



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 Earns \$1.6 Million, or \$1.02 per Diluted Share in Third Quarter of 2014;
Fueled by 4.04% Net Interest Margin and 14% Loan Growth,
Declares Regular Quarterly Cash Dividend of \$0.3547 Per Share**

Gahanna, OH – October 22, 2014 – Heartland BancCorp, (OTCQB: HLAN) today reported earnings increased 12.1% to \$1.6 million, or \$1.02 per diluted share, in the third quarter of 2014 compared to \$1.4 million, or \$0.92 per diluted share, in the third quarter a year ago. In the first nine months of the year, Heartland's earnings increased 16.1% to \$4.4 million, or \$2.82 per diluted share, compared to \$3.8 million, or \$2.44 per diluted share, in the first nine months of 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 January 10, 2015 to shareholders of record December 25, 2014.

"Heartland's third quarter success was fueled by solid loan and deposit growth and ongoing improvements in credit quality," stated G. Scott McComb, Chairman, President and CEO. "We have seen improvements across all areas of our operations this year and continue to generate a healthy net interest margin. The steady economic recovery in Ohio, particularly in the Columbus MSA, has contributed to strong core deposit growth and robust lending activity. We look forward to the future with confidence as we continue to create value for our shareholders by developing strong relationships with our customers, communities and employees."

Third Quarter Highlights (at or for the period ended September 30, 2014)

- Net income was \$1.6 million, or \$1.02 per diluted share, compared to \$1.4 million, or \$0.92 per diluted share in the third quarter of 2013.
- Annualized return on average assets was 1.05%.
- Annualized return on average equity was 11.21%.
- Net interest margin improved 11 basis points to 4.04%, compared to 3.93% in the third quarter a year ago.
- Core deposits increased 9.4% and represent 56.7% of total deposits.
- Total net loans increased 14% to \$490.3 million compared to a year ago.
- Non-performing assets decreased 8.2% compared to three months earlier to \$5.8 million, or 0.92% of total assets, at September 30, 2014.
- Book value per share increased 9.6% to \$38.07 per share, compared to \$34.73 per share one year earlier.
- Declared a quarterly cash dividend of \$0.3547 per share, which represents a 3.4% yield based on the recent stock price.

Balance Sheet Review

"We are continuing to build our loan pipeline and new applications were particularly robust during the current quarter," said McComb. "As a result, total net loans increased 13.9% to \$479.3 million at quarter end compared to \$420.9 million a year earlier, with a majority of the growth coming from an increase in both commercial real estate loans and new C&I loans."

Heartland's total deposits increased 8.7% to \$543.0 million at September 30, 2014, compared to \$499.6 million a year earlier. "A majority of the deposit increase came from a combination of new demand deposits, as well as higher balances in checking accounts," said McComb. Demand accounts represent 19%, savings, NOW and money market accounts represent 38%, and CDs comprise 43% of the total deposit portfolio at September 30, 2014.

Total assets increased 9.0% to \$636.0 million at September 30, 2014, compared to \$583.7 million a year earlier and shareholders' equity increased 9.8% to \$59.1 million at September 30, 2014, compared to \$53.8 million one year ago. At

quarter-end, Heartland's tangible book value increased 9.6% to \$38.07 per share, compared to \$34.73 per share one year earlier.

Credit Quality

"Heartland's credit quality metrics remained strong in the current quarter and reflect our focus on maintaining a moderate risk profile. Non-performing loan balances, real estate owned and other repossessed assets all declined compared to the prior quarter and are below year ago levels," said McComb.

The third quarter provision for loan losses was \$275,000, compared to \$350,000 in the preceding quarter and \$455,000 in the third quarter a year ago. As of September 30, 2014, the allowance for loan losses represented 103.3% of nonperforming loans compared to 94.3% three months earlier and 69.1% a year earlier.

