



NEWS RELEASE

Old Second Bancorp, Inc. Reports Second Quarter 2026 Net Income of \$28.2 Million, or \$0.54 per Diluted Share

2026-07-22

AURORA, IL / **ACCESS Newswire** / July 22, 2026 / Old Second Bancorp, Inc. (the "Company," "Old Second," "we," "us," and "our") (NASDAQ:OSBC), the parent company of Old Second National Bank (the "Bank"), today announced financial results for the second quarter of 2026. Our net income was \$28.2 million, or \$0.54 per diluted share, for the second quarter of 2026, compared to net income of \$25.6 million, or \$0.48 per diluted share, for the first quarter of 2026. Adjusted net income¹ was \$28.7 million, or adjusted diluted earnings per share¹ of \$0.55, for the second quarter of 2026, compared to adjusted net income¹ of \$26.0 million, or adjusted diluted earnings per share¹ of \$0.49, for the first quarter of 2026.

Notable Items²

- Net interest and dividend income was \$83.3 million, reflecting an increase of \$2.2 million, or 2.69%.
- Net interest margin (NIM) on a fully tax-equivalent basis¹ was 5.23%, an increase of nine basis points.
- Provision for credit losses of \$7.5 million compared to \$9.5 million, a decrease of \$2.0 million.
- Noninterest income was \$13.3 million, an increase of \$631,000, or 5.00%, compared to \$12.6 million.
- Noninterest expense was \$51.3 million, an increase of \$1.0 million, or 2.08%, compared to \$50.2 million.
- Efficiency ratio decreased 68 basis points to 51.72%; adjusted efficiency ratio was 50.80%¹.

- Provision for income tax of \$9.7 million, compared to \$8.5 million, with an effective tax rate of 25.53% and 24.89%, respectively.
- Return on average assets of 1.65%, compared to 1.51%.
- Return on tangible common equity (ROATCE)¹ of 15.58%; adjusted ROATCE¹ of 15.85%.
- On July 21, 2026, our Board of Directors declared a cash dividend of \$0.07 per share of common stock, payable on August 10, 2026, to stockholders of record as of July 31, 2026.

Chairman, President and Chief Executive Officer Jim Eccher said, "Old Second reported strong results in the second quarter of 2026 led by exceptional revenue and margin performance and disciplined operating efficiency. Tangible book value per share exhibited double-digit percentage growth on an annualized basis despite the repurchase of 732,000 shares during the quarter. Nonperforming, classified and criticized assets all decreased meaningfully during the second quarter, and we believe we are adequately reserved for any future losses with an Allowance for Credit Losses on loans ("ACL") to total loans of 1.34% and ACL to nonperforming loans of 124.60%. Charge-offs in the second quarter largely resulted from one downtown Chicago office credit and one cash-flow-dependent commercial relationship which had been downgraded in prior quarters. Overall results are exceptionally strong across the board, despite a relatively elevated level of net charge-offs, with second quarter return on average assets and return on average tangible common equity of 1.65% and 15.58%, respectively. The tax equivalent net interest margin expanded nine basis points quarter over linked quarter to 5.23% and the efficiency ratio was a very healthy 51.72%. This strong bottom-line performance and a well-positioned balance sheet drove an increase in the tangible common equity capital ratio to 11.19% from 11.07% for the prior linked period. We are proud of our performance both from a bottom-line perspective and in positioning ourselves to deliver even better results to our stockholders over the last half of the year."

Results of Operations:

Our net income was \$28.2 million, or \$0.54 per diluted share, for the second quarter of 2026, compared to net income of \$25.6 million, or \$0.48 per diluted share.

Loans increased \$60.6 million driven primarily by increases in commercial, construction, multifamily, powersport, and other, including consumer.

- Total loans were \$5.25 billion.
- Average loans (including loans held-for-sale) for the second quarter of 2026 totaled \$5.22 billion, reflecting an

increase of \$15.3 million.

Credit Quality key performance metrics were impacted by two larger credits.

