

2014
Annual Report

Heartland BancCorp

Parent Company of Heartland Bank



A message from the
President

G. Scott McComb

April 2, 2015

Dear Fellow Shareholders,

Great teams win together!

I am pleased to report that 2014 was another banner year for Heartland BancCorp as assets, profitability, our branch system, and dividends all grew. We continue to tell the Heartland Story and garner support of yOur communities through the promotion of HLAN BancCorp stock as an investment in the local capital. Our local economy continues to grow following job creation and the natural benefits found in the great state of Ohio. We continued growth of our team of community bankers from within and are gaining national and local accolades for our results. This year we honor and thank George Smith for his dedication and loyal service to our company as he enters retirement.

The central Ohio economy has continued to expand through revitalization, the creation of new jobs, a bustling service economy, and the continued success of the region. Retaining more of Ohio's young adults has led to expansion of businesses inside the city's core, sparking growth in formerly underdeveloped areas of town. The addition of jobs in the shale oil and natural gas industries in eastern Ohio has produced increased cash flow for residents who in turn make Columbus' economy thrive. Logistics activities and the Fortune 1000 companies in the area have had another good year boding well for the local economy. This creates an environment for growth and opportunity to cultivate relationships, which we have been successful in capitalizing on this year. Asset growth of 18%, profit growth of 13%, deposit growth of 9% and dividend growth of 5% made for a great year. The bank also continued its branch expansion with the establishment of a facility in Pickerington which opened in early 2015. More financial information and performance ratios can be found on the next page.

Even a third string quarterback can be a superstar when you surround him with talent - just ask anyone in the nation after our Buckeyes' performance in the National Championship game last year. Our team's continued ability to grow talent from within is paying dividends while retaining and growing customers. Heartland was honored to be recognized as one of "Central Ohio's Best Places to Work" by Columbus Business First Magazine. We also continued a four year presence in the nation's Top 200 Community Banks and Thrifts List by American Banker Magazine, coming in at #86.

Our bankers call it the "Heartland Way" and strive hard to hold one another accountable for quality and excellence in their daily duties. Our people are our core strength and working together, they are a very effective community bank team. Each knows their role, that we are in this together, that together we all achieve more, and our clients and shareholders come first.

Until now, the bank's Founder, Tiney M. McComb, has been the only person featured on the cover of this annual report. I thought it very appropriate to honor George R. Smith on the cover of this 2014 Annual Report as he enters retirement after 20 years of service to Heartland Bank. All those years ago, Tiney needed a partner he could count on to lead the entire operations and accounting areas of the bank. He needed someone who would work hard and selflessly serve the shareholders, manage risk and costs, as well as provide the analytical counterpart to complement Tiney's sales, growth and marketing acumen. George has served us with an impeccable record of accuracy and professionalism, a revered style of diplomacy and tact, and compassion for his team. On behalf of Heartland Bank and Heartland BancCorp, thank you George and Lynne Smith.

As our Buckeyes have taught us, we can lose a key player and still be on top if the team believes in itself and acts in concert as one. Next community banker up.

Thank you for investing in yOur community and for your continued patronage and support.

Sincerely,

G. Scott McComb
Chairman, President and CEO

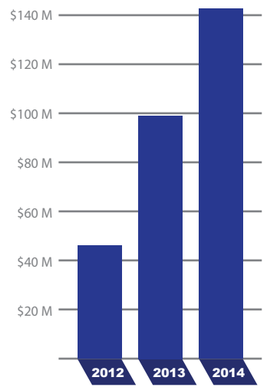
THE YEAR IN REVIEW

HEARTLAND BANK
"Where Banking Feels Good!"®

75%
Deposit Growth in Downtown Market

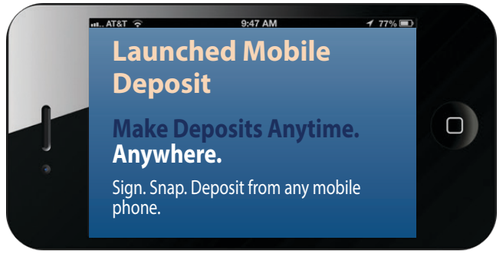
2014 Best Places to Work List
by Columbus Business First Magazine
BEST PLACES TO WORK 2014

