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Heartland BancCorp Earns $2.2 Million in 4Q16 and $8.0 Million in 2016; Increases Quarterly Cash Dividend by 10% to $0.4301 per Share

Gahanna, OH – January 17, 2017 – Heartland BancCorp ("the company," and "the bank") (OTCQB: HLAN), today reported fourth quarter net income increased 6% to $2.2 million, or $1.33 per diluted share, compared to $2.0 million, or $1.26 per diluted share, in the preceding quarter. In the fourth quarter a year ago, following a $879,000 life insurance benefit, Heartland earned $2.8 million. Excluding the life insurance benefit, Heartland's 4Q15 core earnings were $1.9 million, or $1.21 per diluted share.

For the year, Heartland's core earnings increased 11% to $8.0 million, or $4.97 per diluted share, compared to $7.2 million, or $4.57 per diluted share in 2015, excluding the life insurance benefit. Including the life insurance benefit, earnings in 2015 were $8.1 million, or $5.13 per diluted share.

The company also announced its board of directors increased its regular quarterly cash dividend by 10% to $0.4301 per share. The dividend will be payable April 10, 2017, to shareholders of record as of March 25, 2017, providing a 2.36% current yield at recent market prices. This is the fifth consecutive year Heartland has increased its quarterly cash dividend.

"Solid profitability, record revenue generation, robust loan and deposit growth and building out our support infrastructure were the highlights of our 2016 financial results," said G. Scott McComb, Chairman, President and CEO. "The strength of our team and the strategy to seek those that appreciate value is working very nicely. Our focus in the coming year remains on expanding market share in Central Ohio, while continuing to look for growth opportunities in other Ohio markets."

Fourth Quarter Financial Highlights (at or for the period ended December 31, 2016)

- Net income was $2.2 million, up from core net income of $1.9 million in the fourth quarter a year ago.
- Net interest margin remained strong at 3.99% compared to 3.90% in the preceding quarter and 3.99% in the fourth quarter a year ago.
- Annualized return on average assets was 1.12% for the fourth quarter of 2016, compared to the average of 0.79% generated by the 536 banks in the SNL MicroCap U.S. Bank Index in the third quarter of 2016.
- Annualized return on average equity was 12.24%, compared to the average of 7.88% generated by the SNL MicroCap U.S. Bank Index.
- Total deposits increased 6.7% to $664.7 million from a year ago.
- Net loans increased 14.2% to $617.9 million from a year ago.
- Non-performing assets improved to $4.6 million, or 0.59% of total assets, at December 31, 2016, compared to $5.2 million, or 0.66%, three months earlier and $5.2 million, or 0.72%, one year earlier.
- Tangible book value per share increased 5.7% to $44.83 per share compared to $42.40 per share one year earlier.
- Declared quarterly cash dividend of $0.4301 per share, which represents a 2.69% yield based on the December 31, 2016 stock price ($64.01).

Balance Sheet Review

"Our loan production remains solid, again boosted by the growth in agricultural, commercial and industrial (C&I) and residential mortgage loans," said McComb. Net loans increased 2.7% to $617.9 million at December 31, 2016, compared to $601.4 million at September 30, 2016 and increased 14.2% compared to $541.0 million at December 31, 2015.

Heartland's total deposits increased 6.7% to $664.7 million at year end, compared to $623.0 million a year earlier and declined slightly compared to $667.9 million three months earlier. Demand deposit accounts represented 24.5%, savings, NOW and money market accounts represented 33.7%, and CDs comprised 41.9% of the total deposit portfolio, at December 31, 2016.

Total assets increased 7.1% to $781.3 million at December 31, 2016, compared to $729.5 million a year earlier and shareholders' equity increased 7.1% to $71.4 million at December 31, 2016, compared to $66.7 million one year ago. At year end, Heartland's book value increased 5.8% to $45.10 per share compared to $42.61 per share one year earlier.

