



NEWS RELEASE

Old Second Bancorp, Inc. Announces Second Quarter 2011 Results

7/27/2011

Capital Requirement Exceeded and Asset Quality Improvement Continued

AURORA, Ill.--(BUSINESS WIRE)-- Old Second Bancorp, Inc. (the "Company" or "Old Second") (NASDAQ: OSBC), parent company of Old Second National Bank (the "Bank"), today announced results of operations for the second quarter of 2011. The Company reported net income of \$1.0 million, compared to a net loss of \$23.4 million in the second quarter of 2010. The Company's pretax income of \$1.0 million for the second quarter of 2011 compared to a \$39.2 million pretax loss for the second quarter of 2010. The Company's net loss available to common shareholders of \$162,000, or \$0.01 per share, for the second quarter of 2011, compared to a net loss available to common shareholders of \$24.5 million, or \$1.75 per diluted share, in the second quarter of 2010.

The Company's \$500,000 provision for loan losses for the second quarter of 2011 compared favorably to the \$44.6 million provision in the second quarter of 2010 and the \$4.0 million provision in the first quarter of 2011. The allowance for loan losses was 36.81% of nonperforming loans as of June 30, 2011, compared to 33.33% a year earlier and 37.89% as of March 31, 2011.

"We are very pleased to announce that the capital ratio objectives that we agreed to with the OCC have been exceeded" the Company's Chairman and CEO, Bill Skoglund said. "As of June 30, 2011, the Bank's leverage ratio was 9.10%, up 100 basis points from December 31, 2010, and 35 basis points above the objective the Bank had agreed with the OCC to maintain of 8.75%. The Bank's total capital ratio was 12.61%, up 98 basis points from December 31, 2010, and 136 basis points above the objective of 11.25%."

Mr. Skoglund continued, "Consecutive quarterly declines in nonperforming assets are encouraging. While



uncertainty remains in the broader economy, we have seen signs of stabilization in commercial real estate values in our market area, which we believe will be a key to our continuing improvement.”

2011 Financial Highlights

Earnings

- Second quarter net income before taxes of \$1.0 million compared to a loss of \$39.2 million in the same quarter of 2010.
- Second quarter net loss to common stockholders of \$162,000 compared to a loss of \$24.5 million in the same quarter of 2010.
- The tax-equivalent net interest margin was 3.59% during the second quarter of 2011 compared to 3.61% in the same quarter of 2010, but reflected an increase of 17 basis points compared to the first quarter of 2011.
- Noninterest income of \$18.3 million was \$777,000 lower in the first half of 2011 than in the first half of 2010 reflecting lower securities gains, mortgage sale revenues and deposit service charges revenues.
- Noninterest expenses of \$49.0 million were \$1.3 million lower in the first half of 2011 than in the first half of 2010.

Capital

- Bank leverage capital ratio increased from 8.10% to 9.10% in the first half of 2011.
- Bank total capital ratio increased from 11.63% to 12.61% in the first half of 2011.
- Company leverage ratio increased from 4.74% to 5.10% in the first half of 2011.
- Company total capital ratio increased from 11.46% to 12.13% in the first half of 2011.
- Company tangible common equity to tangible assets increased from 0.22% in the first quarter of 2011 to 0.28% in the second quarter of 2011, although this was still a decline from 0.40% at year end 2010.

Asset Quality

- Nonperforming loans declined \$49.5 million during the first six months of 2011 to \$179.4 million as of June 30, 2011 from \$228.9 million as of December 31, 2010.
- The provision for loan loss expense decreased to \$500,000 for the second quarter ended June 30, 2011, compared to \$44.6 million in the same period in 2010 and \$4.0 million in the first quarter of 2011.
- Loans that were classified as performing but 30 to 89 days past due and still accruing interest decreased to

\$8.4 million at June 30, 2011 from \$12.2 million at March 31, 2011, \$13.9 million at December 31, 2010 and \$35.9 million at June 30, 2010.