Commercial Loan Production



#86 on 2014 Top 200 Community Banks & Thrifts List
AMERICAN BANKER magazine

	(BKYF)				
86	Heartland BancCorp (HLAN)	Gahanna, OH	580,384	57.3	10.84
87	Honat Bancorp	Honesdale, PA	582,717	107.7	10.76



State of Ohio Ranking #5
SBA Production List 504 & 7A Loans

SBA 504 Bank of the Year
Economic Development
For Fiscal Year 2014
for their support of Small Business Lending and the U.S. SBA 504 Loan program

Named #2 Fastest Growing Bank
(year over year by Deposit Growth Percentage)
by Columbus Business First Magazine

Downtown Branch Relocation
101 South High Street



Opened second satellite office at Worthington Christian Village



CCDC
Community Capital Development Corporation

Bauer 5-Star Superior Rating
Highest ranking for financial strength and security.

Direction and Inspiration

2014 FINANCIAL REVIEW

This past year marked an unequaled period of operations in which Heartland BancCorp earned near record levels of net income and earnings per common share. Net income for the year increased 17% to $6.1 million or $3.87 per diluted share, an increase of $.53 or 16% from $3.34 per share in the prior year. Return on average assets and average equity were .99% and 10.57% respectively for the year and compare to .91% and 9.54% for the prior year. The improved operating results were further driven by continued improvement in asset quality, resulting in the reduction of the loan loss provision expense by $715 thousand, down 36% compared to the previous year. The year ended with strong liquidity and exceeded all levels of regulatory capital requirements. Capital levels were further strengthened during 2014 as the result of these higher earnings.

Overview of Operations:

Net interest income (before provision for loan loss) for the year ended December 31, 2014 was $22.8 million, up 10% or $2.1 million compared to 2013. Interest income of $25.7 million for 2014 increased $1.8 million or 8% while interest expense on deposits and borrowings declined $249 thousand or 8% in 2014 compared to 2013. The 8% decline in interest expense in 2014, compared to 2013, results from changing our deposit mix to a higher level of transaction accounts, resulting in lower cost deposits coupled with favorable deposit pricing in a lower sustained interest rate environment, reducing both deposit and borrowing costs. The expectation of an improving economy and continuing lower level of non-accrual loans, combined with the need to establish reserves for loan growth, led Heartland Bank to record a provision for loan loss of $1.3 million in 2014. The addition to our allowance for loan loss, less $581 thousand of net loan charge-offs, resulted in a net increase of $674 thousand to the allowance which ended the year at $5.4 million. The allowance as a percent of loans outstanding was 1.07% at the end of 2014 representing a decline of 4% from 1.11% at the end of 2013. Net interest income after provision for loan loss totaled $21.6 million, up $2.8 million or 15% in 2014 compared to 2013 as a result of the combined factors noted above.

Noninterest income of $3.1 million for 2014 declined $541 thousand or 15% compared to 2013. The lower level of non-interest income in 2014 was due primarily to net gains realized on the sale of available-for-sale investment securities from the Bank's investment portfolio totaling $687 thousand in 2013, which was $550 thousand higher than gains from the sales of securities of $137 thousand in 2014.

Noninterest expense was $16.3 million for 2014, up $752 thousand or 5% over non-interest expense of $15.6 million in the prior year. Total salary and employee benefit expense increased $937 thousand or 11.2% in 2014 compared to 2013. The higher employee related expense was due substantially to increased staffing in the lending area supporting the 18% total loan growth in 2014. State of Ohio Financial Institutions taxes totaling $373 thousand in 2014 declined $246 thousand or 40% reflecting the change from the former State of Ohio Franchise taxes which totaled $620 thousand in 2013. FDIC insurance premiums declined $137 thousand or 29% reflecting improved loan quality in 2014 versus 2013.

Financial Condition:

Total assets outstanding increased significantly during 2014, ending the year at $649.7 million, up $69.3 million or 12% over December 31, 2013 assets of $580.4 million. Net Loans outstanding as of December 31, 2014 were $498.6 million up $75.7 million or 18% from $423.0 million at December 31, 2013. Total Commercial loans increased $74.6 million, up 24% as of December 31, 2014. Commercial (non-real estate) loans totaled $45.7 million, up 16%, while commercial real estate loans of $333.4 million increased 26% during 2014. Retail loans outstanding at December 31, 2014 totaled $124.9 million, an increase of 2% over 2013. Residential real estate loans of $91.1 million at December 31, 2013 grew 3% during 2014 compared to growth of $11.2 million or 11% in 2013 reflecting a lower level of refinance activity in 2014 compared to 2013.

