

OLD SECOND BANCORP INC  
Form 8-K  
April 22, 2015

(NASDAQ:OSBC) Exhibit 99.1

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Old Second Reports First Quarter 2015 Net Income of \$3.5 million.

AURORA, IL, April 22, 2015 – Old Second Bancorp, Inc. (the “Company” or “Old Second”) (NASDAQ: OSBC), parent company of Old Second National Bank (the “Bank”), today announced financial results for the first quarter of 2015. The Company reported net income of \$3.5 million for the first quarter of 2015, compared to net income of \$2.2 million in the first quarter of 2014. The Company’s net income available to common stockholders of \$2.7 million, or \$0.09 per diluted share, for the quarter, compared to net income available to common stockholders of \$630,000, or \$0.04 per diluted share, in the first quarter of 2014.

#### Operating Results

· First quarter 2015 net income before taxes increased by \$2.0 million (or 59.4%) from the first quarter of 2014 and \$652,000 from the fourth quarter of 2014. When compared to first quarter of 2014, the quarter reflects flat net interest income after loan loss reserve release, improved non interest income and reduced non interest expense, most notably there was no core deposit intangible amortization expense in 2015 compared to \$512,000 in the first quarter 2014. The increase from the fourth quarter of 2014 was driven by sharply higher residential mortgage banking revenue and an 8.6% decrease in quarter to quarter noninterest expense. Noteworthy linked quarter expense decreases are found in expenses related to other real estate owned (“OREO”). First quarter 2015 net income available

to common stockholders of \$2.7 million compares to \$1.9 million for fourth quarter 2014 and \$630,000 for first quarter 2014. First quarter 2015 noninterest income of \$8.0 million was 26.1% higher than the \$6.3 million recorded in first quarter 2014. Further, 2015 reflects management actions taken last year and again in first quarter to redeem a portion of the outstanding preferred stock and in turn, dividends associated with those securities.

- Noninterest expenses of \$17.2 million were 2.1% lower in the first quarter compared to the first quarter 2014. Expenses declined across several expense lines, notably amortization of core deposit expense, and occupancy. First quarter expenses were down 8.6% compared to the fourth quarter 2014 as decreases in OREO expenses and FDIC insurance expense offset modest increases in selected other expense categories.
- On December 30, 2014, the Company provided notice that it was redeeming approximately one-third of the issued and outstanding shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series B (the "Series B Preferred Stock"). The effective date for the redemption was January 31, 2015, and the redemption price was the stated liquidation value of \$1,000 per share, together with any accrued and unpaid dividends accumulated to, but excluding, the redemption date. As of December 30, 2014, there were 47,331 shares of the Series B Preferred Stock outstanding, and redeeming one-third of the Series B Preferred Stock resulted in the redemption of 15,778 shares of Series B Preferred Stock. The redemption was successfully completed in the quarter. As of March 31, 2015, 31,553 shares of the Series B Preferred Stock remain outstanding.

- As management has implemented opportunities to be more efficient in serving our customers and communities, staffing levels were evaluated. As a result, the full time equivalent number of employees was reduced by twenty-one in April of 2015.

### Capital Ratios

|  | March 31,<br>2015 |   |
|--|-------------------|---|
| The Bank's common equity tier 1 capital ratio    | 16.91             | % |
| The Company's common equity tier 1 capital ratio | 9.12              | % |
| The Bank's total capital ratio                   | 18.18             | % |
| The Company's total capital ratio                | 16.96             | % |
| The Company's tier 1 leverage capital ratio      | 9.93              | % |

- All ratios presented are based on the regulatory capital rules in effect on January 1, 2015. The Bank ratios shown above exceed levels required to be considered “well capitalized”.

### Asset Quality & Earning Assets

- Nonperforming loans declined by \$3.7 million to \$23.4 million at March 31, 2015, from \$27.1 million at December 31, 2014. This same metric decreased \$15.2 million from March 31, 2014.
- OREO assets moved from \$32.0 million at December 31, 2014, and \$41.5 million at December 31, 2013, to \$35.5 million at March 31, 2015. Valuation writedowns continued with an expense of \$609,000 in the quarter.
- Loans decreased \$8.3 million since year end 2014. First quarter 2015 average loans increased by \$15.4 million from the fourth quarter of 2014 and \$52.6 million compared to the first quarter of last year.
- Securities held-to-maturity at amortized cost total \$257.3 million at March 31, 2015. The end of the first quarter of 2015 total compares to \$259.7 million held-to-maturity at year end 2014. March 31, 2015, available-for-sale securities at fair value totaled \$399.3 million, which is an increase from \$385.5 million at December 31, 2014.
- Management review of the loan portfolio concluded that neither a loan loss reserve release nor an additional provision for loan loss was appropriate in the first quarter.

Net Interest Income<sup>1</sup>ANALYSIS OF AVERAGE BALANCES,  
TAX EQUIVALENT INTEREST AND RATES

(Dollar amounts in thousands - unaudited)

|   | Quarters Ended<br>March 31, 2015 |          |           | December 31, 2014  |          |           | March 31, 2014     |          |           |
|---|----------------------------------|----------|-----------|--------------------|----------|-----------|--------------------|----------|-----------|
|   | Average<br>Balance               | Interest | Rate<br>% | Average<br>Balance | Interest | Rate<br>% | Average<br>Balance | Interest | Rate<br>% |
| Assets  |                                  |          |           |                    |          |           |                    |          |           |
| Interest bearing deposits with financial institutions | \$ 18,022                        | \$ 12    | 0.27      | \$ 19,643          | \$ 13    | 0.26      | \$ 23,775          | \$ 15    | 0.25      |
| Securities:   |                                  |          |           |                    |          |           |                    |          |           |
| Taxable   | 615,299                          | 3,375    | 2.19      | 619,307            | 3,691    | 2.38      | 616,433            | 3,502    | 2.27      |
| Non-taxable (TE)                                      | 23,518                           | 217      | 3.69      | 11,412             | 148      | 5.19      | 18,561             | 228      | 4.91      |
| Total securities                                      | 638,817                          | 3,592    | 2.25      | 630,719            | 3,839    | 2.43      | 634,994            | 3,730    | 2.35      |
| Dividends from Reserve Bank and FHLBC stock           | 9,058                            | 77       | 3.40      | 9,058              | 77       | 3.40      | 10,292             | 76       | 2.95      |
| Loans and loans held-for-sale <sup>1</sup>            | 1,161,444                        | 13,289   | 4.58      | 1,145,362          | 13,649   | 4.66      | 1,106,409          | 12,988   | 4.70      |
| Total interest earning assets                         | 1,827,341                        | 16,970   | 3.71      | 1,804,782          | 17,578   | 3.83      | 1,775,470          | 16,809   | 3.79      |
| Cash and due from banks                               | 31,744                           | -        | -         | 31,314             | -        | -         | 29,901             | -        | -         |
| Allowance for loan losses                             | (21,605)                         | -        | -         | (23,231)           | -        | -         | (27,102)           | -        | -         |
| Other noninterest bearing assets                      | 218,544                          | -        | -         | 227,729            | -        | -         | 236,356            | -        | -         |
| Total assets  | \$ 2,056,024                     |          |           | \$ 2,040,594       |          |           | \$ 2,014,625       |          |           |
| Liabilities and Stockholders' Equity                  |                                  |          |           |                    |          |           |                    |          |           |
|   | \$ 338,385                       | \$ 72    | 0.09      | \$ 321,662         | \$ 69    | 0.09      | \$ 303,553         | \$ 64    | 0.09      |