Financial Highlights (unaudited)
In thousands, except share data

	As of and for the Three Months Ended June 30,		As of and for the Six Months Ended June 30,	
	2011	2010	2011	2010
Summary Statements of Operations:				
Net interest and dividend income	\$ 16,474	\$ 20,015	\$ 33,011	\$ 40,996
Provision for loan losses	500	44,623	4,500	63,843
Noninterest income	9,397	10,848	18,338	19,115
Noninterest expense	24,358	25,479	48,956	50,228
Benefit for income taxes	-	(15,856)	-	(22,023)
Net income (loss)	1,013	(23,383)	(2,107)	(31,937)
Net loss available to common stockholders	(162)	(24,514)	(4,441)	(34,196)
Key Ratios (annualized):				
Return on average assets	0.20%	(3.75%)	(0.20%)	(2.56%)
Return to common stockholders on average assets	(0.03%)	(3.93%)	(0.43%)	(2.74%)
Return on average equity	5.13%	(50.80%)	(5.29%)	(33.69%)
Return on average common equity	(7.05%)	(85.32%)	(50.68%)	(56.56%)
Net interest margin (non-GAAP tax equivalent) ¹	3.59%	3.61%	3.54%	3.70%
Efficiency ratio (non-GAAP tax equivalent) ¹	72.67%	62.97%	74.15%	62.01%
Tangible common equity to tangible assets ²	0.28%	3.58%	0.28%	3.58%
Tier 1 common equity to risk weighted assets ²	0.36%	1.53%	0.36%	1.53%
Company total capital to risk weighted assets ³	12.13%	11.43%	12.13%	11.43%
Company tier 1 capital to risk weighted assets ³	6.35%	7.80%	6.35%	7.80%
Company tier 1 capital to average assets	5.10%	6.37%	5.10%	6.37%
Bank total capital to risk weighted assets ³	12.61%	10.73%	12.61%	10.73%
Bank tier 1 capital to risk weighted assets ³	11.33%	9.45%	11.33%	9.45%
Bank tier 1 capital to average assets	9.10%	7.76%	9.10%	7.76%
Per Share Data:				
Basic loss per share	(\$0.01)	(\$1.74)	(\$0.31)	(\$2.43)
Diluted loss per share	(\$0.01)	(\$1.75)	(\$0.31)	(\$2.43)
Dividends declared per share	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.02
Common book value per share	\$ 0.75	\$ 6.76	\$ 0.75	\$ 6.76
Tangible common book value per share	\$ 0.39	\$ 6.32	\$ 0.39	\$ 6.32
Ending number of shares outstanding	14,034,991	13,911,692	14,034,991	13,911,692
Average number of shares outstanding	14,034,991	13,933,497	14,004,599	13,925,120
Diluted average shares outstanding	14,236,220	13,989,096	14,225,022	14,084,927
End of Period Balances:				
Loans	\$ 1,530,406	\$ 1,899,030	\$ 1,530,406	\$ 1,899,030
Deposits	1,769,060	2,151,019	1,769,060	2,151,019
Stockholders' equity	80,974	163,526	80,974	163,526
Total earning assets	1,767,038	2,225,742	1,767,038	2,225,742
Total assets	1,981,409	2,462,760	1,981,409	2,462,760
Average Balances:				
Loans	\$ 1,575,062	\$ 1,940,082	\$ 1,613,294	\$ 1,981,101
Deposits	1,839,091	2,164,273	1,875,644	2,172,570
Stockholders' equity	79,254	184,608	80,393	191,182
Total earning assets	1,852,442	2,265,463	1,889,985	2,280,831
Total assets	2,048,779	2,498,954	2,085,324	2,514,363

1 Tabular disclosures of the tax equivalent calculation including the net interest margin and efficiency ratio for the quarters ending June 30, 2011 and 2010, respectively, are presented on page 19.

2 The information to reconcile GAAP measures and the ratios of Tier 1 capital, total capital, tangible common equity or Tier 1 common equity, as applicable, to average total assets, risk-weighted assets or tangible assets, as applicable, are presented on page 20.