Operating Results

Net interest income before the provision for loan loss increased 10.5% to $7.3 million in the fourth quarter of 2016, compared to $6.58 million in the fourth quarter a year ago, and increased 3.9% compared to $7.0 million in the preceding quarter. For the year, net interest income increased 9.1% to $27.8 million, compared to $25.5 million in 2015.

Total revenues (net interest income before the provision for loan losses, plus non-interest income) were $8.2 million in the fourth quarter, compared to $8.3 million in the fourth quarter a year ago, and increased 3.0% compared to $7.9 million in the preceding quarter. For the year, total revenues increased 6.5% to a record $31.3 million, compared to $29.4 million in 2015. Excluding the 4Q15 life insurance benefit of $879,000, total revenues were $7.4 million in the fourth quarter of 2015 and $28.5 million for the year.

"The net interest margin expanded nine basis points compared to the preceding quarter, and level with fourth quarter a year ago," McComb said. Heartland's net interest margin was 3.99% in the fourth quarter of 2016, compared to 3.90% in the preceding quarter and 3.99% in the fourth quarter a year ago. For the year, Heartland's net interest margin was 3.94% compared to 4.02% in 2015. "Our net interest margin for the year was impacted by higher levels of long-term borrowing which are augmenting deposit growth to fund strong loan growth."

Heartland's noninterest income was $876,000 in the fourth quarter, compared to $1.7 million in the fourth quarter a year ago, and $914,000 in the preceding quarter. Fourth quarter 2015 noninterest income included a $879,000 benefit in excess of life insurance cash value from a policy payout. For the year, noninterest income was $3.6 million, compared to $4.0 million in 2015. Excluding the life insurance benefit, Heartland's noninterest income increased 12% from $780,000 in the fourth quarter of 2015, and 16% from $3.1 million for the year.

Fourth quarter noninterest expenses were $5.0 million, compared to $4.5 million in the fourth quarter a year ago and $5.0 million in the preceding quarter. For the year, noninterest expense increased 11.3% to $19.5 million, compared to $17.6 million in 2015. "In 2016 we have added the necessary personnel in the back office to manage the risk, transactions and support of a Billion Dollar plus bank," McComb said. The efficiency ratio for the fourth quarter of 2016 was 61.27%, compared to 55.08% for the fourth quarter of 2015. Excluding the life insurance benefit, the efficiency ratio for 4Q15 was 61.69%. "We continue efforts to increase our investment in personnel across business lines with a view to increasing revenues and reducing our efficiency ratio as the bank executes on its growth initiatives," added McComb.

Credit Quality

Nonaccrual loans decreased 2.4% to $4.2 million at December 31, 2016, compared to $4.3 million three months earlier but increased compared to $3.3 million a year earlier. There were no loans past due 90 days and still accruing at December 31, 2016, compared to $461,000 at the end of the third quarter and $1.9 million a year ago. There were $1.2

million in restructured loans included in nonaccrual loans at December 31, 2016, as compared to $815,000 three months earlier.

Performing restructured loans that were not included in nonaccrual loans at the end of the fourth quarter of 2016 were $1.9 million, compared to $3.2 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 $400,000 in other real estate owned (OREO) and other non-performing assets on the books at December 31, 2016, the same as in the preceding quarter end. There was no OREO and other non-performing assets at December 31, 2015.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, were $4.6 million, or 0.59% of assets, at December 31, 2016, compared to $5.2 million, or 0.66% of assets, three months earlier, and $5.2 million, or 0.72% of assets a year ago.

Heartland's fourth quarter provision for loan losses was $135,000, the same as in the preceding quarter. The provision for loan losses was $120,000 in the fourth quarter a year ago. As of December 31, 2016, the allowance for loan losses represented 135.2% of nonaccrual loans compared to 135.8% three months earlier, and 172.2% one year earlier.