Overall asset quality continued to improve during 2014 with non-performing assets declining to .82%, down 48 basis points from 1.30% as of December 31, 2013.

Heartland funds earning asset growth through its branch network's ability to generate deposit relationships, while borrowings have historically been maintained at insignificant levels. Total deposits at December 31, 2014 were $556.2 million, up 13% from $490.8 million at December 31, 2013. A key element of Heartland's deposit strategy continues to be focused on growing commercial and retail transaction accounts while continuing to reduce our dependence on public funds and larger non-core certificate of deposit accounts.

Shareholders' Equity:

Total shareholders' equity remained strong, growing 12% to $60.7 million from $54.2 million at year-end 2013. Based upon shares outstanding, the book value of Shareholders' equity increased 12% from $35.00 at year-end 2013 to $39.05 per share at December 31, 2014. Among the financial strengths of Heartland BancCorp is its capital position, which exceeds regulatory guidelines and compares favorably to our peers and other Ohio based banks. Tier 1 leverage, Tier 1 risk based and Total risk based capital ratios were 9.11%, 12.71%, and 13.86% respectively as of December 31, 2014. Regulatory requirements for a "well-capitalized bank" are 5%, 6%, and 10% for Tier 1 leverage; Tier 1 risk based and Total risk based capital ratios respectively. In 2014, Heartland BancCorp paid a dividend of $1.40 per share, representing a yield of 3.60% on the weighted average market price of $38.93 per share for 2014. Dividends paid resulted in a dividend payout ratio of 36.21% for 2014.

Heartland BancCorp
Consolidated Balance Sheets
December 31, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	$ 22,561,068	$ 15,943,266
Available-for-sale securities	101,479,692	112,421,722
Held-to-maturity securities, fair value $6,914,217 and $6,928,702 at December 31, 2014 and 2013, respectively	6,454,963	6,626,777
Loans, net of allowance for loan losses of $5,350,637 and $4,676,231 at December 31, 2014 and 2013, respectively	498,585,125	422,967,223
Premises and equipment	12,653,144	11,969,597
Nonmarketable equity securities	2,655,439	1,889,950
Foreclosed assets held for sale	108,082	1,616,294
Interest receivable	1,803,108	1,807,632
Goodwill	417,353	417,353
Deferred income taxes	1,881,258	2,600,821
Other	1,083,056	2,097,943
Total assets	$ 649,682,288	$ 580,358,578
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Demand	$ 108,394,566	$ 82,076,014
Saving, NOW and money market	203,367,315	188,825,641
Time	244,394,645	219,921,798
Total deposits	556,156,526	490,823,453
Short-term borrowings	28,395,316	31,136,220
Interest payable and other liabilities	4,421,322	4,152,059
Total liabilities	588,973,164	526,111,732
Shareholders' Equity		
Common stock, without par value; authorized 5,000,000 shares; issued 2014 - 1,554,457 shares, 2013 - 1,549,922 shares	23,558,806	23,355,806
Retained earnings	36,160,565	32,287,838
Accumulated other comprehensive income (expense)	989,753	(1,396,798)
Total shareholders' equity	60,709,124	54,246,846
Total liabilities and shareholders' equity	$ 649,682,288	$ 580,358,578
Book value per share	$ 39.05	$ 35.00

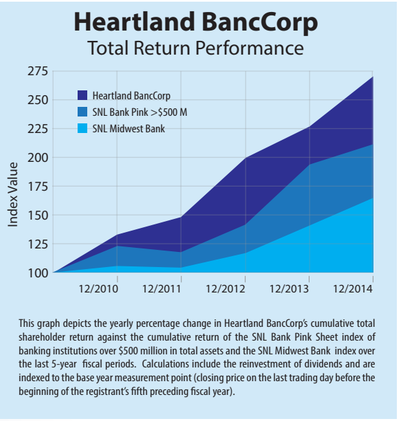
Heartland BancCorp
Consolidated Statements of Income
Years Ended December 31, 2014 and 2013