3 The Company and the Bank are subject to regulatory capital requirements administered by federal banking agencies. Those agencies define the basis for these calculations including the prescribed methodology for the calculation of the amount of risk-weighted assets.

Financial Highlights, continued (unaudited)
In thousands, except share data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Asset Quality				
Charge-offs	\$ 10,992	\$ 31,233	\$ 20,079	\$ 49,899
Recoveries	3,382	756	5,289	2,475
Net charge-offs	\$ 7,610	\$ 30,477	\$ 14,790	\$ 47,424
Provision for loan losses	500	44,623	4,500	63,843
Allowance for loan losses to loans	4.31%	4.26%	4.31%	4.26%

	As of June 30,		(audited) December 31,
	2011	2010	2010
Nonaccrual loans ¹	\$ 160,425	\$ 230,238	\$ 212,225
Restructured loans	18,649	11,927	15,637
Loans past due 90 days	298	753	1,013
Nonperforming loans	179,372	242,918	228,875
Other real estate	82,611	47,128	75,613
Receivable from swap terminations	-	2,169	3,520
Nonperforming assets	\$ 261,983	\$ 292,215	\$ 308,008

¹ Includes \$30.4 million and \$28.0 million in nonaccrual restructured loans at June 30, 2011 and 2010, respectively.

Major Classifications of Loans

	As of June 30,		(audited) December 31,
	2011	2010	2010
Commercial and industrial	\$ 120,945	\$ 187,283	\$ 149,552
Real estate - commercial	765,599	895,618	821,101
Real estate - construction	94,529	187,683	129,601
Real estate - residential	519,907	602,829	557,635
Installment	4,361	5,418	4,949
Overdraft	1,462	700	739
Lease financing receivables	2,260	3,269	2,774
Other	21,733	17,274	24,487
	1,530,796	1,900,074	1,690,838
Unearned origination fees, net	(390)	(1,044)	(709)
	\$ 1,530,406	\$ 1,899,030	\$ 1,690,129

Major Classifications of Deposits

	As of June 30,		(audited) December 31,
	2011	2010	2010
Noninterest bearing	\$ 343,789	\$ 327,599	\$ 330,846
Savings	194,623	196,070	180,127
NOW accounts	254,543	425,801	304,287
Money market accounts	288,861	369,254	297,702
Certificates of deposits of less than \$100,000	436,114	499,581	491,234
Certificates of deposits of \$100,000 or more	251,130	332,714	304,332
	\$ 1,769,060	\$ 2,151,019	\$ 1,908,528

Old Second Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands)

	<u>(unaudited)</u> June 30, 2011	<u>(audited)</u> December 31, 2010
Assets		
Cash and due from banks	\$ 36,088	\$ 28,584
Interest bearing deposits with financial institutions	69,696	69,492
Federal funds sold	-	682
Cash and cash equivalents	105,784	98,758
Securities available-for-sale	145,613	148,647
Federal Home Loan Bank and Federal Reserve Bank stock	14,050	13,691
Loans held-for-sale	7,273	10,655
Loans	1,530,406	1,690,129
Less: allowance for loan losses	66,018	76,308
Net loans	1,464,388	1,613,821
Premises and equipment, net	52,692	54,640
Other real estate owned, net	82,611	75,613
Mortgage servicing rights, net	4,018	3,897
Core deposit and other intangible asset, net	5,090	5,525
Bank-owned life insurance (BOLI)	51,863	50,966
Other assets	48,027	47,708
Total assets	<u>\$ 1,981,409</u>	<u>\$ 2,123,921</u>
Liabilities		
Deposits:		
Noninterest bearing demand	\$ 343,789	\$ 330,846
Interest bearing:		
Savings, NOW, and money market	738,027	782,116
Time	687,244	795,566
Total deposits	1,769,060	1,908,528
Securities sold under repurchase agreements	1,331	2,018
Other short-term borrowings	4,133	4,141
Junior subordinated debentures	58,378	58,378
Subordinated debt	45,000	45,000
Notes payable and other borrowings	500	500
Other liabilities	22,033	21,398
Total liabilities	1,900,435	2,039,963
Stockholders' Equity		
Preferred stock	70,385	69,921
Common stock	18,628	18,467
Additional paid-in capital	65,539	65,209
Retained earnings	23,894	28,335
Accumulated other comprehensive loss	(2,579)	(3,130)
Treasury stock	(94,893)	(94,844)
Total stockholders' equity	80,974	83,958
Total liabilities and stockholders' equity	<u>\$ 1,981,409</u>	<u>\$ 2,123,921</u>

