



The Cereghino Group  
Corporate Investor Relations  
206.388.5785 www.stockvalues.com

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

---

---

## **Heartland BancCorp Earnings Grow 18% to \$1.7 Million, or \$1.05 per Diluted Share in Fourth Quarter of 2014, and 17% to \$6.1 Million, or \$3.87 per Diluted Share for the Year; Declares Regular Quarterly Cash Dividend of \$0.3547 Per Share**

Company Release - 1/20/2015 4:26 PM ET

GAHANNA, Ohio, Jan. 20, 2015 (GLOBE NEWSWIRE) -- Heartland BancCorp, (OTCQB:HLAN) today reported earnings increased 17.9% to \$1.7 million, or \$1.05 per diluted share in the fourth quarter of 2014, compared to \$1.4 million, or \$0.90 per diluted share, in the fourth quarter a year ago. For the full year, Heartland's earnings increased 16.6% to \$6.1 million, or \$3.87 per diluted share, compared to \$5.2 million, or \$3.34 per diluted share in 2013.

The Company also announced its board of directors declared a regular quarterly cash dividend of \$0.3547 per share. The dividend will be payable April 10, 2015 to shareholders of record March 25, 2015.

"We are proud to post such positive earnings and growth," stated G. Scott McComb, Chairman, President and CEO. "Standing by our existing clients through thick and thin as well as seeking out new clients that value relationships has enabled Heartland to capitalize on the thriving Central Ohio Economy."

### **Fourth Quarter Financial Highlights** (at or for the period ended December 31, 2014)

Net income was \$1.7 million, or \$1.05 per diluted share, compared to \$1.4 million, or \$0.90 per diluted share in the fourth quarter of 2013.

Net interest margin remained healthy and above peer levels at 4.01%.

Annualized return on average assets was 1.04%.

Annualized return on average equity was 11.22%.

Total deposits increased 13.3% compared to a year ago.

Net loans increased 17.9% to \$498.6 million, compared to a year ago.

Non-performing assets decreased 9.3% to \$5.3 million, or 0.82% of total assets at December 31, 2014, compared to three months earlier.

Book value per share increased 11.6% to \$39.05 per share, compared to \$35.00 per share one year earlier.

Declared a quarterly cash dividend of \$0.3547 per share, which represents a 3.5% yield based on the recent stock price.

### **Balance Sheet Review**

"Heartland had another strong quarter for loan production," said McComb. "As a result, net loans increased 17.9% to \$498.6 million at year end, compared to \$423.0 million a year earlier, with a majority of the growth coming from an increase in both commercial real estate and new C&I loans. Further, we continue to see significant potential for growth in our loan origination pipelines."

Total deposits increased 13.3% to \$556.2 million at December 31, 2014, compared to \$490.8 million a year earlier. Demand accounts represented 19.5%, while savings, NOW and money market accounts represented 36.6%, and CDs comprised 43.9% of the total deposit portfolio, at December 31, 2014.

Total assets increased 11.9% to \$649.7 million at December 31, 2014, compared to \$580.4 million a year earlier. Shareholders' equity increased 11.9% to \$60.7 million at December 31, 2014, compared to \$54.2 million one year ago. At year end, Heartland's tangible book value increased 11.7% to \$38.79 per share, compared to \$34.73 per share one year earlier.

### **Credit Quality**

Heartland's fourth quarter provision for loan losses was \$225,000, compared to \$275,000 in the preceding quarter and \$405,000 in the fourth quarter a year ago. As of December 31, 2014, the allowance for loan losses represented 119.7% of nonaccrual loans compared to 103.3% three months earlier, and 85.7% one year earlier.

"Our credit quality continues to improve with both nonperforming loans, real estate owned and other repossessed assets declining dramatically during the quarter," said McComb. "We are continuing to work with our customers to resolve problem credits and focus on managing a moderate risk profile."

