

Heartland BancCorp

Quarterly Financial Summary

	Three Months Ended				
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Earnings and dividends:					
Interest income	\$ 13,993	\$ 13,611	\$ 14,337	\$ 13,912	\$ 13,541
Interest expense	832	819	925	1,126	1,309
Net interest income	13,161	12,792	13,412	12,786	12,232
Provision for loan losses	480	480	480	480	480
Noninterest income	3,012	3,268	3,797	3,635	3,168
Noninterest expense	10,824	10,589	10,407	9,917	9,789
Provision for income taxes	933	952	1,299	1,265	942
Net income	3,936	4,039	5,023	4,759	4,189
Share data:					
Basic earnings per share	\$ 1.96	\$ 2.02	\$ 2.51	\$ 2.38	\$ 2.10
Diluted earnings per share	1.94	1.99	2.48	2.34	2.06
Dividends declared per share	0.69	0.69	0.63	0.63	0.63
Book value per share	70.66	73.56	76.42	74.91	73.29
Tangible book value per share	64.06	66.92	69.74	68.20	66.53
Common shares outstanding, 20,000,000 authorized	2,098,962	2,098,562	2,094,787	2,094,037	2,089,987
Treasury shares	(90,612)	(90,612)	(90,612)	(90,612)	(90,612)
Common shares, net	2,008,350	2,007,950	2,004,175	2,003,425	1,999,375
Average common shares outstanding, net	2,008,154	2,004,901	2,003,784	2,000,839	1,995,900
Balance sheet - average balances:					
Loans receivable, net	\$ 1,164,191	\$ 1,153,203	\$ 1,160,267	\$ 1,148,103	\$ 1,148,225
PPP loans	6,094	17,889	44,321	81,932	111,667
Earning assets	1,345,041	1,354,627	1,378,244	1,396,127	1,452,502
Goodwill & intangible assets	13,295	13,355	13,409	13,470	13,537
Total assets	1,437,003	1,442,050	1,461,752	1,481,787	1,540,047
Deposits	1,237,620	1,238,275	1,248,971	1,270,425	1,328,153
Borrowings	42,459	39,000	47,192	50,042	55,080
Shareholders' equity	145,218	153,591	151,620	148,306	144,381
Ratios:					
Return on average assets	1.10%	1.14%	1.36%	1.27%	1.09%
Return on average equity	10.87%	10.66%	13.14%	12.73%	11.63%
Return on average tangible common equity	11.97%	11.68%	14.42%	14.00%	12.84%
Yield on earning assets	4.17%	4.07%	4.13%	3.95%	3.74%
Cost of deposits	0.16%	0.15%	0.17%	0.22%	0.27%
Cost of funds	0.26%	0.26%	0.28%	0.34%	0.38%
Net interest margin	3.92%	3.83%	3.86%	3.63%	3.38%
Efficiency ratio	66.94%	65.94%	60.48%	60.39%	63.57%
Asset quality:					
Net loan charge-offs to average loans	0.00%	0.00%	-0.05%	0.00%	0.44%
Nonperforming loans to gross loans	0.12%	0.11%	0.14%	0.24%	0.28%
Nonperforming assets to total assets	0.10%	0.09%	0.11%	0.22%	0.21%
Allowance for loan losses to gross loans	1.32%	1.34%	1.28%	1.25%	1.21%