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|                   |              |           |      |              |           |      |              |           |      |
|-------------------|--------------|-----------|------|--------------|-----------|------|--------------|-----------|------|
| NOW               |              |           |      |              |           |      |              |           |      |
| accounts          |              |           |      |              |           |      |              |           |      |
| Money market      |              |           |      |              |           |      |              |           |      |
| accounts          | 298,324      | 70        | 0.10 | 298,134      | 70        | 0.09 | 314,803      | 94        | 0.12 |
| Savings           |              |           |      |              |           |      |              |           |      |
| accounts          | 245,005      | 37        | 0.06 | 237,870      | 37        | 0.06 | 234,353      | 41        | 0.07 |
| Time deposits     | 418,615      | 807       | 0.78 | 421,584      | 896       | 0.84 | 468,138      | 1,321     | 1.14 |
| Interest          |              |           |      |              |           |      |              |           |      |
| bearing           |              |           |      |              |           |      |              |           |      |
| deposits          | 1,300,329    | 986       | 0.31 | 1,279,250    | 1,072     | 0.33 | 1,320,847    | 1,520     | 0.47 |
| Securities sold   |              |           |      |              |           |      |              |           |      |
| under             |              |           |      |              |           |      |              |           |      |
| repurchase        |              |           |      |              |           |      |              |           |      |
| agreements        | 23,437       | 1         | 0.02 | 27,298       | 1         | 0.01 | 24,539       | 1         | 0.02 |
| Other             |              |           |      |              |           |      |              |           |      |
| short-term        |              |           |      |              |           |      |              |           |      |
| borrowings        | 25,722       | 8         | 0.12 | 24,946       | 8         | 0.13 | 4,111        | 1         | 0.10 |
| Junior            |              |           |      |              |           |      |              |           |      |
| subordinated      |              |           |      |              |           |      |              |           |      |
| debentures        | 58,378       | 1,072     | 7.35 | 58,378       | 1,072     | 7.35 | 58,378       | 1,387     | 9.50 |
| Subordinated      |              |           |      |              |           |      |              |           |      |
| debt              | 45,000       | 197       | 1.75 | 45,000       | 199       | 1.73 | 45,000       | 196       | 1.74 |
| Notes payable     |              |           |      |              |           |      |              |           |      |
| and other         |              |           |      |              |           |      |              |           |      |
| borrowings        | 500          | 4         | 3.20 | 500          | 4         | 3.13 | 500          | 4         | 3.20 |
| Total interest    |              |           |      |              |           |      |              |           |      |
| bearing           |              |           |      |              |           |      |              |           |      |
| liabilities       | 1,453,366    | 2,268     | 0.63 | 1,435,372    | 2,356     | 0.65 | 1,453,375    | 3,109     | 0.86 |
| Noninterest       |              |           |      |              |           |      |              |           |      |
| bearing           |              |           |      |              |           |      |              |           |      |
| deposits          | 405,933      | -         | -    | 400,001      | -         | -    | 373,711      | -         | -    |
| Other             |              |           |      |              |           |      |              |           |      |
| liabilities       | 11,734       | -         | -    | 12,177       | -         | -    | 38,966       | -         | -    |
| Stockholders'     |              |           |      |              |           |      |              |           |      |
| equity            | 184,991      | -         | -    | 193,044      | -         | -    | 148,573      | -         | -    |
| Total liabilities |              |           |      |              |           |      |              |           |      |
| and               |              |           |      |              |           |      |              |           |      |
| stockholders'     |              |           |      |              |           |      |              |           |      |
| equity            | \$ 2,056,024 |           |      | \$ 2,040,594 |           |      | \$ 2,014,625 |           |      |
| Net interest      |              |           |      |              |           |      |              |           |      |
| income (TE)       |              | \$ 14,702 |      |              | \$ 15,222 |      |              | \$ 13,700 |      |
| Net interest      |              |           |      |              |           |      |              |           |      |
| income (TE)       |              |           |      |              |           |      |              |           |      |
| to total earning  |              |           |      |              |           |      |              |           |      |
| assets            |              |           | 3.26 |              |           | 3.35 |              |           | 3.13 |
| Interest          |              |           |      |              |           |      |              |           |      |
| bearing           |              |           |      |              |           |      |              |           |      |
| liabilities to    |              |           |      |              |           |      |              |           |      |
| earning assets    | 79.53        | %         |      | 79.53        | %         |      | 81.86        | %         |      |

1 Interest income from loans is shown on a tax equivalent basis as discussed in the table on page 13 and includes fees of \$486,000, \$572,000 and \$550,000 for the first quarter of 2015, the fourth quarter of 2014 and the first quarter of 2014, respectively. Nonaccrual loans are included in the above stated average balances.

Note: Tax equivalent basis is calculated using a marginal tax rate of 35%.

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Net interest and dividend income on a linked quarter basis decreased \$544,000. Quarterly average earning assets increased \$22.6 million from the fourth quarter of 2014 for a total of \$1.83 billion while yield on earning assets declined. Management continued to emphasize asset quality in all securities purchases and the year over year quarterly average total securities increased a modest amount. Loan growth in each of the last four quarters, resulted in a year over year first quarter average loans increase of \$52.6 million. On a linked quarter basis, first quarter average earning assets reflected increases in both securities and loans.

