one year earlier.

The allowance for loan losses was $6.2 million, or 0.97% of total loans at June 30, 2017, compared to $6.0 million, or 0.94% of total loans at March 31, 2017, and $6.0 million, or 1.03% of total loans a year ago. Net charge-offs were $20,000 in the second quarter, which was unchanged compared to the preceding quarter. Net charge-offs were $56,000 in the second quarter a year ago.

About Heartland BancCorp

Heartland BancCorp is a registered Ohio bank holding company and the parent of Heartland Bank, which operates thirteen 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 2017, Heartland was ranked #57 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 12/31/16.

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	June 30, 2017	March 31, 2017	June 30, 2016
Cash and cash equivalents	26,859,082	35,295,248	33,727,073
Available-for-sale securities	108,841,483	103,322,669	115,496,339
Held-to-maturity securities, fair value $5,608,318 and $6,362,826 at June 30, 2017 and 2016, respectively and $5,722,494 at March 31, 2017	5,464,807	5,552,890	5,987,094
Loans, net of allowance for loan losses of $6,237,997 and $5,983,550 at June 30, 2017 and 2016, respectively and $6,008,531 at March 31, 2017	663,437,938	635,681,470	577,357,438
Premises and equipment	18,078,901	14,910,491	13,930,605
Nonmarketable equity securities	2,830,339	2,830,339	2,825,439
Foreclosed assets held for sale	-	400,000	-
Interest receivable	2,365,999	2,679,291	2,123,285
Goodwill	417,353	417,353	417,353
Deferred income taxes	2,374,481	2,374,481	1,765,794
Life insurance assets	12,909,209	12,824,596	9,453,665
Other	1,476,628	2,131,784	261,743
Total assets	$ 845,056,220	$ 818,420,612	$ 763,345,828
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Demand	$ 162,886,976	$ 157,531,055	$ 132,048,433
Saving, NOW and money market	257,703,537	263,127,467	230,829,215
Time	296,232,569	283,518,058	279,800,706
Total deposits	716,823,082	704,176,580	642,678,354
Short-term borrowings	16,495,538	20,422,504	24,290,996
Long-term debt	30,960,000	15,460,000	15,460,000
Interest payable and other liabilities	5,426,589	5,727,564	10,464,687
Total liabilities	769,705,209	745,786,648	692,894,037
Shareholders' Equity			
Common stock, without par value; authorized 5,000,000 shares; issued 2017 - 1,589,028 shares 2016 - 1,572,178 shares and March 2017 - 1,587,228 shares	24,090,857	24,033,757	24,115,306
Retained earnings	50,978,591	49,408,956	44,582,957
Accumulated other comprehensive income (expense)	281,563	(808,749)	1,753,528
Total shareholders' equity	75,351,011	72,633,964	70,451,791
Total liabilities and shareholders' equity	$ 845,056,220	$ 818,420,612	$ 763,345,828
Book value per share	$ 47.42	$ 45.76	$ 44.81