Interest Income	2014	2013
Loans	$ 22,767,132	$ 20,600,599
Securities		
Taxable	1,256,494	1,454,271
Tax-exempt	1,626,882	1,792,899
Other	47,837	42,375
Total interest income	25,698,345	23,890,144
Interest Expense		
Deposits	2,834,757	2,868,355
Borrowings	16,601	232,171
Total interest expense	2,851,358	3,100,526
Net Interest Income	22,846,987	20,789,618
Provision for Loan Losses	1,255,000	1,970,000
Net Interest Income After Provision for Loan Losses	21,591,987	18,819,618
Noninterest income		
Service charges	1,980,529	1,949,909
Net Gains and commissions on loan sales	121,695	70,045
Net realized gains on sales of available-for-sale securities	136,701	687,248
Net realized gain/(loss) on sales of foreclosed assets	209,901	(29,129)
Other	657,126	968,914
Total noninterest income	3,105,952	3,646,987
Noninterest Expense		
Salaries and employee benefits	9,294,269	8,357,754
Net occupancy and equipment expense	1,706,778	1,780,983
Data processing fees	1,018,464	926,392
Professional fees	772,812	785,666
Marketing expense	598,036	346,260
Printing and office supplies	165,248	161,958
State financial institution tax	373,224	619,566
FDIC Insurance premiums	342,089	478,982
Other	2,060,441	2,121,609
Total noninterest expense	16,331,361	15,579,170
Income before Income Tax	8,366,578	6,887,435
Provision for Income Taxes	2,285,364	1,671,275
Net Income	$ 6,081,214	$ 5,216,160
Basic Earnings Per Share	$ 3.92	$ 3.38
Diluted Earnings Per Share	$ 3.87	$ 3.34

TAKING STOCK IN HEARTLAND

When you buy shares in Heartland BancCorp, you're supporting an entire community and a trusted institution that shares your values of hard work, personal commitment, community support and sound financial practices.

Invest in yOur community.



This graph depicts the yearly percentage change in Heartland BancCorp's cumulative total shareholder return against the cumulative return of the SNL Bank Pink Sheet index of banking institutions over $500 million in total assets and the SNL Midwest Bank index over the last 5-year fiscal periods. Calculations include the reinvestment of dividends and are indexed to the base year measurement point (closing price on the last trading day before the beginning of the registrant's fifth preceding fiscal year).

HLAN

Heartland BancCorp is currently quoted on the-over-the-counter (OTC) Bulletin Board Service under the symbol HLAN.

INTERESTED IN BECOMING A SHARE-HOLDER?

To learn more about Heartland BancCorp shares, please contact one of the following:

- Scott McComb, Chairman, President and CEO of Heartland Bank or Jennifer Eckert, Vice President, Compliance Officer and Corporate Secretary (614) 337-4600
- Your Financial Advisor
- Heartland Investment Services (614) 839-2265

HEARTLAND BANCCORP

Visit us online at ir.HeartlandBank.com

Statements made are a reflection of past performance of the bank and holding company and should not be considered a projection of future performance. Investments involve varying degrees of risk, including possible loss of principal. Funds held in corporate stock are not considered a deposit of the bank or bank holding company, not guaranteed by the bank or holding company and are not insured by the FDIC or any government agency and may lose value.

KEEPING YOUR COMMUNITY SMILING



Joyce Strong
Joyce Strong Ministries

"I opened my ministry account at Heartland Bank as soon as we moved here in 2000. Heartland immediately became my 'banking family'. The bank is not only a respectful and professional business partner, but a good friend. Banking at Heartland is hassle-free! The staff members at the Gahanna branch sort out the foreign wires I have to send to support the orphanage in Kenya as well as pay for book translations and printing in Africa and Russia. Even though my ministry is small, Heartland places high value on me and my needs as a client. I could not ask for a more pleasant, professional and personal place to do my banking!"



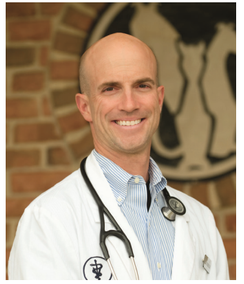
Claudia Foss
District Manager at Arbonne International

"Heartland Bank was the perfect choice for us! Unlike the national banks we've used before, Heartland has a quicker response time and we've become dependent on the personal relationships we've developed with many of their employees and even with the President of the bank, Scott McComb. We also like the fact that Heartland Bank was founded on a rural infrastructure and has a grass-roots community feel."