- Nonperforming loans totaled \$56.5 million compared to \$75.5 million. The \$19.0 million decrease reflects paydowns, upgrades to performing status, loan payoffs, the renewal of \$8.7 million of loans past due 90 days accruing that were in the process of renewal, and charge-offs of \$5.8 million.
- Nonperforming loans to total loans was 1.08% compared to 1.46%.
- Classified loans totaled \$132.1 million compared to \$148.6 million.
- Criticized loans (special mention, substandard and doubtful) to total loans was 3.05% compared to 3.64%. The quarter-over-quarter decrease is driven by a decrease of \$12.4 million in special mention loans, a decrease of \$8.9 million of nonaccrual loans, and a decrease of \$7.6 million in substandard accruing.
- Provision for credit losses of \$7.5 million was driven by powersport charge-offs, and larger than normal charge-offs in commercial and commercial real estate; the non-powersport charge-offs were primarily isolated to two loan relationships.

Deposits experienced seasonal declines in savings and money market accounts as well as declines in time deposits as higher rate brokered deposits and other exception-priced time deposits assumed from Bancorp Financial, Inc. rolled off.

- Total deposits were \$5.44 billion, a decrease of \$120.3 million, or 2.16%.
- Cost of deposits decreased five basis points to 1.00%.
- Average interest-bearing deposits decreased \$81.7 million while non-interest bearing deposits increased \$7.0 million.

Net Interest Margin continued to be strong and increases in the cost of funds were outweighed by stronger yields during the quarter.

- Net interest margin on a fully tax-equivalent basis improved nine basis points.
- Loan yields increased 12 basis points on higher average loan balances during the quarter, and investment yields increased six basis points driven by maturities and paydowns of lower yielding securities.

- Cost of funds increased two basis points driven by higher costs on the remaining subordinated debt, coupled with \$213,000 of accelerated issuance costs related to our partial redemption of \$30.0 million of the original \$60.0 million of subordinated debt during the quarter. Cost of deposits decreased by five basis points, specifically due to an 18-basis point decline in the cost of time deposits.

Noninterest Income increased \$631,000, or 5.00%, in the second quarter of 2026.

- Wealth management related income increased in the period due to growth in advisory, insurance - annuities, agent, estate, and personal trust fees.
- The cash surrender value of BOLI increased in the current quarter due to market rate changes.
- Card related income increased in the current quarter due to growth in debit card related fees from higher transaction volumes.
- Other income decreased in the period due to a decrease in powersport related dealer charge-back income.

Noninterest Expense increased \$1.0 million or 2.08%.

- Salaries and employee benefits increased \$430,000, driven by growth in salaries, officer incentive accruals, deferred compensation expense, and insurance premiums, partially offset by decreases in payroll taxes and 401K company match as 2025 incentive payments were paid in the prior quarter.
- Other expenses increased \$712,000 primarily due to growth in director deferred compensation expense, a \$172,000 increase in litigation expense primarily regarding two unrelated customer disputes with limited exposure that are both considered non-recurring in nature, and an accrual of \$184,000 related to powersport loan gap insurance refunds due to customers related to loan prepayments.
- Efficiency ratio for the quarter was 51.72% compared to 52.40% and the adjusted efficiency ratio¹ was 50.80% compared to 51.70%.

Capital continued to grow due to strong net income.

- Stockholders' equity increased \$9.5 million due to net income of \$28.2 million, partially offset by \$3.6 million of dividends declared and a \$15.5 million increase in treasury stock from share repurchases and stock award vestings.

- Share repurchases of 732,183 shares at an average price paid per share of \$21.08, for a total reduction to capital of \$15.4 million, net of excise taxes.
- ROATCE1 was 15.58% compared to 14.20%.
- Tangible common equity to tangible assets1 was 11.19% compared to 11.07%.