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Consolidated Balance Sheets

Assets	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Cash and due from	\$ 18,139	\$ 16,698	\$ 10,469	\$ 14,985	\$ 12,925
Interest bearing deposits	35,583	56,284	54,415	50,370	114,042
Interest bearing time deposits	-	-	-	283	281
Available-for-sale securities	154,505	150,674	156,505	166,187	159,683
Held-to-maturity securities	49	49	49	202	202
Loans held for sale	655	2,573	4,648	3,013	1,221
Commercial	134,033	142,925	154,182	179,776	219,421
CRE (Owner occupied)	306,507	285,287	288,261	274,368	275,727
CRE (Non Owner occupied)	346,905	346,326	358,713	326,919	292,955
1-4 Family	370,444	331,255	322,558	319,662	314,630
Home Equity	37,740	35,948	36,250	36,106	35,527
Consumer	15,343	13,218	12,620	11,118	9,995
Allowance for loan losses	(15,925)	(15,450)	(14,965)	(14,352)	(13,867)
Net Loans	1,195,047	1,139,508	1,157,619	1,133,597	1,134,390
Premises and equipment	30,516	29,583	29,410	29,495	29,937
Nonmarketable equity securities	6,032	6,028	6,024	6,024	6,024
Mortgage serving rights, net	3,268	3,261	3,096	2,882	2,665
Foreclosed assets held for sale	5	5	5	5	5
Goodwill	12,388	12,388	12,388	12,388	12,388
Intangible Assets	874	929	990	1,052	1,113
Deferred income taxes	1,404	1,404	1,404	929	929
Life insurance assets	18,314	18,218	18,120	18,019	17,919
Accrued interest receivable and other assets	19,083	17,023	13,967	14,964	15,456
Total assets	<u>\$ 1,495,861</u>	<u>\$ 1,454,626</u>	<u>\$ 1,469,109</u>	<u>\$ 1,454,396</u>	<u>\$ 1,509,179</u>
Liabilities and Shareholders' Equity					
Liabilities					
Deposits					
Demand	\$ 489,172	\$ 500,733	\$ 478,893	\$ 440,531	\$ 441,836
Saving, NOW and money market	606,534	578,633	588,959	577,831	582,782
Time	206,632	178,000	188,193	223,534	274,336
Total deposits	1,302,338	1,257,366	1,256,045	1,241,896	1,298,954
Repurchase agreements	14,525	8,275	9,032	10,060	9,754
FHLB Advances	0	0	12,000	14,000	17,000
Subordinated debt	24,672	24,661	24,651	24,641	24,630
Interest payable and other liabilities	12,413	16,628	14,223	13,717	12,312
Total liabilities	1,353,948	1,306,930	1,315,951	1,304,314	1,362,650
Shareholders' Equity					
Common stock, without par value	61,641	61,488	61,231	61,039	60,917
Retained earnings	99,841	97,294	94,638	90,874	87,370
Accumulated other comprehensive income (expense)	(14,574)	(6,091)	2,283	3,164	3,237
Treasury stock at Cost, Common	(4,994)	(4,994)	(4,994)	(4,994)	(4,994)
Total shareholders' equity	141,914	147,696	153,158	150,082	146,529
Total liabilities and shareholders' equity	<u>\$ 1,495,842</u>	<u>\$ 1,454,626</u>	<u>\$ 1,469,109</u>	<u>\$ 1,454,396</u>	<u>\$ 1,509,179</u>

Heartland BancCorp
Consolidated Statements of Income

	Three Months Ended				
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Interest Income	\$ 12,778	\$ 12,544	\$ 13,251	\$ 12,826	\$ 12,484
Loans					
Securities					
Taxable	586	471	467	448	437
Tax-exempt	578	574	586	589	580
Other	51	22	33	49	40
Total interest income	13,993	13,611	14,337	13,912	13,541
Interest Expense					
Deposits	484	454	523	715	886
Borrowings	348	365	402	411	423
Total interest expense	832	819	925	1,126	1,309
Net Interest Income	13,161	12,792	13,412	12,786	12,232
Provision for Loan Losses	480	480	480	480	480
Net Interest Income After Provision for Loan Losses	12,681	12,312	12,932	12,306	11,752
Noninterest income					
Service charges	916	861	834	812	692
Gains on sale of loans and originated MSR	431	683	1,339	1,048	805
Loan servicing fees, net	311	509	462	463	223
Title insurance income	346	290	313	421	382
Net realized gains on sales of available-for-sale securities	-	-	-	-	-
Increase in cash value of life insurance	96	98	101	101	99
Other	912	827	748	790	967
Total noninterest income	3,012	3,268	3,797	3,635	3,168
Noninterest Expense					
Salaries and employee benefits	6,819	6,905	6,520	6,318	5,550
Net occupancy and equipment expense	960	994	948	981	966
Software and data processing fees	907	833	801	778	1,027
Professional fees	247	233	262	230	263
Marketing expense	247	259	218	275	279
State financial institution tax	257	277	313	167	309
FDIC insurance premiums	94	69	128	60	85
Other	1,293	1,019	1,217	1,108	1,310
Total noninterest expense	10,824	10,589	10,407	9,917	9,789
Income before Income Tax	4,869	4,991	6,322	6,024	5,131
Provision for Income Taxes	933	952	1,299	1,265	942
Net Income	\$ 3,936	\$ 4,039	\$ 5,023	\$ 4,759	\$ 4,189
Basic Earnings Per Share	\$ 1.96	\$ 2.02	\$ 2.51	\$ 2.38	\$ 2.10
Diluted Earnings Per Share	\$ 1.94	\$ 1.99	\$ 2.48	\$ 2.34	\$ 2.06

