

OLD SECOND BANCORP INC
Form 8-K
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(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, 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 Income¹ANALYSIS OF AVERAGE BALANCES,
TAX EQUIVALENT INTEREST AND RATES

(Dollar amounts in thousands - unaudited)

	Quarters Ended March 31, 2015			December 31, 2014			March 31, 2014		
	Average Balance	Interest	Rate %	Average Balance	Interest	Rate %	Average Balance	Interest	Rate %
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			