Cautionary Note Regarding Forward-Looking Statements

This earnings release and statements by our management may contain forward-looking statements within the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "should," "anticipate," "expect," "estimate," "intend," "believe," "may," "likely," "will," "forecast," "project," "looking forward," "optimistic," "hopeful," "potential," "progress," "prospect," "remain," "deliver," "continue," "trend," "momentum," "remainder," "beyond," "build," and "near" or other statements that indicate future events or expectations. Examples of forward-looking statements include, but are not limited to, statements regarding the economic outlook, balance sheet growth, and building capital. Such forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- the strength of the United States economy in general and the strength of the local economies in which we conduct our operations may be different than expected;
- the rate of delinquencies and amounts of charge-offs, the level of allowance for credit loss, the rates of loan growth, or adverse changes in asset quality in our loan portfolio, which may result in increased credit risk-related losses and expenses;
- adverse developments in the commercial real estate market, including increased vacancy rates, declining property values, or borrower distress, particularly in the office sector, which could result in increased credit losses or require additional provisions;
- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action;
- risks related to pending or future acquisitions, if any, including execution and integration risks;
- adverse conditions in the stock market, the public debt market and other capital markets (including changes

in interest rate conditions) could have a negative impact on us;

- changes in interest rates, which have affected and may continue to affect our deposit and funding costs, net income, prepayment penalty income, mortgage banking income, and other future cash flows, or the market value of our assets, including our investment securities;
- elevated inflation which causes adverse risk to the overall economy, and could indirectly pose challenges to our clients and to our business; and
- the adverse effects of events beyond our control that may have a destabilizing effect on financial markets and the economy, such as trade disputes, epidemics and pandemics, war or terrorist activities, essential utility outages, deterioration in the global economy, instability in the credit markets, disruptions in our customers' supply chains or disruptions in transportation, and disruptions caused by widespread cybersecurity incidents.

Additional risks and uncertainties are contained in the "Risk Factors" and forward-looking statements disclosure in our most recent Annual Report on Form 10-K, and Quarterly Reports on Form 10-Q. The inclusion of this forward-looking information should not be construed as a representation by us or any person that future events, plans, or expectations contemplated by us will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Conference Call

We will host a call on Thursday, July 23, 2026, at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) to discuss our second quarter 2026 financial results. Investors may listen to our earnings call via a live webcast by accessing the link provided below, or alternatively, on the Events section of the Old Second Investor Relations website (<https://investors.oldsecond.com/events>). Investors are encouraged to register at the webcast link at least 10 minutes prior to the scheduled start of the call.

Webcast URL: <https://www.webcaster5.com/Webcast/Page/2239/54212>

A replay of the webcast will be available under the Events section of the Old Second Investor Relations website (<https://investors.oldsecond.com/events>) for up to one year after the earnings call date.

Non-GAAP Presentations

We consider the use of select non-GAAP financial measures and ratios to be useful for financial and operational

decision-making and useful in evaluating period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain expenditures or assets or by adjusting certain items that we believe are not indicative of our primary business operating results or by presenting certain metrics on a fully tax-equivalent basis. We believe these measures provide investors with information regarding balance sheet profitability, and we believe that management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, analyzing, and comparing past, present and future periods.

These non-GAAP financial measures should not be considered as a substitute for GAAP financial measures, and we strongly encourage investors to review the GAAP financial measures included in this earnings release and not to place undue reliance upon any single financial measure. In addition, because non-GAAP financial measures are not standardized, it may not be possible to compare the non-GAAP financial measures presented in this earnings release with other companies' non-GAAP financial measures having the same or similar names. The tables beginning on page 12 of the full earnings release, found at www.oldsecond.com, under the Investor Relations tab, provide a reconciliation of each non-GAAP financial measure to the most comparable GAAP equivalent.

Management has disclosed in this earnings release certain non-GAAP financial measures to evaluate and measure our performance, including the presentation of adjusted net income, net interest income and net interest margin on a fully tax-equivalent basis, and our efficiency ratio calculations on a tax-equivalent basis. The net interest margin on a fully tax-equivalent basis is calculated by dividing net interest income on a tax equivalent basis by average earning assets for the period. Consistent with industry practice, management has disclosed the efficiency ratio including and excluding certain items, which is discussed in the efficiency ratio presentation on page 13 of the full earnings release found at www.oldsecond.com, under the Investor Relations tab.

