

OLD SECOND BANCORP INC
Form 10-Q
August 10, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from to

Commission File Number 0 -10537

OLD SECOND BANCORP, INC.

(Exact name of Registrant as specified in its charter)

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Delaware
(State or other jurisdiction
of incorporation or organization)

36-3143493
(I.R.S. Employer Identification Number)

37 South River Street, Aurora, Illinois 60507

(Address of principal executive offices) (Zip Code)

(630) 892-0202

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: As of August 6, 2009, the Registrant had outstanding 13,824,561 shares of common stock, \$1.00 par value per share.

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OLD SECOND BANCORP, INC.

Form 10-Q Quarterly Report

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	(Unaudited) June 30, 2009	December 31, 2008
Assets		
Cash and due from banks	\$ 43,198	\$ 66,099
Interest bearing deposits with financial institutions	3,241	809
Federal funds sold	37,284	5,497
Short-term securities available-for-sale	3,176	809
Cash and cash equivalents	86,899	73,214
Securities available-for-sale	246,318	405,577
Federal Home Loan Bank and Federal Reserve Bank stock	13,044	13,044
Loans held-for-sale	23,161	23,292
Loans	2,212,977	2,271,114
Less: allowance for loan losses	74,551	41,271
Net loans	2,138,426	2,229,843
Premises and equipment, net	60,557	62,522
Other real estate owned	15,590	15,212
Mortgage servicing rights, net	1,725	1,374
Goodwill		59,040
Core deposit and other intangible assets, net	7,238	7,821
Bank-owned life insurance (BOLI)	49,228	48,754
Accrued interest and other assets	78,051	44,912
Total assets	\$ 2,720,237	\$ 2,984,605
Liabilities		
Deposits:		
Non-interest bearing demand	\$ 315,599	\$ 318,092
Interest bearing:		
Savings, NOW, and money market	938,215	928,204
Time	1,095,463	1,140,832
Total deposits	2,349,277	2,387,128
Securities sold under repurchase agreements	26,801	46,345
Federal funds purchased		28,900
Other short-term borrowings	11,175	169,383
Junior subordinated debentures	58,378	58,378
Subordinated debt	45,000	45,000
Notes payable and other borrowings	500	23,184
Accrued interest and other liabilities	21,845	33,191
Total liabilities	2,512,976	2,791,509

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Stockholders Equity

Preferred stock, \$1.00 par value; authorized 300,000 shares at June 30, 2009; series B, 5% cumulative perpetual, 73,000 shares issued and outstanding at June 30, 2009, \$1,000.00 liquidation value	68,619	
Common stock, \$1.00 par value; authorized 20,000,000 shares; issued 18,373,008 at June 30, 2009 and 18,304,331 at December 31, 2008; outstanding 13,824,561 at June 30, 2009 and 13,755,884 at December 31, 2008	18,373	18,304
Additional paid-in capital	63,956	58,683
Retained earnings	152,442	213,031
Accumulated other comprehensive loss	(1,330)	(2,123)
Treasury stock, at cost, 4,548,447 shares at June 30, 2009 and December 31, 2008	(94,799)	(94,799)
Total stockholders equity	207,261	193,096
Total liabilities and stockholders equity	\$ 2,720,237	\$ 2,984,605

See accompanying notes to consolidated financial statements.

Table of Contents**Old Second Bancorp, Inc. and Subsidiaries****Consolidated Statements of Operations**

(In thousands, except share data)

	(unaudited) Three Months Ended June 30,		(unaudited) Year to Date June 30,	
	2009	2008	2009	2008
Interest and Dividend Income				
Loans, including fees	\$ 29,834	\$ 34,257	\$ 59,948	\$ 68,562
Loans held-for-sale	305	184	617	408
Securities, taxable	2,173	4,197	5,969	8,926
Securities, tax exempt	1,416	1,513	2,847	2,997
Dividends from Federal Reserve Bank and Federal Home Loan Bank stock	57	17	113	34
Federal funds sold	1	55	3	84
Interest bearing deposits with financial institutions	2	7	4	11
Total interest and dividend income	33,788	40,230	69,501	81,022
Interest Expense				
Savings, NOW, and money market deposits	1,546	3,504	3,392	8,314
Time deposits	9,062	11,431	18,763	23,755
Securities sold under repurchase agreements	17	202	115	538
Federal funds purchased	31	193	73	1,163
Other short-term borrowings	74	612	221	1,401
Junior subordinated debentures	1,072	1,072	2,144	2,137
Subordinated debt	309	477	799	792
Notes payable and other borrowings	3	211	114	454
Total interest expense	12,114	17,702	25,621	38,554
Net interest and dividend income	21,674	22,528	43,880	42,468
Provision for loan losses	47,500	1,900	56,925	2,800
Net interest and dividend (expense) income after provision for loan losses	(25,826)	20,628	(13,045)	39,668
Non-interest Income				
Trust income	1,846	2,190	3,735	4,372
Service charges on deposits	2,173	2,313	4,285	4,368
Secondary mortgage fees	469	232	878	515
Mortgage servicing income	134	143	271	295
Net gain on sales of mortgage loans	2,710	1,768	5,196	3,713
Securities gains, net	1,391	1,075	1,314	1,383
Increase in cash surrender value of bank owned life insurance	347	333	474	620
Debit card interchange income	635	618	1,211	1,169
Net interest rate swap (losses) gains	(957)	148	(567)	148
Other income	1,232	1,283	2,399	2,380
Total non-interest income	9,980	10,103	19,196	18,963
Non-interest Expense				
Salaries and employee benefits	9,676	11,572	20,561	23,195
Occupancy expense, net	1,645	1,559	3,160	2,997
Furniture and equipment expense	1,742	1,585	3,482	3,371
FDIC insurance	2,421	310	3,238	612
	291	296	583	496

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Amortization of core deposit and other intangible asset				
Advertising expense	242	636	674	1,008
Impairment of goodwill	57,579		57,579	
Other real estate expense				