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Heartland BancCorp Earnings Grow 10.1% to $2.0 Million in 2Q16 from 2Q15;
Declares Quarterly Cash Dividend of $0.3910 per Share

Gahanna, OH – July 19, 2016 – Heartland BancCorp ("the company," and "the bank") (OTCQB: HLAN), today reported that second quarter net income increased 10.1% to $2.0 million, or $1.26 per diluted share, compared to $1.8 million, or $1.15 per diluted share, in the second quarter of 2015. In the first six months of 2016, Heartland's net income increased 12.2% to $3.8 million, or $2.37 per diluted share, compared to $3.4 million, or $2.13 per diluted share, in the first six months of 2015.

The company also announced its board of directors declared its regular quarterly cash dividend of $0.3910 per share. The dividend will be payable October 10, 2016, to shareholders of record as of September 25, 2016, providing a 2.84% current yield at recent market prices.

"We continue to build earnings momentum with solid loan growth and strong profitability metrics both in our commercial and retail segments, generating double digit growth in both the second quarter and first half of 2016," said G. Scott McComb, Chairman, President and CEO. "Our return on average assets was well above average at 1.07% and return on average equity was 11.7% in the second quarter. Our associates continue to tell their "Heartland Story" as we are sharpening our prospecting and sales skills company wide. The greater Columbus market remains one of the healthiest economies in the country further enhancing our messaging as Central Ohio's Community Bank."

Second Quarter Financial Highlights (at or for the period ended June 30, 2016)

- Net income was $2.0 million, up from $1.83 million in the second quarter a year ago.
- Net interest margin remained strong at 3.92% compared to 4.03% in the preceding quarter and 4.08% in the second quarter a year ago.
- Annualized return on average assets was 1.07%, compared to the average of 0.77% for the 60 banks in the SNL Bank Index $500M to $1B.
- Annualized return on average equity was 11.77%, compared to the average of 7.18% for the SNL Bank Index $500M to $1B.
- Total deposits increased 8.7% to $642.7 million from a year ago.
- Net loans increased 9.7% to $557.4 million from a year ago.
- Non-performing assets were $5.7 million, or 0.75% of total assets, at June 30, 2016, compared to $6.1 million, or 0.81%, three months earlier and $3.6 million, or 0.52%, one year earlier.
- Tangible book value per share increased 12.5% to $44.55 per share compared to $39.60 per share one year earlier.
- Declared quarterly cash dividend of $0.3910 per share, which represents a 2.84% yield based on the June 30, 2016 stock price ($55.00).

In November 2015, Heartland completed a $5.4 million private placement of subordinated notes to accredited investors with fixed and variable rates producing a weighted interest rate of 4.986%. The proceeds give Heartland the opportunity to build out its business plan and meet the growing demand from clients and the marketplace.

Balance Sheet Review

"Our loan pipeline continues to grow at a robust pace, due to the hard work of lenders in all 13 of our local markets. As a result, net loans were up $20.4 million, or 3.7% during the quarter. The agricultural and commercial and industrial (C&I) portfolios continue to show strong growth, increasing 76% and 16%, respectively compared to a year ago, In addition, residential loan growth gained momentum, increasing 17.9% which was precipitated by changes to our business model," said McComb. Net loans increased 3.7% to $577.4 million at June 30, 2016, compared to $557.0 million at March 31, 2016 and increased 9.7% compared to $526.4 million at June 30, 2015.

Heartland's total deposits increased 8.7% to $642.7 million at quarter end, compared to $591.3 million a year earlier and were down modestly compared to $645.6 million three months earlier. Demand deposit accounts represented 20.6%, savings, NOW and money market accounts represented 35.9%, and CDs comprised 43.5% of the total deposit portfolio, at June 30, 2016.