Net charge-offs were \$82,000 in the third quarter compared to \$280,000 in the preceding quarter and \$838,000 in the third quarter a year ago. The allowance for loan losses was \$5.4 million, or 1.11% of total loans at September 30, 2014, compared to \$5.2 million, or 1.12% of total loans at June 30, 2014, and \$5.4 million, or 1.26% of total loans a year ago.

Nonaccrual loans decreased 5.3% to \$5.2 million at September 30, 2014, compared to \$5.5 million three months earlier, and decreased 33.1% compared to \$7.8 million a year earlier. Other real estate owned (OREO) and other non-performing assets declined 33.0% to \$517,000 at September 30, 2014 compared to \$772,000 three months earlier and decreased 83.3% compared to \$3.1 million a year earlier.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, decreased 8.2% to \$5.8 million at September 30, 2014, compared to \$6.4 million three months earlier, and decreased 46% when compared to \$10.9 million a year ago.

Operating Results

Heartland's revenues (net interest income before the provision for loan losses, plus non-interest income) increased 10.2% to \$6.6 million in the third quarter, compared to \$6.0 million in the third quarter a year ago. In the first nine months of the year, Heartland's revenues increased 5.6% to \$19.0 million compared to \$18.0 million in the first nine months of 2013. Net interest income before the provision for loan loss increased 14.1% to \$5.9 million in the third quarter of 2014, compared to \$5.2 million in the third quarter a year ago. In the first nine months of the year, net interest income increased 10.2% to \$16.7 million compared to \$15.2 million the first nine months a year ago.

"Despite continued pressure on loan yields, our net interest margin remains healthy and well above peer levels due to higher than industry average yields on our loan mix," said McComb. Heartland's net interest margin remained steady at 4.04% in the third quarter of 2014, compared to 3.99% in the preceding quarter and 3.93% in the third quarter a year ago. The average net interest margin was 2.81% for the 324 banks that make up the SNL U.S. Bank Index as of June 30, 2014. In the first nine months of 2014, Heartland's net interest margin improved 11 basis points to 4.00% compared to 3.89% in the first nine months of 2013.

Noninterest income decreased to \$734,000 in the third quarter of 2014, compared to \$851,000 in the third quarter a year ago. Year-to-date, noninterest income was \$2.3 million compared to \$2.9 million in the first nine months of 2013. The year-to-date decrease in noninterest income was primarily attributed to substantially lower net realized gains on available-for-sale securities, which totaled \$137,000 in the first nine months of 2014, compared to \$691,000 in the first nine months of 2013.

In the third quarter of 2014, noninterest expenses increased 13.7% to \$4.1 million, compared to \$3.6 million in the third quarter a year ago. Year-to-date, noninterest expense increased 4.6% to \$11.9 million compared to \$11.4 million in the same period a year earlier. "The increase in noninterest expense for both the quarter and the year-to-date periods is primarily related to the increase in commercial lenders we have brought on during the year, who are helping to produce our double-digit year-over-year loan growth," 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 over-the-counter (OTC) Bulletin Board Service under the symbol HLAN. Learn more about Heartland Bank at 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