Old Second Bancorp, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except share data)

	<u>(unaudited)</u> Three Months Ended June 30,		<u>(unaudited)</u> Year to Date June 30,	
	2011	2010	2011	2010
Interest and Dividend Income				
Loans, including fees	\$ 20,749	\$ 25,138	\$ 41,965	\$ 51,770
Loans held-for-sale	75	108	126	180
Securities, taxable	885	1,215	1,763	2,453
Securities, tax exempt	127	689	269	1,434
Dividends from Federal Reserve Bank and Federal Home Loan Bank stock	74	62	143	118
Federal funds sold	1	1	1	1
Interest bearing deposits with financial institutions	69	44	139	60
Total interest and dividend income	<u>21,980</u>	<u>27,257</u>	<u>44,406</u>	<u>56,016</u>

Interest Expense

Savings, NOW, and money market deposits	372	1,200	948	2,585
Time deposits	3,791	4,750	7,784	9,847
Securities sold under repurchase agreements	-	13	-	23
Other short-term borrowings	-	-	-	18
Junior subordinated debentures	1,133	1,072	2,246	2,144
Subordinated debt	206	203	409	398
Notes payable and other borrowings	4	4	8	5
Total interest expense	<u>5,506</u>	<u>7,242</u>	<u>11,395</u>	<u>15,020</u>
Net interest and dividend income	16,474	20,015	33,011	40,996
Provision for loan losses	500	44,623	4,500	63,843
Net interest and dividend income (expense) after provision for loan losses	<u>15,974</u>	<u>(24,608)</u>	<u>28,511</u>	<u>(22,847)</u>

Noninterest Income

Trust income	1,715	1,852	3,499	3,509
Service charges on deposits	2,047	2,286	3,864	4,304
Secondary mortgage fees	236	338	463	561
Mortgage servicing (loss) income, net of changes in fair value	(263)	(642)	107	(554)
Net gain on sales of mortgage loans	1,117	2,156	2,353	3,388
Securities gains, net	512	1,756	651	1,754
Increase in cash surrender value of bank-owned life insurance	434	262	897	691
Debit card interchange income	784	724	1,484	1,387
Lease revenue from other real estate owned	957	442	1,477	960
Net gain on sales of other real estate owned	402	347	636	498
Other income	1,456	1,327	2,907	2,617
Total noninterest income	<u>9,397</u>	<u>10,848</u>	<u>18,338</u>	<u>19,115</u>

Noninterest Expense

Salaries and employee benefits	8,580	8,918	17,509	17,943
Occupancy expense, net	1,310	1,237	2,655	2,762
Furniture and equipment expense	1,475	1,544	2,935	3,183
FDIC insurance	1,113	1,527	2,852	2,955
General bank insurance	826	133	1,651	273
Amortization of core deposit and other intangible asset	206	283	435	565
Advertising expense	187	439	420	695
Debit card interchange expense	324	337	697	647
Legal fees	1,040	666	1,983	1,225
Other real estate expense	5,951	6,845	11,265	13,273
Other expense	3,346	3,550	6,554	6,707
Total noninterest expense	<u>24,358</u>	<u>25,479</u>	<u>48,956</u>	<u>50,228</u>

Income (Loss) before income taxes	1,013	(39,239)	(2,107)	(53,960)
Benefit for income taxes	-	(15,856)	-	(22,023)

Net income (loss) \$ 1,013 \$ (23,383) \$ (2,107) \$ (31,937)

Preferred stock dividends and accretion 1,175 1,131 2,334 2,259

Net loss available to common stockholders \$ (162) \$ (24,514) \$ (4,441) \$ (34,196)