Noninterest Income

| (in thousands)  | Three Months Ended |                 | 1st Qtr 2015<br>Percent Change<br>From |                 |                    |
|---|--------------------|-----------------|--|-----------------|--------------------|
|   | 1st Qtr<br>2015    | 4th Qtr<br>2014 | 1st Qtr<br>2014                        | 4th Qtr<br>2014 | 1st<br>Qtr<br>2014 |
| Trust income  | \$ 1,486           | \$ 1,579        | \$ 1,459                               | (5.9)           | 1.9                |
| Service charges on deposits                                   | 1,541              | 1,725           | 1,720                                  | (10.7)          | (10.4)             |
| Residential mortgage banking revenue                          | 1,659              | 1,100           | 727                                    | 50.8            | 128.2              |
| Securities (loss) gains, net                                  | (109)              | 262             | (69)                                   | (141.6)         | (58.0)             |
| Increase in cash surrender value of bank-owned life insurance | 354                | 369             | 358                                    | (4.1)           | (1.1)              |
| Debit card interchange income                                 | 959                | 1,035           | 830                                    | (7.3)           | 15.5               |
| Other income  | 2,083              | 1,021           | 1,296                                  | 104.0           | 60.7               |
| Total noninterest income                                      | \$ 7,973           | \$ 7,091        | \$ 6,321                               | 12.4            | 26.1               |

As shown above, noninterest income experienced no significant linked quarter improvements in the first quarter except for residential mortgage banking revenue and other income. The Company experienced strong mortgage loan origination results in the quarter. The Bank saw mortgage originations reach the highest level in the last two years. Robust overall volumes, driven by refinancing volume, were up 57% from the fourth quarter. Other income includes a nonrecurring incentive payment of \$917,000 from a service provider in a long term mutually productive relationship with Old Second. Other income for the quarter also reflects the death benefit realized on a life insurance policy held by the Bank. Year over year noninterest income increased approximately 11% when the items noted above in 2015 are excluded.

Noninterest Expense

| (in thousands) | Three Months Ended |         | 1st Qtr 2015<br>Percent<br>Change From |         |
|----------------|--------------------|---------|--|---------|
|                | 1st Qtr            | 4th Qtr | 1st Qtr                                | 4th Qtr |
|                |                    |         |  | 1st Qtr |

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|   | 2015      | 2014      | 2014      | 2014   | 2014    |
|---|-----------|-----------|-----------|--------|---------|
| Salaries                                      | \$ 7,157  | \$ 7,299  | \$ 6,872  | (1.9)  | 4.1     |
| Bonus   | 417       | 180       | 709       | 131.7  | (41.2)  |
| Benefits and other                            | 1,681     | 1,548     | 1,520     | 8.6    | 10.6    |
| Total salaries and employee benefits          | 9,255     | 9,027     | 9,101     | 2.5    | 1.7     |
| Occupancy expense, net                        | 1,271     | 1,154     | 1,481     | 10.1   | (14.2)  |
| Furniture and equipment expense               | 1,001     | 1,016     | 983       | (1.5)  | 1.8     |
| FDIC insurance                                | 273       | 615       | 279       | (55.6) | (2.2)   |
| General bank insurance                        | 357       | 358       | 489       | (0.3)  | (27.0)  |
| Amortization of core deposit intangible asset | -         | -         | 512       | N/A    | (100.0) |
| Advertising expense                           | 205       | 225       | 303       | (8.9)  | (32.3)  |
| Debit card interchange expense                | 352       | 423       | 378       | (16.8) | (6.9)   |
| Legal fees                                    | 223       | 335       | 257       | (33.4) | (13.2)  |
| Other real estate owned expense, net          | 1,352     | 2,252     | 1,008     | (40.0) | 34.1    |
| Other expense                                 | 2,864     | 3,362     | 2,725     | (14.8) | 5.1     |
| Total noninterest expense                     | \$ 17,153 | \$ 18,767 | \$ 17,516 | (8.6)  | (2.1)   |
| Efficiency ratio (defined below)              | 68.77 %   | 74.22 %   | 78.86 %   |        |         |



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The efficiency ratio shown in the table above is calculated as noninterest expense excluding core deposit intangible amortization and OREO expenses divided by the sum of net interest income on a fully tax equivalent basis, total noninterest income less net gains and losses on securities and with a tax equivalent adjustment on the increase in cash surrender value of bank-owned life insurance.

Noninterest expense decreased on a linked quarter basis primarily on lower FDIC expense, as well as reduced debit card interchange, legal and OREO expenses. Expenses were flat or down in the first quarter 2015 compared to the same period in 2014 for most categories, excluding total OREO expense, net. First quarter 2015 total noninterest expense was down from first quarter 2014. Excluding the benefit from the now fully amortized core deposit intangible asset, noninterest expense was essentially flat.

Earning Assets

| (in thousands)              | Major Classification of Loans as of |                      |                   | March 31, 2015   |       |
|-----------------------------|-------------------------------------|----------------------|-------------------|--|-------|
|                             | March 31,<br>2015                   | December 31,<br>2014 | March 31,<br>2014 | Percent Change From<br>December 31,<br>March 31,<br>2014 |       |
| Commercial                  | \$ 114,241                          | \$ 119,158           | \$ 98,321         | (4.1)  | 16.2  |
| Real estate - commercial    | 608,267                             | 600,629              | 579,297           | 1.3  | 5.0   |
| Real estate - construction  | 39,430                              | 44,795               | 32,016            | (12.0)   | 23.2  |
| Real estate - residential   | 363,967                             | 370,191              | 375,782           | (1.7)  | (3.1) |
| Consumer                    | 3,495                               | 3,504                | 2,837             | (0.3)  | 23.2  |
| Overdraft                   | 368                                 | 649                  | 301               | (43.3)   | 22.3  |
| Lease financing receivables | 8,651                               | 8,038                | 9,226             | 7.6  | (6.2) |
| Other                       | 11,945                              | 11,630               | 13,019            | 2.7  | (8.2) |
|                             | 1,150,364                           | 1,158,594            | 1,110,799         | (0.7)  | 3.6   |
| Net deferred loan costs     | 705                                 | 738                  | 438               | (4.5)  | 61.0  |
|                             | \$ 1,151,069                        | \$ 1,159,332         | \$ 1,111,237      | (0.7)  | 3.6   |

Modest first quarter loan production combined with seasonal reductions in demand resulted in a decrease of \$8.3 million in loans outstanding from the fourth quarter of 2014. Volume decreases for the quarter are seen in most portfolio segments, most notably in Commercial. Management continued to emphasize loan portfolio quality and transactions in our core market area that the Company expects will develop as long-term relationship opportunities. This approach also builds client relationships with core clientele, while leading to reduced portfolio runoff and potential long term business development beneficial to both the Company and the client.

