

EXECUTIVE OFFICERS

James T. McCoy, Chairman of the Board

David M. Geis, President

Marvin S. Veatch, Vice President/Treasurer

Susan E. Haskett, Vice President/Secretary

LOCATIONS

- Seymour** 125 South Chestnut
Seymour, Indiana 47274
(812) 522-3607
- 1200 East Tipton Street
Seymour, Indiana 47274
(812) 522-3607
- 1181 West Tipton Street
Seymour, Indiana 47274
(812) 522-3607
- Brownstown** 108 West Commerce Street
Brownstown, Indiana 47220
(812) 358-2520
- Bedford** 2635 West 16th Street
Bedford, Indiana 47421
(812) 275-1120
- Columbus** 400 Washington Street
Columbus, Indiana 47201
(812) 379-1991
- 3880 West Jonathan Moore Pike
Columbus, Indiana 47201
(812) 342-3633
- 3019 East 25th Street
Columbus, Indiana 47203
(812) 378-0850
- North Vernon** 611 A North State Street
North Vernon, Indiana 47265
(812) 346-8014

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P.O. Box 1001
Seymour, Indiana 47274

 **Bancorp**
of Southern Indiana

PARENT COMPANY OF JACKSON COUNTY BANK
AND SUBSIDIARIES

Quarterly
Performance
Profile

September 30, 2016



Bancorp

of Southern Indiana

Parent Company of Jackson County Bank and Subsidiaries

	For the nine months ending September 30,		For the year ending December 31,	
	2016	2015	2015	2014
Per Share Performance				
Net income (annualized)	\$2.49	\$2.54	\$2.40	\$2.76
Dividends	0.43	0.43	0.93	0.93
Book value	36.19	34.26	34.35	32.52
Balance Sheet (000's)				
Total assets	\$501,896	\$487,996	\$494,909	\$454,881
Total loans held-for-sale	214	360	654	978
Total loans	320,853	299,460	308,748	295,137
Total deposits	364,414	363,223	373,087	355,000
Total equity	49,119	46,489	46,622	44,137
Profitability				
Net interest margin (FTE)	2.84 %	2.82 %	2.82 %	3.16 %
Return on average assets	0.66	0.71	0.67	0.84
Return on average equity	7.03	7.58	7.14	8.78
Net interest income (000's)	\$9,513	\$8,824	\$11,822	\$12,021
Net income (000's)	2,530	2,574	3,260	3,751
Asset Quality				
Net charge-offs/average loans	0.08 %	0.00 %	0.00 %	0.06 %
Provision/average loans	0.13	0.02	0.03	(.15)
Allowance/non-performing loans at period end	47.83	38.46	38.90	62.02
Non-performing assets/assets at period end	1.80	2.21	2.15	1.83
Capital Strength - Bank				
Tangible equity/assets at period end	9.61 %	9.48 %	9.34 %	9.81 %
Common Equity Tier 1 Risk-based Capital Ratio	14.06	14.70	14.42	N/A*
Total Risk-based Capital Ratio	14.86	15.50	15.23	N/A*

Note: Where applicable, prior period information has been adjusted for the 3-for-1 stock split declared April 18, 2016; distributed April 29, 2016

* - New BASEL III capital guidelines effective January 1, 2015, were not in effect during this time period.

UPDATE FROM THE PRESIDENT

Consolidated earnings of BSI through September 30, 2016, amounted to \$2,530,000 compared with \$2,574,000 for the same period in 2015. This is a decrease of \$44,000, or 1.7%, which has narrowed from the \$173,000 year-over-year decrease that existed through the second quarter of 2016.

Growth in both loan and investment security portfolio balances attributed to an approximate \$689,000 increase in net interest income. Given the growth in the outstanding loan balances, a total of \$300,000 was recorded in provision for loan loss expense, which was an increase of \$250,000. Other factors leading to the year-over-year decline in net income include a modest decrease in wealth management income associated with market valuations, along with an increase in certain noninterest expenses related to salaries and wages and insurance premiums paid to JCB Risk Management, Inc., a newly formed, wholly-owned insurance captive entity designed to cover and mitigate certain traditionally uninsurable risks. Effective tax management strategies have resulted in a reduction in provision for income taxes.

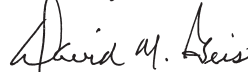
We continue to be pleased with the volume of commercial loan and residential mortgage activity during the recent summer months. Our pipeline of unfunded and pending loan activity is very strong going into the final quarter of 2016. This activity will serve to continue to absorb the significant liquidity BSI has available from its strong depositor base. The expected outcome of this activity is a continuing year-over-year improvement in net interest income and related fee income.

BSI's total assets at September 30, 2016, stood at \$501,896,000, an increase of \$13,900,000 or 2.8% over the September 30, 2015, asset level of \$487,996,000. The increase was primarily in total deposits and short-term borrowings in the form of commercial customers' repurchase agreements. BSI through its wholly-owned subsidiary, JCB, enjoys banking relationships with several large corporate account holders whose activities are expected to vary over time leading to BSI's balance sheet variability as well. BSI and its subsidiary, JCB, have ample liquidity and off-balance sheet resources to accommodate the expected deposit and other funding sources' ebbs and flows.

Subsequent to the end of the first quarter, 2016, BSI's board of directors approved a 3-for-1 stock split for stockholders of record April 18, 2016, which shares were distributed April 29, 2016. BSI's pre-split stock price at March 31, 2016, was \$95.00 per share based upon trades of which management was aware. Post-split, this equated to \$31.67 per share. As of September 30, 2016, the trading price was \$40.00 per share based upon trades of which management was aware. BSI's book value per share at September 30, 2016, amounted to \$36.19. By all regulatory standards, BSI's wholly-owned subsidiary, JCB, remains above "well-capitalized" standards as of September 30, 2016, in accordance with BASEL III capital guidelines that were effective beginning January 1, 2015.

The board of directors and management of BSI thank you for your investment and are always open to your comments and questions.

Sincerely,



David M. Geis
President