

Heartland BancCorp

Heartland BancCorp Announces: Higher 3rd Quarter and Year-to-Date 2011 Earnings and Balance Sheet Growth

For Immediate Release:

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Tiney M. McComb, Chairman & CEO of Heartland BancCorp, parent company of Heartland Bank, today reported an 8% increase in 3rd quarter 2011 earnings over the 3rd quarter of 2010. Net income of \$1.284 million or \$0.83 per diluted share for the three months ended September 30, 2011 compares to net income of \$1.191 million or \$0.77 per share for the third quarter of 2010. In addition to the increase in earnings, total assets increased to \$560.5 million at September 30, 2011. Earnings were higher for the 3rd quarter of 2011 as a result of higher net interest income and non-interest income and, lower operating expense over the prior year 3rd quarter. Net interest income increased 4% to \$5.371 million for the 3rd quarter of 2011 over net interest income of \$5.163 million for the 3rd quarter of 2010. Interest income totaled \$6.795 million during the 3rd quarter of 2011 a decrease of 3% compared to interest income of \$7.039 million for the same period in 2010. Interest expense declined to \$1.424 million, a decrease of 24% for the 3rd quarter of 2011 compared to interest expense of \$1.877 million for the 3rd quarter of 2010. Overall, interest rates have continued at historically low levels resulting in the downward repricing of both earning assets as well as interest bearing liabilities throughout 2011 and 2010. The bank's total cost of funds declined to 1.03% at September 30, 2011 compared to 1.43% at September 30, 2010. Provision expense during the 3rd quarter of 2011 totaled \$750 thousand up \$225 thousand over provision expense of \$525 thousand in 2010. The added provision expense increased the Bank's allowance for loan loss to \$4.122 million at 9/30/2011 an increase of 6% compared to the allowance for loan loss of \$3.882 million at 9/30/2010.

Net income for the nine-month period ending September 30, 2011 increased 17% to \$3.840 million or \$2.47 per diluted share, compared to earnings \$3.295 million or \$2.13 per diluted share for the same nine-month period in 2010. YTD Earnings improved over the prior year due to higher net interest income coupled with higher non-interest income and lower operating expense. Net interest income increased 4% in 2011 to \$15.8 million, up \$606 thousand due primarily to 26% decrease in the cost of funds for the 9 months ending September 30, 2011.

Assets totaling \$560.5 million grew \$6 million for the period ending September 30, 2011. Net loans of \$388.3 million at September 30, 2011 declined \$6.4 million or 2% from net loans of \$394.7 million at September 30, 2010. As a result of weak loan demand, especially in the commercial sector, the Bank's investment portfolio grew \$25.6 million, an increase of 25% at September 30, 2011 compared to same

date in the prior year. Deposits of \$473 million at September 30, 2011 remained near prior year levels. Growth in transaction account balances of \$21 million or 7% and an equal decline in time deposits contributed to the increase in net interest income. Shareholders' equity grew to \$50.5 million or \$32.81 per share, an increase of 8% from \$46.7 million or \$30.41 per share, at September 30, 2010.

McComb noted that "in this anemic economy Heartland BancCorp has experienced solid financial results thus far during 2011. I am pleased to report higher year-over-year quarterly and year-to-date earnings supported by a strong net interest margin, non-interest income and prudent management of operating expenses providing strong core earnings growth. The last three years have been extremely challenging in our industry, and challenges remain as the economy continues to underperform. Our focus continues to be concentrated on achieving our strategic goals to grow our institution profitably, ensuring the future success for our customers, employees and our shareholders. During the third quarter of this year we successfully completed the organization of Heartland Insurance Services, a full service insurance subsidiary of Heartland Bank. Heartland Insurance Services will expand the financial services offerings Heartland Bank provides for its commercial and retail customers and represents further evidence of our progress in achieving our strategic objectives.

Heartland BancCorp continues to maintain a strong capital position supported by solid core earnings and liquidity. I am particularly encouraged to report Heartland's solid year over year growth in shareholders' equity. Heartland BancCorp's book value per share of \$32.81 represents an 8% increase over the prior year. Heartland Bank remains a "Well Capitalized" banking institution for regulatory capital purposes and the capital ratios continue to trend higher over prior periods". McComb noted that Heartland BancCorp's dividend to date results in an annualized dividend yield of 4.67% based on the nine month average closing price of our common stock through September 30, 2011.

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 internet banking at www.heartlandbank.com

Heartland BancCorp is a registered Ohio bank holding company and the parent of Heartland Bank, which operates eleven full-service banking offices. Alternative investment services are provided through Infinex Financial Group. 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.

[HEARTLAND BANCCORP EARNINGS PROFILE ATTACHED]

Heartland BancCorp
Earnings Profile
Third Quarter and Year to Date
September 30, 2011 and 2010

		2011	2010
Third Quarter	Net Interest Income <small>(after provision)</small>	\$4,620,989	\$4,637,659
	Non-Interest Income	738,435	732,408
	Net Income	1,283,849	1,190,755
	Basic Earnings Per Share	\$0.84	\$0.78
	Diluted Earnings Per Share		
		\$0.83	\$0.77
Year to Date	Net Interest Income <small>(after provision)</small>	\$13,998,995	\$13,835,815
	Non-Interest Income	2,218,415	1,916,092
	Net Income	3,840,375	3,295,009
	Basic Earnings Per Share	\$2.50	\$2.15
	Diluted Earnings Per Share	\$2.47	\$2.13