Financial Highlights

	Quarters Ended				
	June 30,	March 31,	December 31,	September 30,	June 30,
	2026	2026	2025	2025	2025
(Dollars in thousands - unaudited)					
Balance sheet summary					
Total assets	\$ 6,870,305	\$ 6,849,221	\$ 6,902,675	\$ 6,991,754	\$ 5,701,294
Total securities available-for-sale	1,040,760	1,115,443	1,090,523	1,157,480	1,177,688

	5,245,870	5,185,237	5,252,131	5,264,505	3,998,667
Total loans					
	5,444,688	5,564,999	5,596,069	5,760,250	4,798,439
Total deposits					
	5,967,494	5,955,924	6,005,907	6,125,069	4,982,645
Total liabilities					
	902,811	893,297	896,768	866,685	718,649
Total equity					
	\$ 6,719,760	\$ 6,697,509	\$ 6,749,787	\$ 6,836,565	\$ 5,588,090
Total tangible assets					
	752,266	741,585	743,880	711,496	605,445
Total tangible equity					
Income statement summary					
	\$ 83,329	\$ 81,144	\$ 83,051	\$ 82,775	\$ 64,234
Net interest income					
	7,500	9,500	3,000	19,653	2,500
Provision for credit losses					
	13,261	12,630	12,154	13,109	10,898
Noninterest income					
	51,252	50,210	52,935	63,163	43,419
Noninterest expense					
	28,179	25,585	28,787	9,871	21,822
Net income					
	25.53%	24.89%	26.69%	24.46%	25.30%
Effective tax rate					
Profitability ratios					
	1.65%	1.51%	1.64%	0.56%	1.53%
Return on average assets (ROAA)					
	12.57	11.43	12.92	4.61	12.39
Return on average equity (ROAE)					
	5.23	5.14	5.09	5.05	4.85
Net interest margin (tax-equivalent) ¹					
	51.72	52.40	53.98	64.46	55.99
Efficiency ratio					
	15.58	14.20	16.15	6.16	15.29
Return on average tangible common equity (ROATCE) ¹					
	11.19	11.07	11.02	10.41	10.83
Tangible common equity to tangible assets (TCE/TA) ¹					
Per share data					
	\$ 0.54	\$ 0.48	\$ 0.54	\$ 0.18	\$ 0.48
Diluted earnings per share					
	14.77	14.35	14.12	13.51	13.44
Tangible book value per share					
Company capital ratios ³					
	13.28%	13.13%	12.99%	12.44%	13.77%
Common equity tier 1 capital ratio					
	13.70	13.55	13.41	12.85	14.31
Tier 1 risk-based capital ratio					
	15.26	15.64	15.46	15.10	16.55

Total risk-based capital ratio	12.05	11.88	11.70	11.21	11.83
Tier 1 leverage ratio					
Bank capital ratios 3, 4	13.72%	13.80%	13.17%	13.14%	14.02%
Common equity tier 1 capital ratio	13.72	13.80	13.17	13.14	14.02
Tier 1 risk-based capital ratio	14.77	14.88	14.22	14.39	14.99
Total risk-based capital ratio	12.05	12.09	11.49	11.45	11.59
Tier 1 leverage ratio					

1 See the discussion entitled "Non-GAAP Presentations" above and the full earnings release, found at www.oldsecond.com, under the Investor Relations tab, that provides a reconciliation of all non-GAAP financial measures to the most comparable GAAP equivalents.

2 All comparisons throughout this release are on a linked-quarter basis, unless otherwise noted.

3 Both the Company and the Bank ratios are inclusive of a capital conservation buffer of 2.50%, and both are subject to the minimum capital adequacy guidelines of 7.00%, 8.50%, 10.50%, and 4.00% for the Common equity tier 1, Tier 1 risk-based, Total risk-based and Tier 1 leverage ratios, respectively.

4 The prompt corrective action provisions are applicable only at the Bank level, and are 6.50%, 8.00%, 10.00%, and 5.00% for the Common equity tier 1, Tier 1 risk-based, Total risk-based and Tier 1 leverage ratios, respectively

CONTACT:

Bradley S. Adams
Chief Financial Officer
(630) 906-5484

SOURCE: Old Second Bancorp Inc.

View the original **press release** on ACCESS Newswire