Basic loss per share	\$ (0.01)	\$ (1.74)	\$ (0.31)	\$ (2.43)
Diluted loss per share	(0.01)	(1.75)	(0.31)	(2.43)
Dividends declared per share	-	0.01	-	0.02

ANALYSIS OF AVERAGE BALANCES, TAX EQUIVALENT INTEREST AND RATES Three Months ended June 30, 2011 and 2010 (Dollar amounts in thousands - unaudited)

	2011			2010		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Assets						
Interest bearing deposits	\$ 112,817	\$ 69	0.24%	\$ 75,028	\$ 44	0.23%
Federal funds sold	689	1	0.57	2,030	1	0.19
Securities:						
Taxable	130,853	885	2.71	157,117	1,215	3.09
Non-taxable (tax equivalent)	12,974	195	6.01	69,297	1,060	6.12
Total securities	<u>143,827</u>	<u>1,080</u>	<u>3.00</u>	<u>226,414</u>	<u>2,275</u>	<u>4.02</u>
Dividends from FRB and FHLB stock	14,050	74	2.11	13,435	62	1.85
Loans and loans held-for-sale 1	<u>1,581,059</u>	<u>20,845</u>	<u>5.22</u>	<u>1,948,556</u>	<u>25,259</u>	<u>5.13</u>
Total interest earning assets	<u>1,852,442</u>	<u>22,069</u>	<u>4.72</u>	<u>2,265,463</u>	<u>27,641</u>	<u>4.83</u>
Cash and due from banks	34,953	-	-	37,948	-	-
Allowance for loan losses	(75,276)	-	-	(72,378)	-	-
Other noninterest bearing assets	236,660	-	-	267,921	-	-
Total assets	<u>\$ 2,048,779</u>			<u>\$ 2,498,954</u>		

Liabilities and Stockholders' Equity

NOW accounts	\$ 263,919	\$ 113	0.17%	\$ 419,033	\$ 348	0.33%
Money market accounts	298,090	187	0.25	387,709	651	0.67
Savings accounts	195,547	72	0.15	196,747	201	0.41
Time deposits	<u>724,453</u>	<u>3,791</u>	<u>2.10</u>	<u>841,523</u>	<u>4,750</u>	<u>2.26</u>
Interest bearing deposits	1,482,009	4,163	1.13	1,845,012	5,950	1.29
Securities sold under repurchase agreements	2,046	-	-	22,692	13	0.23
Other short-term borrowings	2,802	-	-	3,454	-	-
Junior subordinated debentures	58,378	1,133	7.76	58,378	1,072	7.35
Subordinated debt	45,000	206	1.81	45,000	203	1.78
Notes payable and other borrowings	<u>500</u>	<u>4</u>	<u>3.16</u>	<u>500</u>	<u>4</u>	<u>3.16</u>
Total interest bearing liabilities	1,590,735	5,506	1.39	1,975,036	7,242	1.47
Noninterest bearing deposits	357,082	-	-	319,261	-	-
Other liabilities	21,708	-	-	20,049	-	-
Stockholders' equity	<u>79,254</u>	-	-	<u>184,608</u>	-	-
Total liabilities and stockholders' equity	<u>\$ 2,048,779</u>			<u>\$ 2,498,954</u>		
Net interest income (tax equivalent)		<u>\$ 16,563</u>			<u>\$ 20,399</u>	
Net interest income (tax equivalent) to total earning assets			<u>3.59%</u>			<u>3.61%</u>
Interest bearing liabilities to earning assets		<u>85.87%</u>			<u>87.18%</u>	

1. Interest income from loans is shown on a tax equivalent basis as discussed in the table on page 19 and includes fees of \$705,000 and \$622,000 for the second quarter of 2011 and 2010, respectively. Nonaccrual loans are included in the above stated average balances.