Assets	<u>Sept. 30, 2014</u>	<u>June 30, 2014</u>	<u>Sept. 30, 2013</u>
Cash and due from banks	\$ 25,105,558	\$ 25,046,465	\$ 20,679,384
Federal funds sold	-	99,000	-
Cash and due from banks	25,105,558	25,145,465	20,679,384
Available-for-sale securities	104,317,349	107,813,882	111,220,096
Held-to-maturity securities, fair value \$7,097,981 and \$7,198,014 at September 30, 2014 and 2013, respectively and \$7,801,919 at June 30, 2014	6,627,470	6,598,997	6,959,072
Loans, net of allowance for loan losses of \$5,363,148 and \$5,357,008 at September 30, 2014 and 2013, respectively and \$5,169,910 at June 30, 2014	479,316,638	455,166,994	420,919,004
Premises and equipment	12,252,675	12,234,256	11,943,694
Federal Reserve and Federal Home Loan Bank stock	1,941,839	1,941,839	1,889,950
Foreclosed assets held for sale	516,911	772,398	3,089,100
Interest receivable	2,185,004	1,656,804	1,994,068
Receivables due from loan sales			
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,597,220	1,731,311	3,036,817
Other	1,748,676	1,866,340	1,560,619
Total assets	<u>\$ 636,026,693</u>	<u>\$ 615,345,639</u>	<u>\$ 583,709,157</u>
 Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Demand	\$ 103,352,665	\$ 93,737,565	\$ 89,651,217
Saving, NOW and money market	204,394,936	200,406,842	191,625,207
Time	235,257,990	233,445,342	218,292,225
Total deposits	<u>543,005,591</u>	<u>527,589,749</u>	<u>499,568,649</u>
Short-term borrowings	28,740,469	25,285,661	26,448,018
Interest payable and other liabilities	5,229,770	4,783,030	3,929,336
Total liabilities	<u>576,975,830</u>	<u>557,658,440</u>	<u>529,946,003</u>
 Shareholders' Equity			
Common stock, without par value; authorized 5,000,000 shares; issued 2014 - 1,552,922, 2013 - 1,547,922 shares and June 2014 - 1,551,922 shares	23,500,371	23,460,714	23,275,659
Retained earnings	35,062,394	33,998,681	31,407,292
Accumulated other comprehensive income (expense)	551,368	291,074	(919,797)
Treasury stock at Cost, Common; 2014- 1,665 shares	(63,270)	(63,270)	-
Total shareholders' equity	<u>59,050,863</u>	<u>57,687,199</u>	<u>53,763,154</u>
Total liabilities and shareholders' equity	<u>\$ 636,026,693</u>	<u>\$ 615,345,639</u>	<u>\$ 583,709,157</u>
Book value per share	<u>\$ 38.07</u>	<u>\$ 37.21</u>	<u>\$ 34.73</u>

Heartland BancCorp

Consolidated Statements of Income

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013
Interest Income					
Loans	\$ 5,919,484	\$ 5,432,679	\$ 5,138,858	\$ 16,605,072	\$ 15,195,263
Securities					
Taxable	282,906	309,243	316,211	931,880	1,100,522
Tax-exempt	402,987	405,647	438,345	1,239,181	1,354,521
Other	8,056	13,105	12,763	30,284	35,562
Total interest income	<u>6,613,433</u>	<u>6,160,674</u>	<u>5,906,177</u>	<u>18,806,417</u>	<u>17,685,868</u>
Interest Expense					
Deposits	715,202	683,201	738,555	2,072,920	2,289,212
Borrowings	4,513	3,340	2,973	12,631	227,888
Total interest expense	<u>719,715</u>	<u>686,541</u>	<u>741,528</u>	<u>2,085,551</u>	<u>2,517,100</u>
Net Interest Income	5,893,718	5,474,133	5,164,649	16,720,866	15,168,768
Provision for Loan Losses	275,000	350,000	455,000	1,030,000	1,565,000
Net Interest Income After Provision for Loan Losses	<u>5,618,718</u>	<u>5,124,133</u>	<u>4,709,649</u>	<u>15,690,866</u>	<u>13,603,768</u>
Noninterest income					
Service charges	505,932	517,989	511,623	1,505,144	1,455,105
Net Gains and commissions on loan sales	36,098	36,562	18,388	89,004	52,342
Net realized gains on available-for-sale securities	-	136,701	6,692	136,701	690,795
Net realized gain/(loss) on sales of foreclosed assets	51,273	77,031	20,188	154,073	(20,731)
Other	140,263	155,034	294,459	441,031	686,103
Total noninterest income	<u>733,566</u>	<u>923,317</u>	<u>851,350</u>	<u>2,325,953</u>	<u>2,863,614</u>
Noninterest Expense					
Salaries and employee benefits	2,346,693	2,139,971	1,926,343	6,717,988	6,037,299
Net occupancy and equipment expense	422,382	422,785	432,284	1,291,626	1,358,327
Data processing fees	184,541	272,884	221,496	699,281	667,019
Professional fees	203,598	228,123	167,147	586,117	616,122
Marketing expense	131,250	131,250	99,999	398,750	299,997
Printing and office supplies	38,063	34,679	38,194	122,721	119,562
State franchise taxes	90,097	90,097	153,726	283,127	465,841
FDIC Insurance premiums	91,836	79,836	120,491	250,253	357,497
Other	595,943	458,158	450,224	1,573,688	1,482,762
Total noninterest expense	<u>4,104,403</u>	<u>3,857,783</u>	<u>3,609,904</u>	<u>11,923,551</u>	<u>11,404,426</u>
Income before Income Tax	<u>2,247,881</u>	<u>2,189,667</u>	<u>1,951,095</u>	<u>6,093,268</u>	<u>5,062,956</u>
Provision for Income Taxes	634,529	611,867	511,252	1,668,139	1,250,905
Net Income	<u>\$ 1,613,352</u>	<u>\$ 1,577,800</u>	<u>\$ 1,439,843</u>	<u>\$ 4,425,129</u>	<u>\$ 3,812,051</u>
Basic Earnings Per Share	<u>\$ 1.04</u>	<u>\$ 1.02</u>	<u>\$ 0.93</u>	<u>\$ 2.85</u>	<u>\$ 2.47</u>
Diluted Earnings Per Share	<u>\$ 1.02</u>	<u>\$ 1.01</u>	<u>\$ 0.92</u>	<u>\$ 2.82</u>	<u>\$ 2.44</u>