Eric Bean
Owner and Brewmaster Columbus Brewing Company

"We had a vision for the future of our company, but no plan. Heartland Bank helped us realize what was possible and then worked with us to make it happen. Heartland is not just our bank, they are our partners!"



Tom P. Halliday, DVM
Owner of Animal Care Center at Cherry Way

"I financed my practice through Heartland Bank. Their competitive rates and terms, along with the excellent customer service, have allowed me to grow and improve my practice with the confidence that they are looking after my interests."



Mark Ruff
Owner Ruff Farms in Circleville

"One of the things that I am very impressed with is the high level of service and products that are available, like that of a large bank, but Heartland has the feel of a small-town community bank with its personable, helpful, and courteous staff. The people of Heartland make you feel good about banking there."

CONNECTING WITH OUR COMMUNITIES

Heartland Bank Sponsored Events

Grove City Arts in the Alley

Hartford Fair

Johnstown Fireman's Festival

North Market's Craft Brew Festival

Reynoldsburg Tomato Festival

Summer Jam at Westgate Park

Westerville Music & Arts Festival

Employee Initiatives

104.9 The River's Mission Backpack

17th annual Heartland Bank Charity Golf Classic

Girl Scouts Financial Literacy

Johnstown Monroe's Searfoss Elementary School 4th grade Financial Literacy

8th Annual Money Matters Free Financial Summit

Tiney's Team Pelotonia ride for cancer research

Silent Auction at annual Holiday Party to benefit local food banks and non-profits

2014 at a Glance

Episode of History Channel's 'America Unearthed' taped at corporate office in Gahanna

Heartland Bank RV made appearances at both Ohio State football and Columbus Crew SC games, local parades and festivals, and youth soccer events in central Ohio

Participated in Farm Science Review in London, Ohio, to launch Agribusiness program

A Tradition of Giving

CD102.5 For The Kids

Columbus Crew Soccer Foundation

Croton Church of Christ Food Pantry

Dublin Food Pantry

Faith Mission

Foundation for Appalachian Ohio

Freedom School, Croton

Gahanna Residents in Need (G.R.I.N.)

Grove City Food Pantry Emergency Services, Inc.

Johnstown Food Pantry

Licking County Animal Shelter

LifeTown Lessons for Life

Lutheran Social Services Food Pantry

March of Dimes - March for Babies

Masonic Learning Centers for Children with Dyslexia

Ohio 4-H Celebration of Youth

PALS, A Chrysalis Health Company

Pelotonia

Relay For Life

Reynoldsburg Helping Hands Food Pantry

Schilling Family Fundraiser for Juvenile Diabetes

St. Matthews Catholic Church - Gahanna

Steps for Sarcoma

Susan G Komen Race For The Cure

The Open Shelter

UNCF Walk for Education

United Way of Central Ohio

Victory Ministries for Children's Outreach Program

Westerville Area Resource Ministry (W.A.R.M.)



FARM SCIENCE REVIEW
Agribusiness Program Kick-off



WESTERVILLE MUSIC & ARTS FESTIVAL

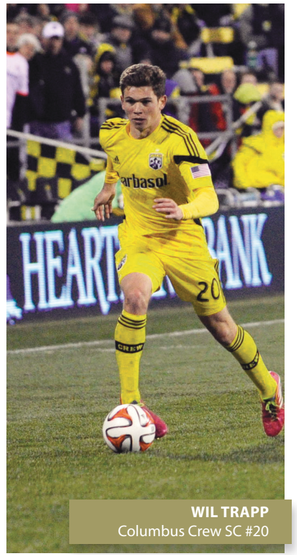
Columbus Crew SC Partnership

Successful launch of Crew SC branded debit and credit card programs

Cheer on the Crew MasterCard promotion with $5,000 prize awarded at final match of Crew SC season

Partner Activation of the Year Award

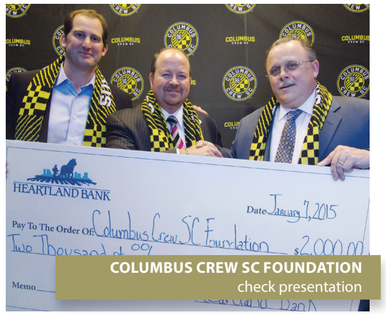
Endorsement with Crew SC Midfielder Wil Trapp #20, Heartland's inaugural professional spokesperson