Heartland BancCorp
Consolidated Statements of Income

	Six Months Ended	
	Jun. 30, 2022	Jun. 30, 2021
Interest Income		
Loans	\$ 25,322	\$ 25,230
Securities		
Taxable	1,057	761
Tax-exempt	1,152	1,181
Other	73	88
Total interest income	27,604	27,260
Interest Expense		
Deposits	938	2,016
Borrowings	713	935
Total interest expense	1,651	2,951
Net Interest Income	25,953	24,309
Provision for Loan Losses	960	960
Net Interest Income After Provision for Loan Losses	24,993	23,349
Noninterest income		
Service charges	1,777	1,265
Gains on sale of loans and originated MSR	1,114	2,355
Loan servicing fees, net	820	428
Title insurance income	636	700
Net realized gains on sales of available-for-sale securities	-	223
Increase in cash value of life insurance	194	198
Other	1,739	1,699
Total noninterest income	6,280	6,868
Noninterest Expense		
Salaries and employee benefits	13,724	10,754
Net occupancy and equipment expense	1,954	1,986
Software and data processing fees	1,740	1,785
Professional fees	480	641
Marketing expense	506	555
State financial institution tax	534	624
FDIC insurance premiums	163	213
Other	2,312	2,845
Total noninterest expense	21,413	19,403
Income before Income Tax	9,860	10,814
Provision for Income Taxes	1,885	2,001
Net Income	\$ 7,975	\$ 8,813
Basic Earnings Per Share	\$ 3.97	\$ 4.42
Diluted Earnings Per Share	\$ 3.93	\$ 4.35

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ADDITIONAL FINANCIAL INFORMATION

(Dollars in thousands except per share amounts)(Unaudited)

Asset Quality Ratios and Data:

	<u>Jun. 30, 2022</u>	<u>Mar. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Sep. 30, 2021</u>	<u>Jun. 30, 2021</u>
Nonaccrual loans (excluding restructured loans)	\$ 949	\$ 659	\$ 1,333	\$ 1,657	\$ 1,748
Nonaccrual restructured loans	261	285	285	1,093	1,093
Loans past due 90 days and still accruing	245	383	16	-	359
Total non-performing loans	<u>1,455</u>	<u>1,327</u>	<u>1,634</u>	<u>2,750</u>	<u>3,200</u>
OREO and other non-performing assets	5	5	5	5	5
Total non-performing assets	<u>\$ 1,460</u>	<u>\$ 1,332</u>	<u>\$ 1,639</u>	<u>\$ 2,755</u>	<u>\$ 3,205</u>
Nonperforming loans to gross loans	0.12%	0.11%	0.14%	0.24%	0.28%
Nonperforming assets to total assets	0.10%	0.09%	0.11%	0.22%	0.21%
Allowance for loan losses to gross loans	1.32%	1.34%	1.28%	1.25%	1.21%
Performing restructured loans (RC-C)	\$ 4,519	\$ 5,106	\$ 5,119	\$ 610	\$ 621
Net charge-offs quarter ending	\$ 5	\$ (5)	\$ (133)	\$ (6)	\$ 1,263