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013
Performance Ratios:					
Return on average assets	1.05%	1.05%	1.02%	0.97%	0.88%
Return on average equity	11.21%	11.25%	10.86%	10.40%	9.28%
Net Interest margin	4.04%	3.99%	3.93%	4.00%	3.89%
Efficiency Ratio	61.93%	61.62%	60.07%	63.05%	65.76%
Asset Quality Ratios and Data:					
	As of or for the Three Months Ended				
	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013		
Non Accrual Loans	5,193	5,485	7,763		
Loans Past Due 90 days and Still accruing	126	100	50		
Non Performing Investment investment securities	-	-	-		
OREO and other non-performing Assets	517	772	3,090		
Total non-performing assets	<u>5,836</u>	<u>6,357</u>	<u>10,903</u>		
Non performing assets to total assets	0.92%	1.03%	1.87%		
Non-performing assets to total assets					
Total Assets as of	636,027	615,346	583,709		
Net Charge-offs Quarter ending	82	280	838		
Allowance for loan loss	5,363,148	5,169,910	5,357,008		
Loans Receivable	484,679,786	460,336,904	426,276,012		
Allowance to loans outstanding	1.11%	1.12%	1.26%		
Allowance for Loan Loss	5,363	5,170	5,357		
Non accrual Loans	5,193	5,485	7,763		
Allowance for loan loss to non accrual loans	103.27%	94.26%	69.01%		
Total Shareholders' Equity	59,050,863	57,687,199	53,753,748		
Less, Goodwill	417,353	417,353	417,353		
Shareholders' equity less Goodwill	<u>58,633,510</u>	<u>57,269,846</u>	<u>53,336,395</u>		
Common Shares outstanding	1,552,922	1,551,922	1,544,922		
Less treasury Shares	1,665	1,665	-		
Common Shares as adjusted	<u>1,551,257</u>	<u>1,550,257</u>	<u>1,544,922</u>		
Book Value per common share	\$ 38.07	\$ 37.21	\$ 34.79		
Tangible Book Value per common shares	\$ 37.80	\$ 36.94	\$ 34.52		

Note: Transmitted on GlobeNewswire on October 22, 2014, at 5:21 p.m. EDT.