Heartland BancCorp

Consolidated Statements of Income

	Three Months Ended,			Six Months Ended	
Interest Income	**June 30, 2017**	**March 31, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Loans	$ 7,900,422	$ 7,371,268	$ 6,908,443	$ 15,271,690	$ 13,710,163
Securities					
Taxable	390,666	364,164	401,212	754,830	836,597
Tax-exempt	397,889	393,430	422,614	791,319	833,584
Other	48,700	48,165	34,617	96,865	70,828
Total interest income	8,737,677	8,177,027	7,766,886	16,914,704	15,451,172
Interest Expense					
Deposits	1,069,704	962,964	908,841	2,032,668	1,800,765
Borrowings	129,388	116,704	99,498	246,092	173,720
Total interest expense	1,199,092	1,079,668	1,008,339	2,278,760	1,974,485
Net Interest Income	7,538,585	7,097,359	6,758,547	14,635,944	13,476,687
Provision for Loan Losses	255,000	330,000	135,000	585,000	375,000
Net Interest Income After Provision for Loan Losses	7,283,585	6,767,359	6,623,547	14,050,944	13,101,687
Noninterest income					
Service charges	509,996	480,842	489,939	990,838	944,588
Net Gains and commissions on loan sales	307,185	160,778	123,727	467,963	246,452
Net realized gains on available-for-sale securities	-	6,128	133,425	6,128	197,711
Net realized gain/(loss) on sales of foreclosed assets	139,497	-	-	139,497	-
(Loss) gain on sale of premises and equipment	-	-	-	-	-
Gain on redemption of life insurance proceeds	-	-		-	
Increase in cash value of life insurance	84,614	92,605	60,709	177,219	126,147
Other	164,873	194,846	132,193	359,719	254,851
Total noninterest income	1,206,165	935,199	939,993	2,141,364	1,769,749
Noninterest Expense					
Salaries and employee benefits	3,111,741	3,166,256	2,792,939	6,277,997	5,727,503
Net occupancy and equipment expense	583,230	558,715	533,519	1,141,945	1,007,492
Data processing fees	327,627	303,774	287,053	631,401	552,589
Professional fees	159,584	124,880	129,549	284,464	241,588
Marketing expense	271,000	141,000	149,349	412,000	298,698
Printing and office supplies	49,022	64,994	51,960	114,016	96,157
State franchise taxes	141,825	141,825	139,500	283,650	279,000
FDIC Insurance premiums	80,500	79,500	98,000	160,000	196,000
Other	647,681	607,687	583,718	1,255,368	1,191,831
Total noninterest expense	5,372,210	5,188,631	4,765,587	10,560,841	9,590,858
Income before Income Tax	3,117,540	2,513,927	2,797,953	5,631,467	5,280,578
Provision for Income Taxes	888,953	677,365	787,318	1,566,318	1,491,738
Net Income	$ 2,228,587	$ 1,836,562	$ 2,010,635	$ 4,065,149	$ 3,788,840
Basic Earnings Per Share	$ 1.40	$ 1.16	$ 1.28	$ 2.56	$ 2.42
Diluted Earnings Per Share	$ 1.37	$ 1.13	$ 1.26	$ 2.50	$ 2.37

ADDITIONAL FINANCIAL INFORMATION

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

	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Performance Ratios:					
Return on average assets	1.07%	0.93%	1.07%	1.01%	1.01%
Return on average equity	12.08%	10.34%	11.77%	11.21%	11.12%
Net interest margin	3.97%	3.94%	3.92%	3.95%	3.97%
Efficiency ratio	61.43%	64.64%	62.99%	62.97%	63.73%

Asset Quality Ratios and Data:	As of or for the Three Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Non accrual loans	$ 3,143	$ 3,635	$ 5,246
Loans past due 90 days and still accruing	22	271	479
Non-performing investment securities	-	-	-
OREO and other non-performing assets	-	400	-
Total non-performing assets	$ 3,165	$ 4,306	$ 5,725
Non-performing assets to total assets	0.39%	0.53%	0.75%
Net charge-offs quarter ending	$ 20	$ 20	$ 56
Allowance for loan loss	$ 6,238	$ 6,008	$ 5,984
Non accrual loans	$ 3,143	$ 3,635	$ 5,246
Allowance for loan loss to non accrual loans	198.47%	165.28%	114.07%
Allowance for loan losses to loans outstanding	0.97%	0.94%	1.03%
Restructured loans included in non-accrual	$ 735	$ 740	$ 795
Performing restructured loans (RC-C)	$ 1,902	$ 2,330	$ 3,800
Book Values:			
Total shareholders' equity	$ 75,351	$ 72,634	$ 70,452
Less, goodwill	417	417	417
Shareholders' equity less goodwill	$ 74,934	$ 72,217	$ 70,035
Common shares outstanding	1,589,028	1,587,228	1,572,178
Less treasury shares	-	-	-
Common shares as adjusted	1,589,028	1,587,228	1,572,178
Book value per common share	**$ 47.42**	**$ 45.76**	**$ 44.81**
Tangible book value per common share	**$ 47.16**	**$ 45.50**	**$ 44.55**

Note: Transmitted on Globe Newswire on July 18, 2017, at 5:01 p.m. EDT.