Commercial relationship managers continue to focus on building the loan pipeline with opportunities after a long period of runoff. Management believes that the competitive landscape within the Chicago market is challenging and that it may remain so for a prolonged period.

The investment portfolio ended the first quarter of 2015 at \$656.6 million, an increase of \$11.4 million during the quarter. There were no purchases or sales to the held-to-maturity portion of the portfolio during the first quarter. First quarter available-for-sale purchases totaled \$69.7 million, which included \$30.4 million in asset-backed securities, \$12.8 million in collateralized mortgage obligations, and \$12.0 million in tax anticipation warrants. During the quarter there were sales of corporate bonds, collateralized mortgage obligations, collateralized loan obligations and asset backed securities totaling \$53.2 million.

Net realized losses on sales were \$109,000 during the first quarter of 2015 down from net realized gains of \$262,000 in the fourth quarter of 2014. Unrealized losses, net of deferred taxes, decreased \$690,000 during the quarter.

## Asset Quality

Dollars in Thousands

|   | As Of             |                      |                   | Percent Change From  |                   |
|---|-------------------|----------------------|-------------------|----------------------|-------------------|
|   | March 31,<br>2015 | December 31,<br>2014 | March 31,<br>2014 | December 31,<br>2014 | March 31,<br>2014 |
| Nonaccrual loans  | \$ 23,048         | \$ 26,926            | \$ 36,674         | (14.4)               | (37.2)            |
| Nonperforming Troubled debt<br>restructured loans accruing interest | 309               | 154                  | 788               | 100.6                | (60.8)            |
| Loans past due 90 days or more and still<br>accruing interest       | -                 | -                    | 1,125             | -                    | (100.0)           |
| Total nonperforming loans   | 23,357            | 27,080               | 38,587            | (13.7)               | (39.5)            |
| Other real estate owned   | 35,461            | 31,982               | 40,220            | 10.9                 | (11.8)            |
| Total nonperforming assets  | \$ 58,818         | \$ 59,062            | \$ 78,807         | (0.4)                | (25.4)            |
| 30-89 days past due loans   | \$ 6,321          | \$ 2,965             | \$ 5,732          |                      |                   |
| Nonaccrual loans to total loans                                     | 2.0               | % 2.3                | % 3.3             | %                    | %                 |
| Nonperforming loans to total loans                                  | 2.0               | % 2.3                | % 3.5             | %                    | %                 |
| Nonperforming assets to total loans plus<br>OREO                    | 5.0               | % 5.0                | % 6.8             | %                    | %                 |
| Allowance for loan losses   | \$ 21,181         | \$ 21,637            | \$ 25,476         |                      |                   |
| Allowance for loan losses to loans                                  | 1.8               | % 1.9                | % 2.3             | %                    | %                 |
| Allowance for loan losses to nonaccrual<br>loans                    | 91.9              | % 80.4               | % 69.5            | %                    | %                 |

Nonperforming loans consist of nonaccrual loans, nonperforming restructured accruing loans and loans 90 days or greater past due but still accruing. Total nonperforming loans were \$23.4 million at March 31, 2015 and \$27.1 million at December 31, 2014.

Classified loans include nonaccrual, performing troubled debt restructurings and all other loans considered substandard which also decreased in the quarter as shown below. Management review of the loan portfolio concluded that neither a loan loss reserve release nor an additional loan loss provision was appropriate in the first quarter.

| (in thousands)             | Classified loans as of |                      |                   | March 31, 2015<br>Percent Change From |                   |
|----------------------------|------------------------|----------------------|-------------------|---------------------------------------|-------------------|
|                            | March 31,<br>2015      | December 31,<br>2014 | March 31,<br>2014 | December 31,<br>2014                  | March 31,<br>2014 |
| Real estate-construction   | \$ 3,973               | \$ 4,045             | \$ 6,430          | (1.8)                                 | (38.2)            |
| Real estate-residential:   |                        |                      |                   |                                       |                   |
| Investor                   | 1,175                  | 2,263                | 7,674             | (48.1)                                | (84.7)            |
| Owner occupied             | 7,529                  | 7,343                | 6,847             | 2.5                                   | 10.0              |
| Revolving and junior liens | 3,234                  | 3,713                | 3,645             | (12.9)                                | (11.3)            |

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|                                 |           |           |           |        |        |
|---------------------------------|-----------|-----------|-----------|--------|--------|
| Real estate-commercial, nonfarm | 14,203    | 19,170    | 27,633    | (25.9) | (48.6) |
| Real estate-commercial, farm    | 1,370     | -         | -         | -      | -      |
| Commercial                      | 4,936     | 4,403     | 455       | 12.1   | 984.8  |
| Other                           | 1         | 1         | -         | -      | -      |
|                                 | \$ 36,421 | \$ 40,938 | \$ 52,684 | (11.0) | (30.9) |

