

# Old National Bancorp

## First-Quarter 2010 Financial Review

April 26, 2010

NYSE: ONB



# Old National Bancorp

**Lynell Walton**

**Senior Vice President  
Investor Relations**

NYSE: ONB

# Forward-Looking Statement

**This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, descriptions of Old National's financial condition, results of operations, asset and credit quality trends, profitability and projected earnings. Forward-looking statements can be identified by the use of words "anticipate," "believe," "expect," "intend," "could," and "should," and other words of similar meaning. These forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to risks and uncertainties and there are a number of factors that could cause actual results to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to, market, economic, operational, liquidity, credit and interest rate risks associated with Old National's business, competition, government legislation and policies, ability of Old National to execute its business plan, including acquisition plans, changes in the economy which could materially impact credit quality trends and the ability to generate loans and gather deposits, failure or circumvention of our internal controls, failure or disruption of our information systems, significant changes in accounting, tax or regulatory practices or requirements, new legal obligations or liabilities or unfavorable resolution of litigation, other matters discussed in this presentation and other factors identified in the Company's Form 10-K and other periodic filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date of this presentation, and Old National undertakes no obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this presentation.**



# Non-GAAP Financial Measures

**These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, Old National Bancorp has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.**



# Agenda

- **First-quarter 2010 financial review**
- **Credit quality trends**
- **Capital management**
- **Net interest margin**
- **Noninterest expenses**



# Old National Bancorp

**Bob Jones**

**President**

**Chief Executive Officer**

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# First-Quarter 2010 Review

- **Net income per common share of \$10.1 million, or \$.12 per common share**
  - Liquidity and capital metrics remain strong
  - Credit metrics stable
  - Net interest margin flat at 3.33%
  - Noninterest expenses decline \$13.7 million
  - Loan demand remains soft



# Old National Bancorp

**Daryl Moore**

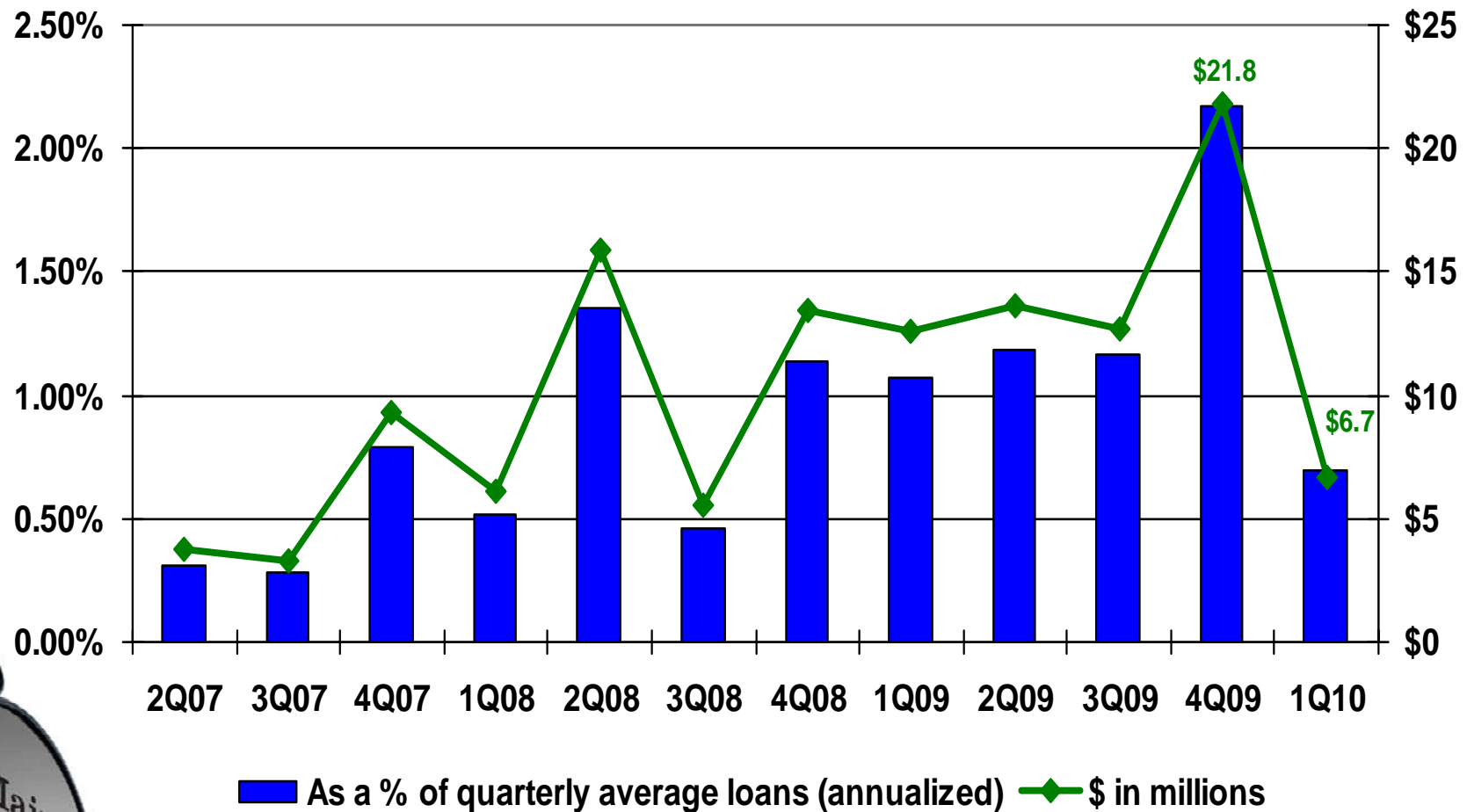
**Executive Vice President  
Chief Credit Officer**