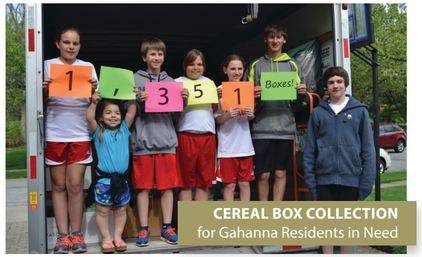
WIL TRAPP
Columbus Crew SC #20



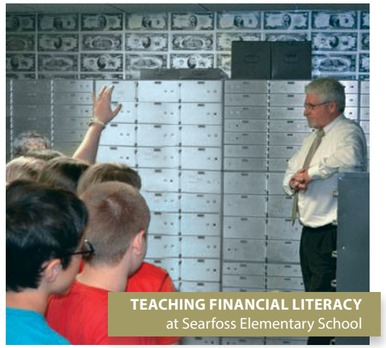
HEARTLAND BANK RV
at Gahanna Lions Club Fourth of July Parade



COLUMBUS CREW SC FOUNDATION
check presentation



CEREAL BOX COLLECTION
for Gahanna Residents in Need



TEACHING FINANCIAL LITERACY
at Searfoss Elementary School



MONEY MATTERS
Heartland's Free Financial Summit



75-100 MILE PELOTONIA RIDE
to support cancer research

HEARTLAND BANK SENIOR MANAGEMENT

Our Senior Management team represents what Heartland Bank is all about: people and the relationships we build as a community bank. Each member not only brings detailed insight, knowledge and expertise to Heartland Bank, but also a passion for helping our customers and communities plan, grow and succeed.



G. Scott McComb
Chairman, President and CEO



Steven C. Hines
EVP, Chief Operating Officer



George R. Smith
EVP, Chief Financial Officer



Carrie L. Almendinger
Senior VP, Controller



David P. Curby
Senior VP, Mortgage Lending



William A. Daily, Jr.
Senior VP, Commercial Lending Manager



Benjamin J. Babcanec
VP, Retail Sales Manager



Joseph A. Duffey
VP, Director of Credit Administration



Jennifer L. Eckert
VP, Compliance Officer, Corporate Secretary



Ashley A. Trout
VP, Retail Operations Manager



Mindy N. King
AAO, Director of Human Resources



Gretchen A. Hof
AO, Director of Marketing



Mark J. Posey
VP, Director of Investment Services, Heartland; Investment Executive, Infinex

HEARTLAND BANCCORP AND BANK DIRECTORS

Arthur G.H. Bing M.D., Plastic & Reconstructive Surgeon (Not Pictured)
William A. Dodson, Jr., EVP/Community Relations Director, Rhema Christian Center
Jay B. Eggspuehler, Esq., Isaac Wiles
Jodi L. Garrison, CPA, Partner, Hirth, Norris & Garrsion, LLP
John R. Haines, Retired, John R. Haines Insurance Agency
David C. Kotary, Senior Vice President, Brower Insurance
Gerald K. McClain, President, The Jerry McClain Company, Inc.
G. Scott McComb, Chairman, President and CEO
Robert C. Overs, EVP & COO, Technical Rubber Company, Inc.
Gary D. Paine, Owner, Pilot Freight Services
William J. Schottenstein, Principal, Arshot Investment Corporation
Richard A. Vincent, President & CEO, Osteopathic Heritage Foundation and Osteopathic Heritage Foundation of Nelsonville

Board of Directors ▼



DIRECTORS EMERITUS

I. Robert Amerine, Chairman, American Apex Corporation
Jack J. Eggspuehler, President, Aerosafe, Inc.
Tiney M. McComb, Founder, Heartland BancCorp
Cheryl C. Poulton, Executive Chairman, Tech International

HEARTLAND BANCCORP OFFICERS

G. Scott McComb, Chairman, President and CEO
Jay B. Eggspuehler, Esq., Vice Chairman
Jodi L. Garrison, Secretary
George R. Smith, Executive Vice President, Chief Financial Officer