Total assets increased 11.6% to $763.3 million at June 30, 2016, compared to $683.8 million a year earlier and increased modestly compared to $760.8 million three months earlier. Shareholders' equity increased 3.4% to $70.5 million at June 30, 2016, compared to $68.2 million at March 31, 2016 and increased 13.3% compared to $62.2 million one year ago. At quarter end, Heartland's tangible book value increased 2.9% to $44.81 per share compared to $43.56 per share three months earlier and increased 12.4% from $39.87 per share one year earlier.

Operating Results

Total revenues (net interest income before the provision for loan losses, plus non-interest income) increased 8.0% to $7.7 million in the second quarter, compared to $7.1 million in the second quarter a year ago, and were up modestly compared to $7.5 million in the preceding quarter. Year-to-date, total revenues increased 9.8% to $15.2 million, compared to $13.9 million in the same period one year ago. Net interest income before the provision for loan loss increased 5.7% to $6.8 million in the second quarter of 2016, compared to $6.4 million in the second quarter a year ago, and increased slightly compared to $6.7 million in the preceding quarter. In the first six months of the year, net interest income increased 8.0% to $13.5 million, compared to $12.5 million in the first six months of 2015.

"The flattening yield curve has put pressure on the net interest margin for all banks this year, and we are not immune to the effects of the low interest rate environment and the tightening spread between long and short yields. Nevertheless, our net interest margin remains healthy," McComb noted. Consequently, net interest margin fell 9 basis points to 3.92% in the second quarter and was down 16 basis points from the year ago quarter." Heartland's net interest margin was 3.92% in the second quarter of 2016, compared to 4.03% in the preceding quarter and 4.08% in the second quarter a year ago. In the first six months of the year, Heartland's net interest margin was 3.97% compared to 4.06% in the first six months of 2015.

Heartland's noninterest income increased 28.5% to $940,000 in the second quarter, compared to $732,000 in the second quarter a year ago, and increased 13.3% compared to $830,000 in the preceding quarter. The year-over-year increase was largely as a result of the net gains and commissions on loan sales and servicing revenue. In the first six months of 2016, noninterest income increased 25.5% to $1.8 million, compared to $1.4 million in the first six months of 2015.

Second quarter noninterest expenses were $4.8 million, which were unchanged from the preceding quarter and an increase of 10.3% compared to $4.3 million in the second quarter a year ago. The year-over-year increase is primarily attributable to an increase in loan production, along with a management realignment to prepare the company for continued growth.

Credit Quality

"Nonaccrual loans and past due loans still accruing improved moderately during the quarter, as we work with the few individuals that were past due," said McComb. "Nonaccrual loans increased during the quarter as the single large relationship that had been accruing moved into the nonaccrual category. With minimal 90-day past due loans and no foreclosed assets on the books at quarter end, our ratio of nonperforming assets to total assets is 0.75%, compared to 0.81% in the preceding quarter and .52% a year ago."

Nonaccrual loans were $5.2 million at June 30, 2016, compared to $3.6 million three months earlier and $2.6 million a year earlier. Loans past due 90 days and still accruing decreased substantially to $479,000 from $2.6 million at the end of the first quarter and $872,000 a year ago. There were $795 in restructured loans included in nonaccrual loans at the end of the second quarter of 2016, as compared to $603,000 at June 30, 2015.

Performing restructured loans that were not included in nonaccrual loans at the end of the second quarter of 2016 were $3.8 million, compared to $4.3 million in the preceding quarter and a decrease compared to $5.2 million a year ago. 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. "We present restructured loans that are performing separately from those that are classified as nonaccrual to provide more information on this category of loans and to differentiate between accruing performing and nonperforming restructured loans," added McComb.

There was no other real estate owned (OREO) and other non-performing assets on the books at June 30, 2016, the same as at the preceding quarter end. OREO was $127,000 at June 30, 2015.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, were $5.7 million, or 0.75% of assets, at June 30, 2016, compared to $6.1 million, or 0.81% of assets, three months earlier, and $3.6 million, or 0.52% of assets a year ago.

Heartland's second quarter provision for loan losses was $135,000, compared to $240,000 in both the preceding quarter and in the second quarter a year ago. As of June 30, 2016, the allowance for loan losses represented 114.1% of nonaccrual loans compared to 165.7% three months earlier, and 214.1% one year earlier.