Net charge-offs were \$238,000 in the fourth quarter compared to \$82,000 in the preceding quarter, and \$1.1 million in the fourth quarter a year ago. The allowance for loan losses was \$5.4 million, or 1.06% of total loans at December 31, 2014, compared to \$5.4 million, or 1.11% of total loans at September 30, 2014, and \$4.7 million, or 1.09% of total loans a year ago.

Nonaccrual loans decreased 13.9% to \$4.5 million at December 31, 2014, compared to \$5.2 million three months earlier, and decreased 18.1% compared to \$5.5 million a year earlier. Other real estate owned (OREO) and other non-performing assets declined 79.1% to \$108,000 at December 31, 2014, compared to \$517,000 three months earlier and decreased 93.6% compared to \$1.7 million a year earlier.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, decreased 9.3% to \$5.3 million at December 31, 2014, compared to \$5.9 million three months earlier, and decreased 29.6% when compared to \$7.6 million a year ago.

## **Operating Results**

"Growing earnings faster than assets keep us focused on profitable growth. Being honest with clients about what the bank needs to fulfil their needs is a common conversation in our enterprise," said McComb. Heartland's net interest margin remained steady at 4.01% in the fourth quarter of 2014, compared to 4.04% in the preceding quarter and 4.10% in the fourth quarter a year ago. The average net interest margin was 2.82% for the 330 banks that make up the SNL U.S. Bank Index as of September 30, 2014. For all of 2014, Heartland's net interest margin improved four basis points to 4.00% compared to 3.96% in 2013.

Total revenues (net interest income before the provision for loan losses, plus non-interest income) increased 10.0% to \$6.9 million in the fourth quarter, compared to \$6.3 million in the fourth quarter a year ago. For the full year, Heartland's revenues increased 6.2% to \$26.0 million compared to \$24.4 million in 2013. Net interest income before the provision for loan loss increased 11.5% to \$6.1 million in the fourth quarter of 2014, compared to \$5.5 million in the fourth quarter a year ago. In 2014, net interest income increased 9.9% to \$22.8 million compared to \$20.8 million in 2013.

Heartland's noninterest income decreased to \$780,000 in the fourth quarter of 2014, compared to \$783,000 in the fourth quarter a year ago. For the full year, noninterest income was \$3.1 million compared to \$3.6 million in 2013. The decrease in noninterest income in 2014 was primarily attributed to substantially lower net realized gains on available-for-sale securities, which totaled \$137,000 in 2014, compared to \$687,000 in 2013.

In the fourth quarter of 2014, noninterest expenses increased 8.9% to \$4.4 million, compared to \$4.0 million in the fourth quarter a year ago. In 2014, noninterest expense increased 4.8% to \$16.3 million compared to \$15.6 million in 2013. "The increase in noninterest expense for both the quarter and the year reflect higher employee benefit costs and incentive costs due to higher commercial loan production in lending during 2014, and further team building for the future," said McComb.

## **About Heartland BancCorp**

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 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>	Dec. 31, 2014	Sept. 30, 2014	Dec. 31, 2013
Cash and due from banks	22,561,068	25,105,558	15,943,266
Available-for-sale securities	101,479,692	104,317,349	112,421,722
Held-to-maturity securities, fair value \$6,914,232 and \$6,879,717 at December 31, 2014 and 2013, respectively and \$7,097,987 at September 30, 2014	6,454,963	6,627,470	6,626,777
Loans, net of allowance for loan losses of \$5,350,637 and \$4,676,231 at December 31, 2014 and 2013, respectively and \$5,363,148 at September 30, 2014	498,585,125	479,316,638	422,967,223
Premises and equipment	12,653,144	12,252,675	11,969,597
Federal Reserve and Federal Home Loan Bank stock	2,655,439	1,941,839	1,889,950
Foreclosed assets held for sale	108,082	516,911	1,616,294
Interest receivable	1,803,108	2,185,004	1,807,632
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,881,258	1,597,220	2,600,821
Other	1,083,056	1,748,676	2,097,943
<b>Total assets</b>	<b>\$ 649,682,288</b>	<b>\$ 636,026,693</b>	<b>\$ 580,358,578</b>