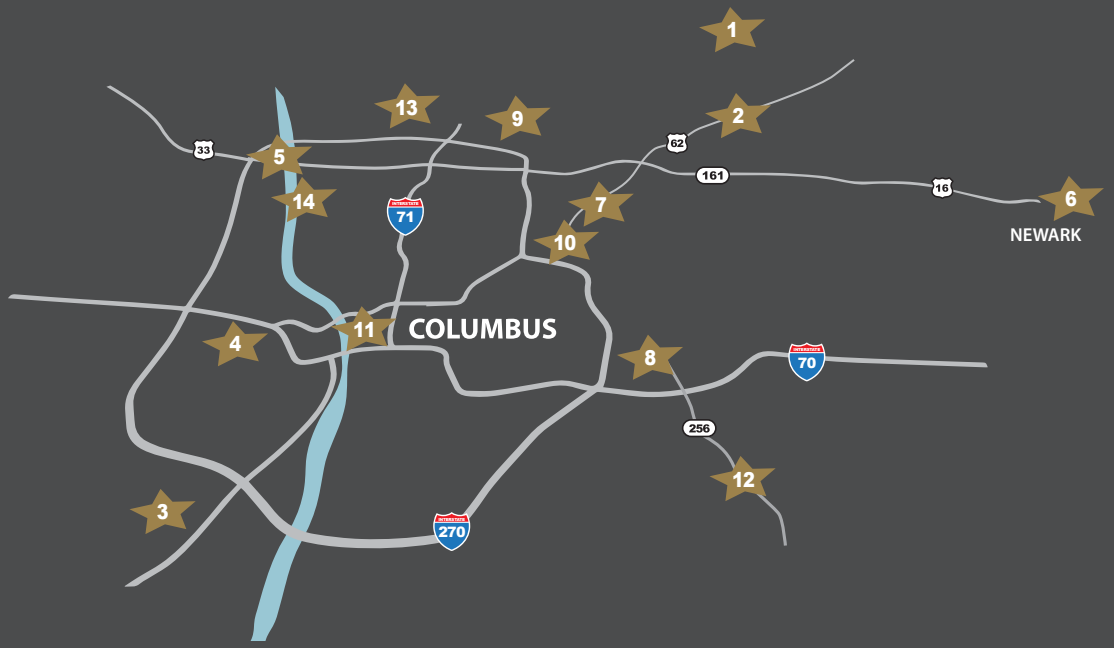
HEARTLAND INVESTMENT SERVICES

Mark J. Posey
VP, Director of Investment Services, Heartland; Investment Executive, Infinex

HEARTLAND INSURANCE SERVICES

Agent Representation
Brower Insurance: a Marsh & McLennan Agency, LLC. Company

12 Heartland Locations to Serve You



Call Us Today

(1) Croton 740-893-2191
(2) Johnstown 740-967-6500
(3) Grove City 614-875-1884
(4) Wilson Road 614-351-2100
(5) Dublin 614-798-8818
(6) Newark 740-349-7888
(7) Gahanna 614-337-4605
(8) Reynoldsburg 614-416-0400
(9) Westerville 614-839-2265
(10) Stygler Road 614-475-7024
(11) Capitol Square 614-416-0244
(12) Pickerington 614-321-4919
(13) Worthington Christian Village 614-846-6076
(14) Friendship Village of Dublin 614-923-0575

General Info

Heartland BancCorp is a registered Ohio bank holding company and the parent of Heartland Bank, which operates twelve 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.

Mission Statement

It is Heartland Bank's mission to provide the best personalized financial services at competitive prices for the economic growth and well being of individuals and businesses within our communities. This goal shall be accomplished through well-trained, caring employees with unquestionable integrity, who practice sound and innovative banking principles, which will maximize bank profits and growth.

Heartland Bank's Shared Values

- Superior service is our highest priority
- Productivity is an integral part of our corporate strategy
- Team players receive the highest rewards
- Quality is rewarded as well as quantity
- Rewards will include advancement, recognition and/or incentive compensation
- Through access to accurate information, we will strive to keep ourselves and our customers informed
- We will constantly seek to improve how we are perceived by our customers
- We will empower our employees to perform their duties in a responsible manner
- We will seek to know our cost of doing business
- We encourage the exploring of new ideas
- Our business is to provide customer satisfaction profitability
- We value loyalty, honesty and integrity in our relationships
- We are committed to the enrichment of our local communities through our involvement

HEARTLAND BANK
"Where Banking Feels Good!"®

Follow us on Twitter!
@heartlandbank

Like us on Facebook!
heartlandbankcentralohio

HeartlandBank.com
Member FDIC | Equal Housing Lender