Heartland BancCorp

Heartland BancCorp Announces 2nd Quarter and Year-To-Date 2013 Earnings

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Gahanna, Ohio - Scott McComb, Chairman & CEO of Heartland BancCorp, parent company of Heartland Bank, today reported earnings for the 2nd quarter and six months ending June 30, 2013. Net income for the 2nd quarter 2013 totaled \$1.282 million or \$0.82 per diluted share compared to net income of \$3.225 million or \$2.08 per diluted share for the three months ended June 30, 2012. Year to date 2013 net income of \$2.372 million or \$1.52 per diluted share compares to earnings of \$4.501 million or \$2.90 per diluted share for the first six months of 2012. Both 2nd quarter and year to date 2012 earnings include net tax exempt life insurance proceeds totaling \$1.983 million recorded in other non-interest income from Heartland Bank's key-man insurance policies on its former Chairman and Founder. As of June 30, 2013 year to date net income of \$2.372 million declined \$146 thousand or 6% compared to net income of \$2.518 million excluding the one- time net insurance benefit.

Excluding the one- time net insurance benefit of \$1.983 million during the 2nd quarter of 2012 Non-interest income of \$1.161 million for the 2nd quarter of 2013 increased \$407 thousand or 54%. The increase in 2013 resulted from gains recorded on the sales of investment securities totaling \$465 thousand. Non- interest or operating expenses of \$4.232 million increased \$251 thousand or 7% over \$3.981 million for 2nd quarter of 2012.

Net interest income after provision of \$4.772 million for the 2^{nd} quarter of 2013 trailed the prior year 2^{nd} quarter amount by 3% or \$146 thousand. The decrease in net interest income was substantially due to the early redemption of the company's \$3 million 10.60% trust preferred security increasing 2^{nd} quarter and year to date interest expense \$162 thousand. This increase in interest expense represents the early redemption penalty and unamortized issuance costs as of the redemption date of March 7, 2013. Provision expense increased 16% totaling \$555 thousand, \$75 thousand higher than the \$480 thousand for 2^{nd} quarter 2012.

As of June 30, 2013 year to date net income of \$2.372 million declined \$146 thousand or 6% compared to net income of \$2.518 million (excluding the one- time net insurance benefit of \$1.983 million during the 2nd quarter of 2012.)

Net interest income after provision expense was \$9.301 million for the first six months of 2013 representing a decline of 4% compared to net interest income after provision of \$9.729 million for the same period in 2012. The decline in net interest income was due to a 6% or \$767 thousand decline in interest income partially offset by a 23% or \$523 thousand decrease in interest expense. Both

declined as a result of continued low market interest rates during this period. Non-interest income totaled \$2.012 million for the 1st 6 months of 2013 and includes gains recorded from the sale of investment securities totaling \$684 thousand.

McComb stated "These continue to be challenging times for the banking industry to maintain net interest margins with competitive aggressive refinancing terms coupled with rising regulatory compliance costs. Rates are poised to increase in the future and we have tried to position the bank to protect the net interest margin at the sacrifice of some growth. However, with the local economy improving along with loan demand, we have been able to deflate the investment portfolio and re-deploy that capital into higher yielding loans. An improving economy will create opportunity for us to grow without out the downside risk of deploying capital at unprofitable levels."

Other financial highlights for the first half of 2013 compared to the same period in 2012 include:

- Total Assets declined \$4.8 million, less than 1% year-over-year. The decline was due primarily to the March 7, 2013 early redemption of a \$3 million 10.60% trust preferred security.
- Total loans increased \$10.2 million up 3% over the prior year
- Non-interest bearing and interest bearing transaction accounts increased \$14.7 million or 6.14%

McComb noted "During their July 16, 2013 meeting, the Directors of Heartland BancCorp declared a 3rd quarter 2013 cash dividend of \$0.3217 per share to shareholders of record September 25, 2013, payable October 10, 2013. Based on the closing price of our common stock on June 30, 2013, this dividend represents an annualized dividend yield of 3.83% to our shareholders who are accustomed to a consistent and fair return on their investment. This consistent performance shows the level of risk management and the strength of our franchise."

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 provides a complete line of loan and deposit products accessible from any of our banking offices and ATMs, as well as from home or office using Heartland's telephone banking at 416-BANK or worldwide access at www.heartlandbank.com 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.

[HEARTLAND BANCCORP EARNINGS PROFILE ATTACHED]

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Earnings Profile Second Quarter and Year-To-Date June 30, 2013 and 2012

		2013	2012
Second	Net Interest Income (after provision)	\$4,772,155	\$4,918,162
Quarter	Noninterest Income	1,161,192	2,736,958
	Net Income	1,282,653	3,225,442
	Basic Earnings Per Share	\$0.83	\$2.09
	Diluted Earnings Per Share	\$0.82	\$2.08
Year-to-Date	Net Interest Income (after provision)	\$9,301,425	\$9,729,390
	Noninterest Income	2,012,264	3,571,818
	Net Income	2,372,208	4,501,410
	Basic Earnings Per Share	\$1.54	\$2.92
	Diluted Earnings Per Share	\$1.52	\$2.90