The allowance for loan losses was $5.7 million, or 0.91% of total loans at December 31, 2016, compared to $5.9 million, or 1.03% of total loans at September 30, 2016, and $5.7 million, or 1.04% of total loans a year ago. Net charge-offs were $304,000 in the fourth quarter compared to $251,000 in the preceding quarter, and $54,000 in the fourth 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 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	Dec. 31, 2016	Sept. 30, 2016	Dec. 31, 2015
Cash and cash equivalents	21,360,328	40,463,763	36,994,171
Available-for-sale securities	103,040,574	110,158,614	114,492,664
Held-to-maturity securities, fair value $5,771,601 and $6,407,215 at December 31, 2016 and 2015, respectively and $6,289,982 at September 30, 2016	5,570,879	5,972,843	6,044,094
Loans, net of allowance for loan losses of $5,698,631 and $5,715,827 at December 31, 2016 and 2015, respectively and $5,867,741 at September 30, 2016	617,861,089	601,400,849	540,958,372
Premises and equipment	14,055,450	13,921,042	13,506,350
Nonmarketable equity securities	2,825,439	2,825,439	2,658,239
Interest receivable	2,240,709	2,614,368	1,958,082
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,765,794	1,765,794	1,722,934
Life insurance assets	9,531,991	9,446,365	9,327,518
Other	2,632,748	1,639,342	1,416,804
Total assets	$ 781,302,354	$ 790,625,772	$ 729,496,581

Liabilities and Shareholders' Equity

Liabilities			
Deposits			
Demand	$ 162,690,185	$ 150,913,820	$ 139,226,242
Saving, NOW and money market	223,817,354	241,181,130	219,076,813
Time	278,166,617	275,809,945	264,651,203
Total deposits	664,674,156	667,904,895	622,954,258
Short-term borrowings	24,456,241	27,465,075	29,150,118
Long-term debt	15,460,000	15,460,000	5,460,000
Interest payable and other liabilities	5,311,787	7,931,744	5,270,849
Total liabilities	709,902,184	718,761,714	662,835,225
Shareholders' Equity			
Common stock, without par value; authorized 5,000,000 shares; issued 2016 - 1,583,228 shares 2015 - 1,564,581 shares and September 2016 - 1,580,228 shares	24,595,195	24,428,011	23,872,599
Retained earnings	47,545,465	46,002,554	41,991,488
Accumulated other comprehensive income (expense)	(740,492)	1,433,493	797,269
Total shareholders' equity	71,400,168	71,864,058	66,661,356
Total liabilities and shareholders' equity	$ 781,302,352	$ 790,625,772	$ 729,496,581
Book value per share	$ 45.10	$ 45.48	$ 42.61

