Heartland BancCorp

Heartland BancCorp Announces Higher First Quarter 2014 Earnings

For Immediate Release: **April 15, 2014 – 3:00 p.m.**

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G. Scott McComb, Chairman and CEO of Heartland BancCorp, parent company of Heartland Bank, today reported first quarter 2014 net income of $1.234 million or $0.79 per diluted share up 13% over earnings of $1.091 million or $0.70 per diluted share for the first quarter of 2013. Earnings for the first quarter of 2014 as compared with the first quarter of 2013 reflect higher interest income, up $189 thousand or 3% and lower interest expense down $200 thousand or 23%. Provision for loan loss for the first quarter 2014 totaled $405 thousand, a reduction of $150 thousand or 27% lower than provision of $555 thousand for the first quarter of 2013. The lower provision in 2014 reflects continuing improvement in overall asset quality evidenced by reduced levels of non-performing assets. At March 31, 2014 non-performing assets fell to $5.8 million a decrease of $7.5 million or 56% compared to non-performing assets of $ 13.3 million as of March 31, 2013. Net interest income after provision for loan loss increased $539 thousand or 12% in 2014 compared to the first quarter of 2013. Non-interest income of $669 thousand for the first quarter of 2014 declined $182 thousand or 21% below the prior year first quarter due primarily to net gains recorded on sales of securities held for sale totaling $219 thousand in the first quarter of 2013 that did not reoccur in 2014. Operating expenses for the first quarter of 2014 increased $112 thousand or 3% compared to the 1st quarter of 2013.

Other Financial highlights for the first quarter 2014 compared to the same period in 2013 include:

- Total assets outstanding increased $30 million to reach $601 million as of March 31, 2014,
- Net loans increased 8% or $33.5 million to $429 million,
- Total deposits increased $25 million or 5% while interest bearing and non-interest bearing transaction accounts increased $32 million in 2014 over 2013. Certificates of deposits declined $7.5 million or 3% year over year,
- Shareholders' equity increased slightly year over year to $56 million and includes a $3.455 million decrease in the net after tax fair market value of securities held for sale at March 31, 2014 compared to the end of the first quarter of 2013.

McComb stated that "First quarter 2014 financial results for Heartland BancCorp represent a very positive start to the year. Factors contributing to the earnings increase reflect improved operating results throughout the balance sheet favorably impacted by the improving local economy and the reduction in non-current loan balances and lower net charge-offs. In addition, earnings for the first quarter of 2014 were positively impacted by management's decision in the first quarter of 2013 to redeem $3 million of capital securities eliminating a 10.60% borrowing cost. The elimination of this borrowing contributes $0.14 quarterly to our earnings per share. Consistent and quality earnings enabled us to retire this expensive source of capital. Protecting the net interest margin and growing our franchise with quality assets remains amongst our primary objectives. We are pleased that our capital strength supports our plans for this and continued balance sheet initiatives focused on earnings growth. In addition, the strength of our capital enabled our board to approve, in January 2014, a previously announced 5% increase in our quarterly cash dividend to $0.3547 per share raising our dividend payout ratio to 44.6% for the first quarter of 2014."

About Heartland Bank

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.

[HEARTLAND BANCCORP EARNINGS PROFILE ATTACHED]

Heartland BancCorp

Earnings Profile
First Quarter
March 31, 2014 and 2013

	2014	2013
Net Interest Income (after provision)	$5,195,515	$4,656,470
Non-Interest Income	669,070	851,072
Net Income	1,233,977	1,090,555
Basic Earnings Per Common Share	$0.80	$0.71
Diluted Earnings Per Common Share	$0.79	$0.70