## Net Charge-off Summary

| Loan Charge-offs, net of recoveries<br>(in thousands) | Three Months Ended |               |                      |               |                   |               |
|---|--------------------|---------------|----------------------|---------------|-------------------|---------------|
|   | March 31,<br>2015  | % of<br>Total | December 31,<br>2014 | % of<br>Total | March 31,<br>2014 | % of<br>Total |
| Real estate-construction                              |                    |               |                      |               |                   |               |
| Homebuilder   | \$ -               | -             | \$ (109)             | (27.7)        | \$ (35)           | (4.3)         |
| Land  | (3)                | (0.7)         | (14)                 | (3.6)         | 1                 | 0.1           |
| Commercial speculative                                | -                  | -             | -                    | -             | -                 | -             |
| All other   | (1)                | (0.2)         | (3)                  | (0.8)         | 65                | 8.1           |
| Total real estate-construction                        | (4)                | (0.9)         | (126)                | (32.1)        | 31                | 3.9           |
| Real estate-residential                               |                    |               |                      |               |                   |               |
| Investor  | (11)               | (2.4)         | (23)                 | (5.9)         | 92                | 11.4          |
| Owner occupied  | 67                 | 14.7          | (9)                  | (2.3)         | 8                 | 1.0           |
| Revolving and junior liens                            | 338                | 74.1          | 416                  | 105.9         | 499               | 62.0          |
| Total real estate-residential                         | 394                | 86.4          | 384                  | 97.7          | 599               | 74.4          |
| Real estate-commercial, nonfarm                       |                    |               |                      |               |                   |               |
| Owner general purpose                                 | 495                | 108.6         | 14                   | 3.6           | -                 | -             |
| Owner special purpose                                 | (4)                | (0.9)         | 111                  | 28.2          | 259               | 32.2          |
| Non-owner general purpose                             | (326)              | (71.5)        | (34)                 | (8.6)         | 18                | 2.2           |
| Non-owner special purpose                             | -                  | -             | 10                   | 2.5           | -                 | -             |
| Retail properties                                     | -                  | -             | (3)                  | (0.8)         | (89)              | (11.1)        |
| Total real estate-commercial, nonfarm                 | 165                | 36.2          | 98                   | 24.9          | 188               | 23.3          |
| Real estate-commercial, farm                          |                    |               |                      |               |                   |               |
| Commercial  | (109)              | (23.9)        | 57                   | 14.5          | (11)              | (1.4)         |
| Other   | 10                 | 2.2           | (20)                 | (5.0)         | (2)               | (0.2)         |
| Total   | \$ 456             | 100.0         | \$ 393               | 100.0         | \$ 805            | 100.0         |

Management attention to credit quality continued as reflected in the nominal net charge-off experience illustrated above.

## Deposits

Total deposits ended at \$1.74 billion on March 31, 2015. That amount reflects a sharp increase from deposits of \$1.69 billion at December 31, 2014. While time deposits or certificates of deposit continued to decline in first quarter, the rate of decline slowed when compared to the first quarter of 2014. Strong growth was seen in transaction deposit

accounts, most notably in noninterest bearing demand accounts, up \$31.4 million in first quarter. With only limited deposit building programs in place, management sees this growth as based on client choice.

### Borrowings

The Company's borrowings at the Federal Home Loan Bank of Chicago (the "FHLBC") require the Bank to be a member and invest in the stock of the FHLBC. Total borrowings are generally limited to the lower of 35% of total assets or 60% of the book value of certain mortgage loans. As of December 31, 2014, the Bank had \$45.0 million outstanding under FHLBC advances compared to \$30.0 million outstanding in advances at March 31, 2015. After borrowing overnight funds under the advance program virtually every day in first quarter, management had eliminated advances outstanding in late March. Management then took a term advance of \$30.0 million on March 31, 2015 in anticipation that the funds would be needed and in recognition of the fact that the funds taken are beneficially priced under an FHLBC special offering.

The Company is also indebted on \$58.4 million of junior subordinated debentures related to the trust preferred securities issued by its two statutory trust subsidiaries, Old Second Capital Trust I and Old Second Capital Trust II. In April, 2014, the Company concluded a successful capital raise and used some of the capital raise

proceeds to pay interest accrued but previously unpaid on the trust preferred securities and, as of the date hereof, the Company continues to be current on the payments due on these securities.

## Capital

|   | March 31,<br>2015 |   |
|---|-------------------|---|
| The Company's common equity tier 1 capital ratio<br>(minimum 4.5% for adequately capitalized) | 9.12              | % |
| The Company's tier 1 capital ratio<br>(minimum 6.0% for adequately capitalized)               | 13.83             | % |
| The Company's total capital ratio<br>(minimum 8.0% for adequately capitalized)                | 16.96             | % |
| The Company's tier 1 leverage capital ratio<br>(minimum 4.0% for adequately capitalized)      | 9.93              | % |

All ratios presented are based on the regulatory capital rules of Basel III, which took effect on January 1, 2015. As of March 31, 2015, the Bank's common equity tier 1 capital ratio of 16.91% and total capital ratio of 18.18% exceeded the minimum capital ratios to be deemed "well capitalized".

Non-GAAP Presentations: Management has traditionally disclosed certain non-GAAP ratios to evaluate and measure the Company's performance, including a net interest margin calculation. The net interest margin is calculated by dividing net interest income on a tax equivalent basis by average earning assets for the period. Management believes this measure provides investors with information regarding balance sheet profitability. Consistent with industry practice, management also disclosed other non-GAAP measures in the discussion immediately above and in the following tables. The tables provide a reconciliation of each non-GAAP measure to the most comparable GAAP equivalent.

Forward Looking Statements: This report may contain forward-looking statements. Forward looking statements are identifiable by the inclusion of such qualifications as expects, intends, believes, may, likely or other indications that the particular statements are not based upon facts but are rather based upon the Company's beliefs as of the date of this release. Actual events and results may differ significantly from those described in such forward-looking statements, due to changes in the economy, interest rates or other factors. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events. For additional information concerning the Company and its business, including other factors that could materially affect the Company's financial results or cause actual results to differ substantially from those discussed or implied in forward looking statements contained in this release, please review our filings with the Securities and Exchange Commission.

## Conference Call

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The Company will also host an earnings call on Thursday, April 23, 2015, at 11:00 a.m. Eastern Time (10:00 a.m. Central Time). Investors may listen to the Company's earnings call via telephone by dialing 877-407-8035. Investors should call into the dial-in number set forth above at least 10 minutes prior to the scheduled start of the call.

A replay of the earnings call will be available until 11:59 p.m. Eastern Time (10:59 p.m. Central Time) on May 7, 2015, by dialing 877-660-6853, using Conference ID #: 13605129.



