NEWS RELEASE

Old Second Reports First Quarter 2019 Net Income of $8.5 million

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AURORA, IL / ACCESSWIRE / April 24, 2019 /Old Second Bancorp, Inc. (the ''Company'' or ''Old Second'') (NASDAQ: OSBC), the parent company of Old Second National Bank (the ''Bank''), today announced financial results for the first quarter of 2019. The Company's net income was $8.5 million, or $0.28 per diluted share, for the first quarter of 2019, compared to net income of $8.6 million, or $0.28 per diluted share, in the fourth quarter of 2018, and net income of $9.5 million, or $0.31 per diluted share, for the first quarter of 2018.

Operating Results

- First quarter 2019 net income was $8.5 million, reflecting a decrease in earnings of $152,000 from the fourth quarter of 2018, and a decrease in earnings of $1.0 million from the first quarter of 2018. First quarter 2019 financial results were negatively impacted by an $819,000 mark to market loss on mortgage servicing rights, of which $642,000 related solely to movements in interest rates, compared to a $923,000 loss in the fourth quarter of 2018, of which $683,000 related to movements in interest rates.

- Adjusted net income, a non-GAAP financial measure, was $8.5 million, or $0.28 per diluted share, for the first quarter of 2019, compared to adjusted net income of $8.7 million, or $0.29 per diluted share, for the fourth quarter of 2018, and adjusted net income of $8.1 million, or $0.27 per diluted share, for the first quarter of 2018.

    - First quarter 2018 adjusted net income excluded a $1.0 million bank owned life insurance (''BOLI'') death claim, $596,000 of insurance proceeds, after tax, recovered on a previously charged off credit that was taken as a release to the provision for loan and lease losses, and $203,000 in costs, after tax, related to our acquisition of Greater Chicago Financial Corp. and its wholly owned subsidiary, ABC Bank, which was completed on April 20, 2018.

- Net interest and dividend income was $24.0 million for the first quarter of 2019, a decrease of $304,000, or 1.2%, from $24.3 million for the fourth quarter of 2018, and an increase of $4.4 million, or 22.5%, from $19.6 million for first quarter of 2018. Net interest and dividend income in the first quarter of 2019 was favorably impacted by loan growth over the past year, as well as the December 2018 increase in interest rates and $379,000 of purchase accounting accretion, compared to $662,000 of purchase accounting accretion in the fourth quarter of 2018, and $148,000 in the first quarter of 2018. Purchase accounting accretion income realized before the second quarter of 2018 was due to our purchase of the Chicago branch of Talmer Bank and Trust in late 2016. Beginning in the second quarter of 2018, purchase accounting accretion income also included the impact of our acquisition of ABC Bank on April 20, 2018.

- Noninterest income was $6.5 million for the first quarter of 2019, compared to $6.5 million for the fourth quarter of 2018 and $8.5 million for the first quarter of 2018. Total noninterest income remained steady in the first quarter of 2019, compared to the fourth quarter of 2018, as reductions in trust income, service charges on deposit accounts and debit card interchange income in the first quarter of 2019 were largely offset by growth in total residential mortgage banking revenue and an increase in the cash surrender value of BOLI. The decrease in noninterest income for the first quarter of 2019, compared to the first quarter of 2018, was driven primarily by the death benefit received on a BOLI claim in the first quarter of 2018, as well as a decline in the mortgage servicing rights carrying value of $819,000 in the first quarter of 2019, compared to a $305,000 increase in the mortgage servicing rights carrying value in the first quarter of 2019.

- Noninterest expense was $19.2 million for the first quarter of 2019, reflecting an increase of $417,000, or 2.2%, compared to $18.8 million for the fourth quarter of 2018, and an increase of $1.8 million, or 10.6%, from $17.4 million for the first quarter of 2018. The increase in noninterest expense in the first quarter of 2019 compared to the fourth quarter of 2018 was primarily attributable to growth in salaries and employee benefits expense primarily due to higher payroll taxes and deferred compensation expense. The increase in noninterest expense in the first quarter of 2019, compared to the first quarter of 2018, is attributable to the ABC Bank acquisition in April 2018, which resulted in an increase in salaries and employee benefits expense, occupancy, furniture and equipment expenses, and amortization of core deposit intangibles.

- The provision for income taxes totaled $2.4 million for the first quarter of 2019, compared to $2.9 million for the fourth quarter of 2018 and $2.0 million for the first quarter of 2018. The linked quarter reduction of $539,000 was primarily due to a decrease of $691,000 in pretax income in the first quarter of 2019, compared to the fourth quarter of 2018, as well as income tax credits in the first quarter of 2019 stemming from vested stock awards. The $406,000 increase in provision for income taxes for the year over year quarter was primarily due to the $1.0 million nontaxable death benefit realized on BOLI in the first quarter of 2018.