## Liabilities and Shareholders' Equity

### Liabilities

#### Deposits

Demand	\$ 108,394,566	\$ 103,352,665	\$ 82,076,014
Saving, NOW and money market	203,367,315	204,394,936	188,825,641
Time	244,394,645	235,257,990	219,921,798
Total deposits	556,156,526	543,005,591	490,823,453
Short-term borrowings	28,395,316	28,740,469	31,136,220
Interest payable and other liabilities	4,421,322	5,229,770	4,152,059
Total liabilities	588,973,164	576,975,830	526,111,732

### Shareholders' Equity

Common stock, without par value; authorized 5,000,000 shares; issued 2014 - 1,554,457, 2013 - 1,549,922 shares and September 2014 - 1,552,922 shares	23,558,806	23,500,371	23,355,806
Retained earnings	36,160,565	35,062,394	32,287,838
Accumulated other comprehensive income (expense)	989,753	551,368	(1,396,798)
Treasury stock at Cost, Common; 2014- 1,665 shares	--	(63,270)	--
Total shareholders' equity	60,709,124	59,050,863	54,246,846
Total liabilities and shareholders' equity	\$ 649,682,288	\$ 636,026,693	\$ 580,358,578
Book value per share	\$ 39.05	\$ 38.07	\$ 35.00

**Heartland BancCorp**

**Consolidated Statements of Income**

	Three Months Ended			Twelve Months Ended	
	<b>Dec. 31, 2014</b>	<b>Sept. 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2014</b>	<b>Dec. 31, 2013</b>
<b>Interest Income</b>					
Loans	\$ 6,162,060	\$ 5,919,484	\$ 5,405,336	\$ 22,767,132	\$ 20,600,599
Securities					
Taxable	324,614	282,906	353,749	1,256,494	1,454,271
Tax-exempt	387,701	402,987	438,378	1,626,882	1,792,899
Other	17,553	8,056	6,813	47,837	42,375
<b>Total interest income</b>	<b>6,891,928</b>	<b>6,613,433</b>	<b>6,204,276</b>	<b>25,698,345</b>	<b>23,890,144</b>
<b>Interest Expense</b>					
Deposits	761,837	715,202	706,343	2,834,757	2,868,355
Borrowings	3,970	4,513	4,283	16,601	232,171
<b>Total interest expense</b>	<b>765,807</b>	<b>719,715</b>	<b>710,626</b>	<b>2,851,358</b>	<b>3,100,526</b>
<b>Net Interest Income</b>	<b>6,126,121</b>	<b>5,893,718</b>	<b>5,493,650</b>	<b>22,846,987</b>	<b>20,789,618</b>
<b>Provision for Loan Losses</b>	<b>225,000</b>	<b>275,000</b>	<b>405,000</b>	<b>1,255,000</b>	<b>1,970,000</b>
<b>Net Interest Income After Provision for Loan Losses</b>	<b>5,901,121</b>	<b>5,618,718</b>	<b>5,088,650</b>	<b>21,591,987</b>	<b>18,819,618</b>
<b>Non Interest income</b>					
Service charges	475,385	505,932	494,804	1,980,529	1,949,909