## Old Second Bancorp, Inc. and Subsidiaries

## Consolidated Balance Sheets

(In thousands, except share data)

|   | (Unaudited)       |                      |
|---|-------------------|----------------------|
|   | March 31,<br>2015 | December 31,<br>2014 |
| <b>Assets</b>   |                   |                      |
| Cash and due from banks                               | \$ 19,051         | \$ 30,101            |
| Interest bearing deposits with financial institutions | 55,111            | 14,096               |
| Cash and cash equivalents                             | 74,162            | 44,197               |
| Securities available-for-sale, at fair value          | 399,252           | 385,486              |
| Securities held-to-maturity, at amortized cost        | 257,332           | 259,670              |
| Federal Home Loan Bank and Federal Reserve Bank stock | 9,058             | 9,058                |
| Loans held-for-sale                                   | 7,038             | 5,072                |
| Loans   | 1,151,069         | 1,159,332            |
| Less: allowance for loan losses                       | 21,181            | 21,637               |
| Net loans   | 1,129,888         | 1,137,695            |
| Premises and equipment, net                           | 42,016            | 42,335               |
| Other real estate owned                               | 35,461            | 31,982               |
| Mortgage servicing rights, net                        | 5,254             | 5,462                |
| Bank-owned life insurance (BOLI)                      | 57,161            | 56,807               |
| Deferred tax assets, net                              | 67,743            | 70,141               |
| Other assets  | 13,145            | 13,882               |
| Total assets  | \$ 2,097,510      | \$ 2,061,787         |
| <b>Liabilities</b>                                    |                   |                      |
| <b>Deposits:</b>                                      |                   |                      |
| Noninterest bearing demand                            | \$ 431,843        | \$ 400,447           |
| Interest bearing:                                     |                   |                      |
| Savings, NOW, and money market                        | 896,618           | 865,103              |
| Time  | 416,317           | 419,505              |
| Total deposits  | 1,744,778         | 1,685,055            |
| Securities sold under repurchase agreements           | 26,513            | 21,036               |
| Other short-term borrowings                           | 30,000            | 45,000               |
| Junior subordinated debentures                        | 58,378            | 58,378               |
| Subordinated debt                                     | 45,000            | 45,000               |
| Notes payable and other borrowings                    | 500               | 500                  |
| Other liabilities                                     | 10,501            | 12,655               |
| Total liabilities                                     | 1,915,670         | 1,867,624            |
| <b>Stockholders' Equity</b>                           |                   |                      |
| Preferred stock                                       | 31,553            | 47,331               |
| Common stock  | 34,415            | 34,365               |
| Additional paid-in capital                            | 115,489           | 115,332              |
| Retained earnings                                     | 103,372           | 100,697              |

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|  |              |              |
|--|--------------|--------------|
| Accumulated other comprehensive loss       | (7,023)      | (7,713)      |
| Treasury stock                             | (95,966)     | (95,849)     |
| Total stockholders' equity                 | 181,840      | 194,163      |
| Total liabilities and stockholders' equity | \$ 2,097,510 | \$ 2,061,787 |

## Old Second Bancorp, Inc. and Subsidiaries

## Consolidated Statements of Operations

(In thousands, except share data)

|  | (unaudited)        |           |
|--|--------------------|-----------|
|  | Three Months Ended |           |
|  | March 31,          |           |
|  | 2015               | 2014      |
| Interest and dividend income   |                    |           |
| Loans, including fees  | \$ 13,218          | \$ 12,938 |
| Loans held-for-sale  | 43                 | 25        |
| Securities:  |                    |           |
| Taxable  | 3,375              | 3,502     |
| Tax exempt   | 141                | 148       |
| Dividends from Federal Reserve Bank and Federal Home Loan Bank stock | 77                 | 76        |
| Interest bearing deposits with financial institutions                | 12                 | 15        |
| Total interest and dividend income                                   | 16,866             | 16,704    |
| Interest expense   |                    |           |
| Savings, NOW, and money market deposits                              | 179                | 199       |
| Time deposits  | 807                | 1,321     |
| Other short-term borrowings  | 9                  | 2         |
| Junior subordinated debentures                                       | 1,072              | 1,387     |
| Subordinated debt  | 197                | 196       |
| Notes payable and other borrowings                                   | 4                  | 4         |
| Total interest expense   | 2,268              | 3,109     |
| Net interest and dividend income                                     | 14,598             | 13,595    |
| Loan loss reserve release  | -                  | (1,000)   |
| Net interest and dividend income after provision for loan losses     | 14,598             | 14,595    |
| Noninterest income   |                    |           |
| Trust income   | 1,486              | 1,459     |
| Service charges on deposits  | 1,541              | 1,720     |
| Secondary mortgage fees  | 244                | 112       |
| Mortgage servicing loss, net of changes in fair value                | (208)              | (47)      |
| Net gain on sales of mortgage loans                                  | 1,623              | 662       |
| Securities loss, net   | (109)              | (69)      |
| Increase in cash surrender value of bank-owned life insurance        | 354                | 358       |
| Debit card interchange income  | 959                | 830       |
| Other income   | 2,083              | 1,296     |
| Total noninterest income   | 7,973              | 6,321     |
| Noninterest expense  |                    |           |
| Salaries and employee benefits                                       | 9,255              | 9,101     |
| Occupancy expense, net   | 1,271              | 1,481     |

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|   |          |          |
|---|----------|----------|
| Furniture and equipment expense                     | 1,001    | 983      |
| FDIC insurance                                      | 273      | 279      |
| General bank insurance                              | 357      | 489      |
| Amortization of core deposit                        | -        | 512      |
| Advertising expense                                 | 205      | 303      |
| Debit card interchange expense                      | 352      | 378      |
| Legal fees  | 223      | 257      |
| Other real estate expense, net                      | 1,352    | 1,008    |
| Other expense                                       | 2,864    | 2,725    |
| Total noninterest expense                           | 17,153   | 17,516   |
| Income before income taxes                          | 5,418    | 3,400    |
| Provision for income taxes                          | 1,919    | 1,198    |
| Net income  | \$ 3,499 | \$ 2,202 |
| Preferred stock dividends and accretion of discount | 824      | 1,572    |
| Net income available to common stockholders         | \$ 2,675 | \$ 630   |
| Basic earnings per share                            | \$ 0.09  | \$ 0.04  |
| Diluted earnings per share                          | 0.09     | 0.04     |

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Old Second Bancorp, Inc. and Subsidiaries