- On April 16, 2019, the Company's Board of Directors declared a cash dividend of $0.01 per share payable on May 6, 2019, to stockholders of record as of April 26, 2019.

Capital Ratios

	Well-Capitalized 1	March 31, 2019	December 31, 2018	March 31, 2018
The Company				
Common equity tier 1 capital ratio	N/A	9.75 %	9.29 %	9.82 %
Total risk-based capital ratio	N/A	13.17 %	12.63 %	13.58 %
Tier 1 risk-based capital ratio	N/A	12.30 %	11.78 %	12.63 %
Tier 1 leverage ratio	N/A	10.44 %	10.08 %	10.44 %
The Bank				
Common equity tier 1 capital ratio	6.50 %	13.60 %	13.29 %	13.56 %
Total risk-based capital ratio	10.00 %	14.47 %	14.14 %	14.51 %
Tier 1 risk-based capital ratio	8.00 %	13.60 %	13.29 %	13.56 %
Tier 1 leverage ratio	5.00 %	11.54 %	11.36 %	11.19 %

1Represents ratios required to be considered well capitalized under prompt corrective action provisions. The prompt corrective action provisions are only applicable at the bank level.

- The ratios shown above exceed levels required to be considered "well capitalized."

Asset Quality & Earning Assets

- Nonperforming loans totaled $14.9 million at March 31, 2019, compared to $16.3 million at December 31, 2018, and $12.8 million at March 31, 2018. Credit metrics continue to be relatively stable regarding nonperforming loan levels, and management is carefully monitoring loans considered to be in a classified status. Nonperforming loans as a percent of total loans were 0.8% at March 31, 2019, 0.9% at December 31, 2018, and 0.8% at March 31, 2018. Purchased credit impaired ("PCI") loans, which are not considered nonperforming loans due to their accretable yield, from our acquisition of ABC Bank totaled $10.9 million, net of purchase accounting adjustments, at March 31, 2019.

- OREO assets totaled $6.4 million at March 31, 2019, compared to $7.2 million at December 31, 2018, and $7.1 million at March 31, 2018. No valuation writedowns were recorded in the first quarter of 2019, compared to $96,000 recorded in the fourth quarter of 2018 and $112,000 in the first quarter of 2018. Nonperforming assets, as a percent of total loans plus OREO, was 1.1% at March 31, 2019, and 1.2% at both December 31, 2018 and March 31, 2018.
- Total loans were $1.90 billion at March 31, 2019, reflecting an increase of $6.1 million compared to December 31, 2018, due primarily to growth in the commercial, leases, and real estate-commercial portfolios. Average loans (including loans held-for-sale) for the first quarter of 2019 were $1.90 billion, reflecting an increase of $37.6 million from the fourth quarter of 2018, and an increase of $292.6 million from the first quarter of 2018. Growth in the year over year period is primarily due to our acquisition of ABC Bank, which included $227.6 million of loans recorded, net of purchase accounting adjustments.

- Available-for-sale securities totaled $509.1 million at March 31, 2019, compared to $541.2 million at December 31, 2018, and $550.9 million at March 31, 2018. Pretax net security gains of $27,000 were recorded in the first quarter of 2019, compared to no gains or losses in the fourth quarter of 2018, and pretax net security gains of $35,000 in the first quarter of 2018.

Non-GAAP Presentations: Management has disclosed in this earnings release certain non-GAAP financial measures to evaluate and measure the Company's performance, including adjusted net income, adjusted earnings per share, the presentation of net interest income and net interest margin on a fully taxable equivalent basis, and efficiency ratio calculations. Management believes the adjusted earnings per share data is more informative for the user if the per share impact of certain activity is excluded for quarterly comparative purposes. 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.

Forward-Looking Statements: This earnings release contains forward-looking statements. Forward looking statements can be identified by words such as "anticipated," "expects," " intends," "believes," "may," "likely," "will" or other that indicate future periods. Such forward-looking statements are subject to risks, uncertainties, and other factors, including a downturn in the economy, particularly in the Company's markets, volatile credit and financial markets both domestic and foreign, potential deterioration in real estate values, regulatory changes and excessive loan losses, as well as additional risks and uncertainties contained in the '' Risk Factors'' and forward-looking statements disclosure contained in the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, any or all of which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The inclusion of this forward-looking information should not be construed as a representation by the Company or any person that future events, plans, or expectations contemplated by the Company will be achieved. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Conference Call

The Company will host an earnings call on Thursday, April 25, 2019, 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 844-602-0380. 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 11:00 a.m. Eastern Time (10:00 a.m. Central Time) on May 2, 2019, by dialing 877-481-4010, using Conference ID: 45525.

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SOURCE:Old Second Bancorp, Inc.