

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

June 30, 2016



Bancorp of Southern Indiana

Parent Company of Jackson County Bank and Subsidiaries

	For the six months ending June 30,		For the year ending December 31,	
	2016	2015	2015	2014
Per Share Performance				
Net income (annualized)	\$2.49	\$2.75	\$2.40	\$2.76
Dividends	0.43	0.43	0.93	0.93
Book value	35.72	33.43	34.35	32.52
Balance Sheet (000's)				
Total assets	\$510,535	\$492,121	\$494,909	\$454,881
Total loans held-for-sale	721	378	654	978
Total loans	311,748	291,847	308,748	295,137
Total deposits	370,892	366,572	373,087	355,000
Total equity	48,474	45,370	46,622	44,137
Profitability				
Net interest margin (FTE)	2.82 %	2.85 %	2.82 %	3.16 %
Return on average assets	0.66	0.78	0.67	0.84
Return on average equity	7.08	8.29	7.14	8.78
Net interest income (000's)	\$6,263	\$5,909	\$11,822	\$12,021
Net income (000's)	1,680	1,853	3,260	3,751
Asset Quality				
Net charge-offs/average loans	0.04 %	0.01 %	0.00 %	0.06 %
Provision/average loans	0.08	0.03	0.03	(.15)
Allowance/non-performing loans at period end	63.93	43.78	38.90	62.02
Non-performing assets/assets at period end	1.88	2.02	2.15	1.83
Capital Strength - Bank				
Tangible equity/assets at period end	9.36 %	9.19 %	9.34 %	9.81 %
Common Equity Tier 1 Risk-based Capital Ratio	14.26	14.82	14.42	N/A*
Total Risk-based Capital Ratio	15.06	15.62	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

BSI's consolidated earnings through June 30, 2016, amounted to \$1,680,000 compared with \$1,853,000 for the same period in 2015. The decrease of \$173,000, or 9.3%, is primarily attributable to a decrease in year-over-year non-interest income related to mortgage banking activities and fees realized in the wealth management area due to the recent market conditions. Other contributors included 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. These performance factors were partially offset by an increase in net interest income after provision expense and a reduction in provision for income taxes.

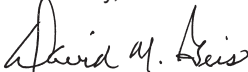
We continue to be pleased with the resurgence in commercial loan and residential mortgage activity, noting a strong pipeline of business in both segments of our lending activities. This activity will serve to partially absorb the significant liquidity BSI continues to have available. The expected outcome of this activity is a continuing year-over-year improvement in net interest income and related fee income.

BSI's total assets at June 30, 2016, grew to \$510,535,000, an increase of \$18,414,000 or 3.7% over the June 30, 2015, asset level of \$492,121,000. 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 continue to lead to an increase in BSI's balance sheet and thus generates significant liquidity with which to extend loans to credit-worthy borrowers. While these funding sources have shown themselves to be stable to this point, we expect some drawdown over time by these entities for their planned and intended purposes.

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 June 30, the trading price was \$34.25 per share based upon trades of which management was aware. BSI's book value per share at June 30, 2016, amounted to \$35.72. By all regulatory standards, BSI's wholly-owned subsidiary, JCB, remains above "well-capitalized" standards as of June 30, 2016, in accordance with BASEL III capital guidelines that were effective beginning January 1, 2015.

On behalf of BSI's board of directors and management, we thank you for your investment in BSI and encourage your comments and questions at any time.

Sincerely,



David M. Geis
President