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

ANALYSIS OF AVERAGE BALANCES,
TAX EQUIVALENT INTEREST AND RATES
Six Months ended June 30, 2011 and 2010
(Dollar amounts in thousands - unaudited)

	2011			2010		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Assets						
Interest bearing deposits	\$ 112,958	\$ 139	0.24%	\$ 52,912	\$ 60	0.23%
Federal funds sold	1,075	1	0.19	1,737	1	0.11
Securities:						
Taxable	129,521	1,763	2.72	152,469	2,453	3.22
Non-taxable (tax equivalent)	<u>13,970</u>	<u>414</u>	<u>5.93</u>	<u>72,255</u>	<u>2,206</u>	<u>6.11</u>
Total securities	143,491	2,177	3.03	224,724	4,659	4.15
Dividends from FRB and FHLB stock	13,875	143	2.06	13,240	118	1.78
Loans and loans held-for-sale 1	<u>1,618,586</u>	<u>42,125</u>	<u>5.18</u>	<u>1,988,218</u>	<u>52,003</u>	<u>5.20</u>
Total interest earning assets	1,889,985	44,585	4.69	2,280,831	56,841	4.96
Cash and due from banks	34,917	-	-	37,411	-	-
Allowance for loan losses	(77,034)	-	-	(69,955)	-	-
Other noninterest bearing assets	<u>237,456</u>	-	-	<u>266,076</u>	-	-
Total assets	<u>\$ 2,085,324</u>			<u>\$ 2,514,363</u>		
Liabilities and Stockholders' Equity						
NOW accounts	\$ 267,983	\$ 252	0.19%	\$ 414,584	\$ 694	0.34%
Money market accounts	303,647	506	0.34	390,251	1,467	0.76
Savings accounts	190,234	190	0.20	190,076	424	0.45
Time deposits	<u>755,025</u>	<u>7,784</u>	<u>2.08</u>	<u>863,537</u>	<u>9,847</u>	<u>2.30</u>
Interest bearing deposits	1,516,889	8,732	1.16	1,858,448	12,432	1.35
Securities sold under repurchase agreements	1,901	-	-	21,222	23	0.22
Other short-term borrowings	2,918	-	-	6,962	18	0.51
Junior subordinated debentures	58,378	2,246	7.69	58,378	2,144	7.35
Subordinated debt	45,000	409	1.81	45,000	398	1.76
Notes payable and other borrowings	<u>500</u>	<u>8</u>	<u>3.18</u>	<u>500</u>	<u>5</u>	<u>1.99</u>
Total interest bearing liabilities	1,625,586	11,395	1.41	1,990,510	15,020	1.52
Noninterest bearing deposits	358,755	-	-	314,122	-	-
Other liabilities	20,590	-	-	18,549	-	-
Stockholders' equity	<u>80,393</u>	-	-	<u>191,182</u>	-	-
Total liabilities and stockholders' equity	<u>\$ 2,085,324</u>			<u>\$ 2,514,363</u>		
Net interest income (tax equivalent)		<u>\$ 33,190</u>			<u>\$ 41,821</u>	

Net interest income (tax equivalent) to total earning assets		<u>3.54%</u>	<u>3.70%</u>
Interest bearing liabilities to earning assets	<u>86.01%</u>	<u>87.27%</u>	

1. Interest income from loans is shown on a tax equivalent basis as discussed in the table on page 19 and includes fees of \$1.2 million and \$1.3 million for the first six months of 2011 and 2010, respectively. Nonaccrual loans are included in the above stated average balances.

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

The following tables provide a reconciliation of each non-GAAP measure to the most comparable GAAP equivalent. (Dollar amounts in thousands- unaudited)