Net Gains and commissions on loan sales	32,691	36,098	17,703	121,695	70,045
Net realized gains on available-for-sale securities	--	--	(3,547)	136,701	687,248
Net realized gain/(loss) on sales of foreclosed assets	55,828	51,273	(8,398)	209,901	(29,129)
Other	216,095	140,263	282,811	657,126	968,914
<b>Total noninterest income</b>	<b>779,999</b>	<b>733,566</b>	<b>783,373</b>	<b>3,105,952</b>	<b>3,646,987</b>
<b>Non Interest Expense</b>					
Salaries and employee benefits	2,576,281	2,346,693	2,320,454	9,294,269	8,357,754
Net occupancy and equipment expense	415,152	422,382	422,656	1,706,778	1,780,983
Data processing fees	319,183	184,541	259,373	1,018,464	926,392
Professional fees	186,695	203,598	169,544	772,812	785,666
Marketing expense	199,286	131,250	46,263	598,036	346,260
Printing and office supplies	42,527	38,063	42,396	165,248	161,958
State franchise taxes	90,097	90,097	153,725	373,224	619,566
FDIC Insurance premiums	91,836	91,836	121,485	342,089	478,982
Other	486,753	595,943	511,648	2,060,441	2,121,609
<b>Total noninterest expense</b>	<b>4,407,810</b>	<b>4,104,403</b>	<b>4,047,544</b>	<b>16,331,361</b>	<b>15,579,170</b>
<b>Income before Income Tax</b>	<b>2,273,310</b>	<b>2,247,881</b>	<b>1,824,479</b>	<b>8,366,578</b>	<b>6,887,435</b>
<b>Provision for Income Taxes</b>	<b>617,225</b>	<b>634,529</b>	<b>420,370</b>	<b>2,285,364</b>	<b>1,671,275</b>
<b>Net Income</b>	<b>\$ 1,656,085</b>	<b>\$ 1,613,352</b>	<b>\$ 1,404,109</b>	<b>\$ 6,081,214</b>	<b>\$ 5,216,160</b>

<b>Basic Earnings Per Share</b>	\$ 1.07	\$ 1.04	\$ 0.91	\$ 3.92	\$ 3.38
<b>Diluted Earnings Per Share</b>	\$ 1.05	\$ 1.02	\$ 0.90	\$ 3.87	\$ 3.34

Three Months Ended			Twelve Months Ended	
Dec. 31,	Sept. 30,	Dec. 31	Dec. 31,	Dec. 31,
2014	2014	2013	2014	2013

**Performance Ratios:**

Return on average assets	1.04%	1.05%	0.98%	0.97%	0.91%
Return on average equity	11.22%	11.21%	10.54%	10.40%	9.54%
Net Interest margin	4.01%	4.04%	4.10%	4.00%	3.96%
Efficiency Ratio	63.82%	61.93%	63.26%	63.26%	65.60%

**Asset Quality Ratios and Data:**

As of or for the Three Months Ended

	Dec. 31,	Sept. 30,	Dec. 31,
	2014	2014	2013
Non Accrual Loans	4,470	5,192	5,460
Loans Past Due 90 days and Still accruing	745	157	413



Non Performing Investment investment securities	--	--	--
OREO and other non-performing Assets	108	517	1,688
Total non-performing assets	5,323	5,866	7,561
Non performing assets to total assets	0.82%	0.92%	1.30%
Non-performing assets to total assets			
<b>Total Assets as of</b>	649,682	636,027	580,359
<b>Net Charge-offs Quarter ending</b>	238	82	1,086
<b>Allowance for loan loss</b>	5,350,637	5,363,148	4,676,231
<b>Loans Receivable</b>	503,935,762	484,679,786	427,643,454
<b>Allowance to loans outstanding</b>	1.06%	1.11%	1.09%
<b>Allowance for Loan Loss</b>	5,351	5,363	4,676
<b>Non accrual Loans</b>	4,470	5,192	5,460
<b>Allowance for loan loss to non accrual loans</b>	119.70%	103.29%	85.65%

**Book Values:**

Book Value per common share

Total Shareholders' Equity	60,709,124	59,050,863	54,246,846
Less, Goodwill	417,353	417,353	417,353
Shareholders' equity less Goodwill	<u>60,291,771</u>	<u>58,633,510</u>	<u>53,829,493</u>
Common Shares outstanding	1,554,457	1,552,922	1,549,922
Less treasury Shares	--	1,665	--
Common Shares as adjusted	1,554,457	1,551,257	1,549,922
<b>Book Value per common share</b>	<b>39.05</b>	<b>38.07</b>	<b>35.00</b>
<b>Tangible Book Value per common shares</b>	<b>38.79</b>	<b>37.80</b>	<b>34.73</b>

CONTACT: G. Scott McComb, Chairman, President &amp; CEO

Heartland BancCorp 614-337-4600