Quarterly Consolidated Average Balance

(In thousands, except share data, unaudited)

|   | 2014         |              |              |              | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 1st Qtr      | 2nd Qtr      | 3rd Qtr      | 4th Qtr      | 1st Qtr      |
| Assets  |              |              |              |              |              |
| Cash and due from banks                               | \$ 29,901    | \$ 36,827    | \$ 32,459    | \$ 31,314    | \$ 31,744    |
| Interest bearing deposits with financial institutions | 23,775       | 30,333       | 38,603       | 19,643       | 18,022       |
| Cash and cash equivalents                             | 53,676       | 67,160       | 71,062       | 50,957       | 49,766       |
| Securities available-for-sale, at fair value          | 371,229      | 388,309      | 348,791      | 261,775      | 380,180      |
| Securities held-to-maturity, at amortized cost        | 263,765      | 264,070      | 263,832      | 368,944      | 258,637      |
| Federal Home Loan Bank and Federal Reserve Bank stock | 10,292       | 10,292       | 9,085        | 9,058        | 9,058        |
| Loans held-for-sale                                   | 2,344        | 2,829        | 3,758        | 4,065        | 4,782        |
| Loans   | 1,104,065    | 1,118,089    | 1,133,379    | 1,141,297    | 1,156,662    |
| Less : allowance for loan losses                      | 27,102       | 25,146       | 24,492       | 23,231       | 21,605       |
| Net loans   | 1,076,963    | 1,092,943    | 1,108,887    | 1,118,066    | 1,135,057    |
| Premises and equipment, net                           | 45,972       | 45,575       | 45,116       | 42,516       | 42,306       |
| Other real estate owned                               | 39,971       | 39,094       | 38,757       | 39,566       | 32,392       |
| Mortgage servicing rights, net                        | 5,569        | 5,527        | 5,522        | 5,468        | 5,202        |
| Core deposit intangible, net                          | 916          | 399          | 23           | -            | -            |
| Bank-owned life insurance (BOLI)                      | 55,551       | 55,894       | 56,262       | 56,566       | 56,927       |
| Deferred tax assets, net                              | 75,387       | 74,082       | 71,937       | 71,628       | 69,936       |
| Other assets  | 12,990       | 12,798       | 12,615       | 11,985       | 11,781       |
| Total Other assets                                    | 236,356      | 233,369      | 230,232      | 227,729      | 218,544      |
| Total assets  | \$ 2,014,625 | \$ 2,058,972 | \$ 2,035,647 | \$ 2,040,594 | \$ 2,056,024 |
| Liabilities   |              |              |              |              |              |
| Deposits:   |              |              |              |              |              |
| Noninterest bearing demand                            | \$ 373,711   | \$ 389,926   | \$ 389,246   | \$ 400,001   | \$ 405,933   |
| Interest bearing:                                     |              |              |              |              |              |
| Savings, NOW, and money market                        | 852,709      | 861,735      | 860,342      | 857,666      | 881,714      |
| Time  | 468,138      | 457,818      | 437,597      | 421,584      | 418,615      |
| Total deposits  | 1,694,558    | 1,709,479    | 1,687,185    | 1,679,251    | 1,706,262    |
| Securities sold under repurchase agreements           | 24,539       | 25,224       | 27,266       | 27,298       | 23,437       |

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|  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| Other short-term borrowings                | 4,111        | 8,681        | 12,174       | 24,946       | 25,722       |
| Junior subordinated debentures             | 58,378       | 58,378       | 58,378       | 58,378       | 58,378       |
| Subordinated debt                          | 45,000       | 45,000       | 45,000       | 45,000       | 45,000       |
| Notes payable and other borrowings         | 500          | 500          | 500          | 500          | 500          |
| Other liabilities                          | 38,966       | 19,210       | 11,416       | 12,177       | 11,734       |
| Total liabilities                          | 1,866,052    | 1,866,472    | 1,841,919    | 1,847,550    | 1,871,033    |
| Stockholders' equity                       |              |              |              |              |              |
| Preferred stock                            | 72,991       | 54,947       | 47,331       | 47,331       | 36,637       |
| Common stock                               | 18,840       | 33,104       | 34,365       | 34,365       | 34,414       |
| Additional paid-in capital                 | 66,241       | 111,279      | 115,220      | 115,263      | 115,413      |
| Retained earnings                          | 93,508       | 96,002       | 98,256       | 99,553       | 102,050      |
| Accumulated other comprehensive loss       | (7,177)      | (6,982)      | (5,594)      | (7,618)      | (7,558)      |
| Treasury stock                             | (95,830)     | (95,850)     | (95,850)     | (95,850)     | (95,965)     |
| Total stockholders' equity                 | 148,573      | 192,500      | 193,728      | 193,044      | 184,991      |
| Total liabilities and stockholder's equity | \$ 2,014,625 | \$ 2,058,972 | \$ 2,035,647 | \$ 2,040,594 | \$ 2,056,024 |
| Total Earning Assets                       | \$ 1,775,470 | \$ 1,813,922 | \$ 1,797,448 | \$ 1,804,782 | \$ 1,827,341 |
| Total Interest Bearing Liabilities         | 1,453,375    | 1,457,336    | 1,441,257    | 1,435,372    | 1,453,366    |

## Old Second Bancorp, Inc. and Subsidiaries

## Quarterly Consolidated Statements of Operations

(In thousands, except share data, unaudited)

|   | 2014<br>1st Qtr | 2nd Qtr   | 3rd Qtr   | 4th Qtr   | 2015<br>1st Qtr |
|---|-----------------|-----------|-----------|-----------|-----------------|
| Interest and Dividend Income  |                 |           |           |           |                 |
| Loans, including fees   | \$ 12,938       | \$ 13,046 | \$ 13,362 | \$ 13,580 | \$ 13,218       |
| Loans held-for-sale   | 25              | 29        | 38        | 41        | 43              |
| Securities:   |                 |           |           |           |                 |
| Taxable   | 3,502           | 3,352     | 3,586     | 3,691     | 3,375           |
| Tax exempt  | 148             | 118       | 110       | 96        | 141             |
| Dividends from Federal Reserve Bank and<br>Federal Home Loan Bank stock | 76              | 78        | 78        | 77        | 77              |
| Interest bearing deposits with financial institutions                   | 15              | 20        | 25        | 13        | 12              |
| Total interest and dividend income                                      | 16,704          | 16,643    | 17,199    | 17,498    | 16,866          |
| Interest Expense  |                 |           |           |           |                 |
| Savings, NOW, and money market deposits                                 | 199             | 188       | 175       | 176       | 179             |
| Time deposits   | 1,321           | 1,210     | 1,073     | 896       | 807             |
| Other short-term borrowings   | 2               | 3         | 5         | 9         | 9               |
| Junior subordinated debentures  | 1,387           | 1,388     | 1,072     | 1,072     | 1,072           |
| Subordinated debt   | 196             | 198       | 199       | 199       | 197             |
| Notes payable and other borrowings                                      | 4               | 4         | 4         | 4         | 4               |
| Total interest expense  | 3,109           | 2,991     | 2,528     | 2,356     | 2,268           |
| Net interest and dividend income  | 13,595          | 13,652    | 14,671    | 15,142    | 14,598          |
| Loan loss reserve release   | (1,000)         | (1,000)   | -         | (1,300)   | -               |
| Net interest and dividend income after provision<br>for loan losses     | 14,595          | 14,652    | 14,671    | 16,442    | 14,598          |
| Noninterest Income  |                 |           |           |           |                 |
| Trust income  | 1,459           | 1,677     | 1,483     | 1,579     | 1,486           |
| Service charges on deposits   | 1,720           | 1,796     | 1,838     | 1,725     | 1,541           |
| Secondary mortgage fees   | 112             | 155       | 174       | 180       | 244             |
| Mortgage servicing (loss) gain, net of changes in<br>fair value         | (47)            | 64        | 252       | (60)      | (208)           |
| Net gain on sales of mortgage loans                                     | 662             | 1,038     | 914       | 980       | 1,623           |
| Securities (losses) gains, net  | (69)            | 295       | 1,231     | 262       | (109)           |
| Increase in cash surrender value of bank-owned<br>life insurance        | 358             | 366       | 304       | 369       | 354             |
| Debit card interchange income   | 830             | 930       | 1,011     | 1,035     | 959             |
| Other income  | 1,296           | 1,160     | 1,116     | 1,021     | 2,083           |
| Total noninterest income  | 6,321           | 7,481     | 8,323     | 7,091     | 7,973           |