	Three Months Ended June 30,		Year to Date June 30,	
	2011	2010	2011	2010
Net Interest Margin				
Interest income (GAAP)	\$ 21,980	\$ 27,257	\$ 44,406	\$ 56,016
Taxable equivalent adjustment:				
Loans	21	13	34	53
Securities	68	371	145	772
Interest income (TE)	22,069	27,641	44,585	56,841
Interest expense (GAAP)	5,506	7,242	11,395	15,020
Net interest income (TE)	\$ 16,563	\$ 20,399	\$ 33,190	\$ 41,821
Net interest income (GAAP)	\$ 16,474	\$ 20,015	\$ 33,011	\$ 40,996
Average interest earning assets	\$ 1,852,442	\$ 2,265,463	\$ 1,889,985	\$ 2,280,831
Net interest margin (GAAP)	3.57%	3.54%	3.52%	3.62%
Net interest margin (TE)	3.59%	3.61%	3.54%	3.70%
Efficiency Ratio				
Noninterest expense	\$ 24,358	\$ 25,479	\$ 48,956	\$ 50,228
Less amortization of core deposit and other intangible asset	206	283	435	565
Less other real estate expense	5,951	6,845	11,265	13,273
Adjusted noninterest expense	18,201	18,351	37,256	36,390
Net interest income (GAAP)	16,474	20,015	33,011	40,996
Taxable-equivalent adjustment:				
Loans	21	13	34	53
Securities	68	371	145	772
Net interest income (TE)	16,563	20,399	33,190	41,821
Noninterest income	9,397	10,848	18,338	19,115
Less securities gain (loss), net	512	1,756	651	1,754
Less gain on sale of OREO	402	347	636	498
Adjusted noninterest income, plus net interest income (TE)	25,046	29,144	50,241	58,684
Efficiency ratio	72.67%	62.97%	74.15%	62.01%

	(unaudited) As of June 30,		(unaudited) December 31,	
	2011	2010	2010	
Tier 1 capital				
Total stockholders' equity	\$ 80,974	\$ 163,526	\$	83,958
Tier 1 adjustments:				

(dollars in thousands)

Trust preferred securities	27,851	55,141	29,029
Cumulative other comprehensive loss	2,579	1,898	3,130
Disallowed intangible assets	(5,090)	(6,089)	(5,525)
Disallowed deferred tax assets	(1,805)	(59,351)	(2,064)
Other	(402)	(234)	(390)
Tier 1 capital	<u>\$ 104,107</u>	<u>\$ 154,891</u>	<u>\$ 108,138</u>
Total capital			
Tier 1 capital	\$ 104,107	\$ 154,891	\$ 108,138
Tier 2 additions:			
Allowable portion of allowance for loan losses	21,059	25,508	22,875
Additional trust preferred securities disallowed for tier 1 capital	28,774	-	27,596
Subordinated debt	45,000	45,000	45,000
Other Tier 2 capital components	(7)	1,476	(7)
Total capital	<u>\$ 198,933</u>	<u>\$ 226,875</u>	<u>\$ 203,602</u>
Tangible common equity			
Total stockholders' equity	\$ 80,974	\$ 163,526	\$ 83,958
Less: Preferred equity	70,385	69,473	69,921
Intangible assets	5,090	6,089	5,525
Tangible common equity	<u>\$ 5,499</u>	<u>\$ 87,964</u>	<u>\$ 8,512</u>
Tier 1 common equity			
Tangible common equity	\$ 5,499	\$ 87,964	\$ 8,512
Tier 1 adjustments:			
Cumulative other comprehensive loss	2,579	1,898	3,130
Other	(2,207)	(59,585)	(2,454)
Tier 1 common equity	<u>\$ 5,871</u>	<u>\$ 30,277</u>	<u>\$ 9,188</u>
Tangible assets			
Total assets	\$ 1,981,409	\$ 2,462,760	\$ 2,123,921
Less:			
Intangible assets	5,090	6,089	5,525
Tangible assets	<u>\$ 1,976,319</u>	<u>\$ 2,456,671</u>	<u>\$ 2,118,396</u>
Total risk-weighted assets			
On balance sheet	\$ 1,590,575	\$ 1,906,293	\$ 1,723,519
Off balance sheet	49,219	78,889	53,051
Total risk-weighted assets	<u>\$ 1,639,794</u>	<u>\$ 1,985,182</u>	<u>\$ 1,776,570</u>
Average assets			
Total quarterly average assets	\$ 2,041,482	\$ 2,433,280	\$ 2,281,579

Source: Old Second Bancorp, Inc.

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