Net charge-offs were $56,000 in the second quarter compared to $51,000 in the preceding quarter, and $332,000 in the second quarter a year ago. The allowance for loan losses was $6.0 million, or 1.03% of total loans at June 30, 2016, compared to $5.9 million, or 1.05% of total loans at March 31, 2016, and $5.5 million, or 1.02% of total loans 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 2016, Heartland was ranked #77 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 12/31/15.

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, 2016	March 31, 2016	June 30, 2015
	Cash and cash equivalents	33,727,073	50,409,176	18,276,394
	Available-for-sale securities	115,496,339	116,371,892	102,750,431
	Held-to-maturity securities, fair value $6,362,826 and $6,912,732 at June 30, 2016 and 2015, respectively and $6,368,233 at March 31, 2016	5,987,094	5,988,749	6,512,404
	Loans, net of allowance for loan losses of $5,983,550 and $5,498,142 at June 30, 2016 and 2015, respectively and $5,904,718 at March 31, 2016	577,357,438	556,966,762	526,378,261
	Premises and equipment	13,930,605	13,614,047	13,052,320
	Nonmarketable equity securities	2,825,439	2,658,239	2,658,239
	Foreclosed assets held for sale	-	-	127,457
	Interest receivable	2,123,285	2,537,113	1,835,510
	Goodwill	417,353	417,353	417,353
	Deferred income taxes	1,765,794	1,765,794	1,881,258
	Life insurance assets	9,453,665	9,392,956	9,270,862
	Other	261,743	647,980	686,528
	Total assets	$ 763,345,828	$ 760,770,061	$ 683,847,017
Liabilities and Shareholders' Equity				
Liabilities				
	Deposits			
	Demand	$ 132,048,433	$ 127,783,871	$ 110,780,365
	Saving, NOW and money market	230,829,215	240,534,031	214,830,174
	Time	279,800,706	277,293,146	265,725,425
	Total deposits	642,678,354	645,611,048	591,335,964
	Short-term borrowings	24,290,996	30,657,576	26,121,461
	Long-term debt	15,460,000	5,460,000	-
	Interest payable and other liabilities	10,464,687	10,883,276	4,184,678
	Total liabilities	692,894,037	692,611,900	621,642,103
Shareholders' Equity				
	Common stock, without par value; authorized 5,000,000 shares; issued 2016 - 1,572,178 shares 2015 - 1,560,121 shares and March 2016 - 1,564,581 shares	24,115,306	23,913,514	23,646,662
	Retained earnings	44,582,957	43,187,045	38,403,912
	Accumulated other comprehensive income (expense)	1,753,528	1,057,602	154,340
	Treasury stock at Cost, Common;	-	-	-
	Total shareholders' equity	70,451,791	68,158,161	62,204,914
	Total liabilities and shareholders' equity	$ 763,345,828	$ 760,770,061	$ 683,847,017
	Book value per share	$ 44.81	$ 43.56	$ 39.87