|   |         |          |          |          |          |
|---|---------|----------|----------|----------|----------|
| Noninterest Expense                                 |         |          |          |          |          |
| Salaries and employee benefits                      | 9,101   | 9,183    | 8,856    | 9,027    | 9,255    |
| Occupancy expense, net                              | 1,481   | 1,185    | 1,143    | 1,154    | 1,271    |
| Furniture and equipment expense                     | 983     | 984      | 989      | 1,016    | 1,001    |
| FDIC insurance                                      | 279     | 627      | 649      | 615      | 273      |
| General bank insurance                              | 489     | 343      | 371      | 358      | 357      |
| Amortization of core deposit                        | 512     | 511      | 154      | -        | -        |
| Advertising expense                                 | 303     | 459      | 291      | 225      | 205      |
| Debit card interchange expense                      | 378     | 412      | 418      | 423      | 352      |
| Legal fees  | 257     | 409      | 332      | 335      | 223      |
| Other real estate expense, net                      | 1,008   | 1,650    | 2,007    | 2,252    | 1,352    |
| Other expense                                       | 2,725   | 3,289    | 3,134    | 3,362    | 2,864    |
| Total noninterest expense                           | 17,516  | 19,052   | 18,344   | 18,767   | 17,153   |
| Income before income taxes                          | 3,400   | 3,081    | 4,650    | 4,766    | 5,418    |
| Provision for income taxes                          | 1,198   | 1,060    | 1,726    | 1,777    | 1,919    |
| Net income  | 2,202   | 2,021    | 2,924    | 2,989    | 3,499    |
| Preferred stock dividends and accretion of discount | 1,572   | 1,348    | 1,065    | 1,077    | 824      |
| Dividends waived upon preferred stock redemption    | -       | (5,433)  | -        | -        | -        |
| Gain on preferred stock redemption                  | -       | (1,348)  | -        | -        | -        |
| Net income available to common stockholders         | \$ 630  | \$ 7,454 | \$ 1,859 | \$ 1,912 | \$ 2,675 |
| Basic earnings per share                            | \$ 0.04 | \$ 0.26  | \$ 0.06  | \$ 0.06  | \$ 0.09  |
| Diluted earnings per share                          | 0.04    | 0.26     | 0.06     | 0.06     | 0.09     |



The table below provides a reconciliation of each non GAAP tax equivalent measure to the GAAP equivalent for the periods indicated:

|                                 | Three Months Ended |                      |                   |
|---------------------------------|--------------------|----------------------|-------------------|
|                                 | March 31,<br>2015  | December 31,<br>2014 | March 31,<br>2014 |
| Net Interest Margin             |                    |                      |                   |
| Interest income (GAAP)          | \$ 16,866          | \$ 17,498            | \$ 16,704         |
| Taxable-equivalent adjustment:  |                    |                      |                   |
| Loans                           | 28                 | 28                   | 25                |
| Securities                      | 76                 | 52                   | 80                |
| Interest income - TE            | 16,970             | 17,578               | 16,809            |
| Interest expense (GAAP)         | 2,268              | 2,356                | 3,109             |
| Net interest income -TE         | \$ 14,702          | \$ 15,222            | \$ 13,700         |
| Net interest income (GAAP)      | \$ 14,598          | \$ 15,142            | \$ 13,595         |
| Average interest earning assets | \$ 1,827,341       | \$ 1,804,782         | \$ 1,775,470      |
| Net interest margin (GAAP)      | 3.24               | % 3.33               | % 3.11            |
| Net interest margin - TE        | 3.26               | % 3.35               | % 3.13            |

|  | Three Months Ended |                      |                   |
|--|--------------------|----------------------|-------------------|
|  | March 31,<br>2015  | December 31,<br>2014 | March 31,<br>2014 |
| Efficiency Ratio                       |                    |                      |                   |
| Noninterest expense                    | \$ 17,153          | \$ 18,767            | \$ 17,516         |
| Less amortization of core deposit, net | -                  | -                    | 512               |
| Less other real estate expense, net    | 1,352              | 2,252                | 1,008             |
| Adjusted noninterest expense           | 15,801             | 16,515               | 15,996            |
| Net interest income (GAAP)             | 14,598             | 15,142               | 13,595            |
| Taxable-equivalent adjustment:         |                    |                      |                   |
| Loans                                  | 28                 | 28                   | 25                |
| Securities                             | 76                 | 52                   | 80                |
| Net interest income (TE)               | 14,702             | 15,222               | 13,700            |

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|  |           |           |           |
|--|-----------|-----------|-----------|
| Noninterest income   | 7,973     | 7,091     | 6,321     |
| Taxable-equivalent adjustment:                             |           |           |           |
| Increase in cash surrender value of BOLI - (TE)            | 191       | 199       | 193       |
| Noninterest income - (TE)                                  | 8,164     | 7,290     | 6,514     |
| Less securities (losses) gain, net                         | (109)     | 262       | (69)      |
| Adjusted noninterest income, plus net interest income (TE) | \$ 22,975 | \$ 22,250 | \$ 20,283 |
| Efficiency ratio   | 68.77 %   | 74.22 %   | 78.86 %   |