Heartland BancCorp

Consolidated Statements of Income

	Three Months Ended,			Twelve Months Ended	
Interest Income	Dec. 31, 2016	Sept. 30, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Loans	$ 7,569,129	$ 7,198,912	$ 6,645,404	$ 28,478,204	$ 25,775,945
Securities					
Taxable	350,014	417,825	424,204	1,604,436	1,376,312
Tax-exempt	397,670	404,060	395,358	1,635,314	1,551,627
Other	23,351	43,559	15,888	137,738	50,925
Total interest income	8,340,164	8,064,356	7,480,854	31,855,692	28,754,809
Interest Expense					
Deposits	948,685	952,850	851,796	3,702,300	3,256,624
Borrowings	112,343	108,922	39,234	394,985	49,252
Total interest expense	1,061,028	1,061,772	891,030	4,097,285	3,305,876
Net Interest Income	7,279,136	7,002,584	6,589,824	27,758,407	25,448,933
Provision for Loan Losses	135,000	135,000	120,000	645,000	760,000
Net Interest Income After Provision for Loan Losses	7,144,136	6,867,584	6,469,824	27,113,407	24,688,933
Noninterest income					
Service charges	497,286	502,355	477,606	1,944,229	1,925,467
Net Gains and commissions on loan sales	198,565	158,832	34,621	603,849	241,742
Net realized gains on available-for-sale securities	-	-	1,357	197,711	18,291
Net realized gain/(loss) on sales of foreclosed assets	-	-	-	-	5,308
Benefit in excess of life insurance cash value	-	-	879,488	-	879,488
Other	180,594	252,411	272,255	814,003	879,945
Total noninterest income	876,445	913,598	1,665,326	3,559,792	3,950,240
Noninterest Expense					
Salaries and employee benefits	2,894,910	2,790,860	2,800,345	11,413,273	10,331,707
Net occupancy and equipment expense	563,235	554,864	456,349	2,125,591	1,842,702
Data processing fees	303,607	264,328	265,293	1,120,524	1,082,143
Professional fees	193,836	246,129	64,706	681,553	498,406
Marketing expense	115,334	149,349	134,990	563,381	545,990
Printing and office supplies	101,279	57,885	31,786	255,321	158,877
State franchise taxes	123,301	128,701	105,981	531,002	423,926
FDIC Insurance premiums	72,000	100,000	93,000	368,000	411,000
Other	629,669	658,006	593,635	2,479,506	2,261,155
Total noninterest expense	4,997,171	4,950,122	4,546,085	19,538,151	17,555,906
Income before Income Tax	3,023,410	2,831,060	3,589,065	11,135,048	11,083,267
Provision for Income Taxes	861,458	793,593	780,246	3,146,789	2,955,567
Net Income	$ 2,161,952	$ 2,037,467	$ 2,808,819	$ 7,988,259	$ 8,127,700
Basic Earnings Per Share	$ 1.37	$ 1.29	$ 1.80	$ 5.08	$ 5.21
Diluted Earnings Per Share	$ 1.33	$ 1.26	$ 1.77	$ 4.97	$ 5.13

ADDITIONAL FINANCIAL INFORMATION

(Dollars in thousands except per share amounts)(Unaudited)	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2016	Sept. 30, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Performance Ratios:					
Return on average assets	1.12%	1.06%	1.59%	1.05%	1.18%
Return on average equity	12.24%	11.61%	17.51%	11.49%	12.91%
Net interest margin	3.99%	3.90%	3.99%	3.94%	4.02%
Efficiency ratio	61.27%	62.53%	55.08%	62.78%	59.75%

Asset Quality Ratios and Data:	As of or for the Three Months Ended		
	Dec. 31, 2016	Sept. 30, 2016	Dec. 31, 2015
Non accrual loans	$ 4,216	$ 4,321	$ 3,320
Loans past due 90 days and still accruing	-	461	1,919
Non-performing investment securities	-	-	-
OREO and other non-performing assets	400	400	-
Total non-performing assets	$ 4,616	$ 5,182	$ 5,239
Non-performing assets to total assets	0.59%	0.66%	0.72%
Net charge-offs quarter ending	$ 304	$ 251	$ 54
Allowance for loan loss	$ 5,698	$ 5,868	$ 5,716
Non accrual loans	$ 4,216	$ 4,321	$ 3,320
Allowance for loan loss to non accrual loans	135.15%	135.80%	172.17%
Allowance for loan losses to loans outstanding	0.91%	1.03%	1.04%
Book Values:			
Total shareholders' equity	$ 71,400	$ 71,864	$ 66,758
Less, goodwill	417	417	417
Shareholders' equity less goodwill	$ 70,983	$ 71,447	$ 66,341
Common shares outstanding	1,583,228	1,580,228	1,564,581
Less treasury shares	-	-	-
Common shares as adjusted	1,583,228	1,580,228	1,564,581
Book value per common share	**$ 45.10**	**$ 45.48**	**$ 42.67**
Tangible book value per common share	**$ 44.83**	**$ 45.21**	**$ 42.40**

Note: Transmitted on Globe Newswire on January 17, 2017, at 5:47 p.m. EST.