Heartland BancCorp

Consolidated Statements of Income

	Three Months Ended			Six Months Ended	
Interest Income	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Loans	$ 6,908,443	$ 6,801,720	$ 6,492,460	$ 13,710,163	$ 12,632,626
Securities					
Taxable	401,212	435,385	313,128	836,597	616,647
Tax-exempt	422,614	410,970	386,843	833,584	772,301
Other	34,617	36,211	11,301	70,828	19,594
Total interest income	7,766,886	7,684,286	7,203,732	15,451,172	14,041,168
Interest Expense					
Deposits	908,841	891,924	805,249	1,800,765	1,558,766
Borrowings	99,498	74,222	3,050	173,720	6,727
Total interest expense	1,008,339	966,146	808,299	1,974,485	1,565,493
Net Interest Income	6,758,547	6,718,140	6,395,433	13,476,687	12,475,675
Provision for Loan Losses	135,000	240,000	240,000	375,000	480,000
Net Interest Income After Provision for Loan Losses	6,623,547	6,478,140	6,155,433	13,101,687	11,995,675
Noninterest income					
Service charges	489,939	454,649	479,553	944,588	947,072
Net Gains and commissions on loan sales	123,727	122,725	43,802	246,452	83,328
Net realized gains on available-for-sale securities	133,425	64,286	8,500	197,711	16,934
Net realized gain/(loss) on sales of foreclosed assets	-	-	-	-	58
Other	192,902	188,096	199,914	380,998	363,110
Total noninterest income	939,993	829,756	731,769	1,769,749	1,410,502
Noninterest Expense					
Salaries and employee benefits	2,792,939	2,934,564	2,542,268	5,727,503	5,030,037
Net occupancy and equipment expense	533,519	473,973	466,576	1,007,492	908,300
Data processing fees	287,053	265,536	274,407	552,589	546,490
Professional fees	129,549	112,039	122,229	241,588	292,728
Marketing expense	149,349	149,349	135,000	298,698	276,000
Printing and office supplies	51,960	44,197	44,183	96,157	93,286
State franchise taxes	139,500	139,500	105,981	279,000	211,963
FDIC Insurance premiums	98,000	98,000	96,000	196,000	207,000
Other	583,718	608,113	534,157	1,191,831	1,102,528
Total noninterest expense	4,765,587	4,825,271	4,320,801	9,590,858	8,668,332
Income before Income Tax	2,797,953	2,482,625	2,566,401	5,280,578	4,737,845
Provision for Income Taxes	787,318	704,420	740,559	1,491,738	1,361,978
Net Income	$ 2,010,635	$ 1,778,205	$ 1,825,842	$ 3,788,840	$ 3,375,867
Basic Earnings Per Share	$ 1.28	$ 1.14	$ 1.17	$ 2.42	$ 2.17
Diluted Earnings Per Share	$ 1.26	$ 1.12	$ 1.15	$ 2.37	$ 2.13

ADDITIONAL FINANCIAL INFORMATION

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Performance Ratios:					
Return on average assets	1.07%	0.97%	1.10%	1.01%	1.01%
Return on average equity	11.77%	10.76%	11.93%	11.12%	10.96%
Net interest margin	3.92%	4.03%	4.08%	3.97%	4.06%
Efficiency ratio	62.99%	64.48%	60.70%	63.73%	62.50%

Asset Quality Ratios and Data:	As of or for the Three Months Ended		
	June 30, 2016	March 31, 2015	June 30, 2015
Non accrual loans	$ 5,246	$ 3,563	$ 2,567
Loans past due 90 days and still accruing	479	2,564	872
Non-performing investment securities	-	-	-
OREO and other non-performing assets	-	-	127
Total non-performing assets	$ 5,725	$ 6,127	$ 3,566
Non-performing assets to total assets	0.75%	0.81%	0.52%
Net charge-offs quarter ending	$ 56	$ 51	$ 332
Allowance for loan loss	$ 5,984	$ 5,905	$ 5,498
Non accrual loans	$ 5,246	$ 3,563	$ 2,568
Allowance for loan loss to non accrual loans	114.07%	165.73%	214.10%
Allowance for loan losses to loans outstanding	1.03%	1.05%	1.02%
Book Values:			
Total shareholders' equity	$ 70,452	$ 68,158	$ 62,205
Less, goodwill	417	417	417
Shareholders' equity less goodwill	$ 70,035	$ 67,741	$ 61,788
Common shares outstanding	1,572,178	1,564,581	1,560,121
Less treasury shares	-	-	-
Common shares as adjusted	1,572,178	1,564,581	1,560,121
Book value per common share	**$ 44.81**	**$ 43.56**	**$ 39.87**
Tangible book value per common share	**$ 44.55**	**$ 43.30**	**$ 39.60**

Note: Transmitted on Globe Newswire on July 19, 2016, at 5:41 p.m. EDT.