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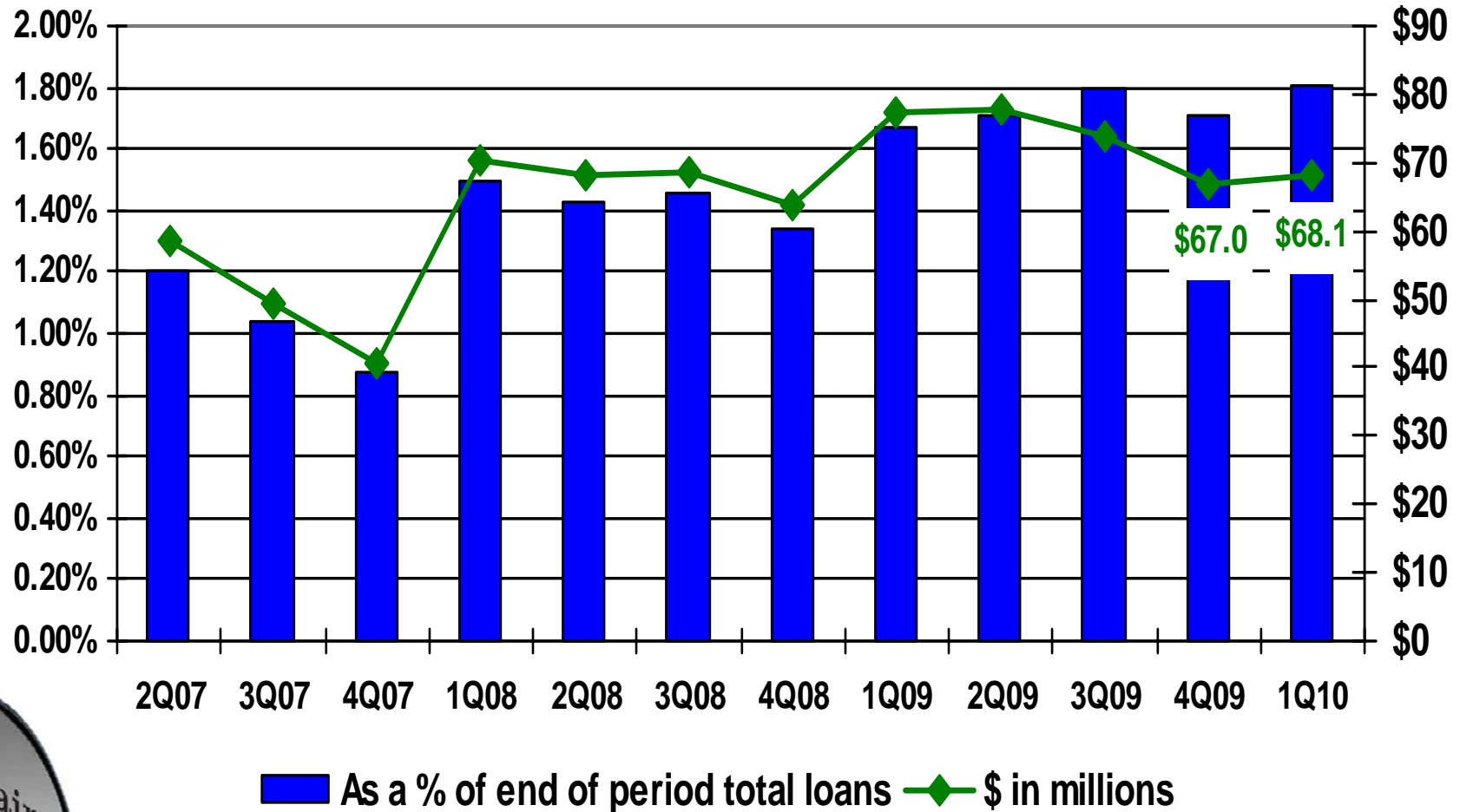
# Credit Quality Trends

## Quarterly Net Charge-Offs



# Credit Quality Trends

## Nonaccrual Loans



# Credit Quality Trends

## Nonaccrual Relationships \$2 Million or Greater

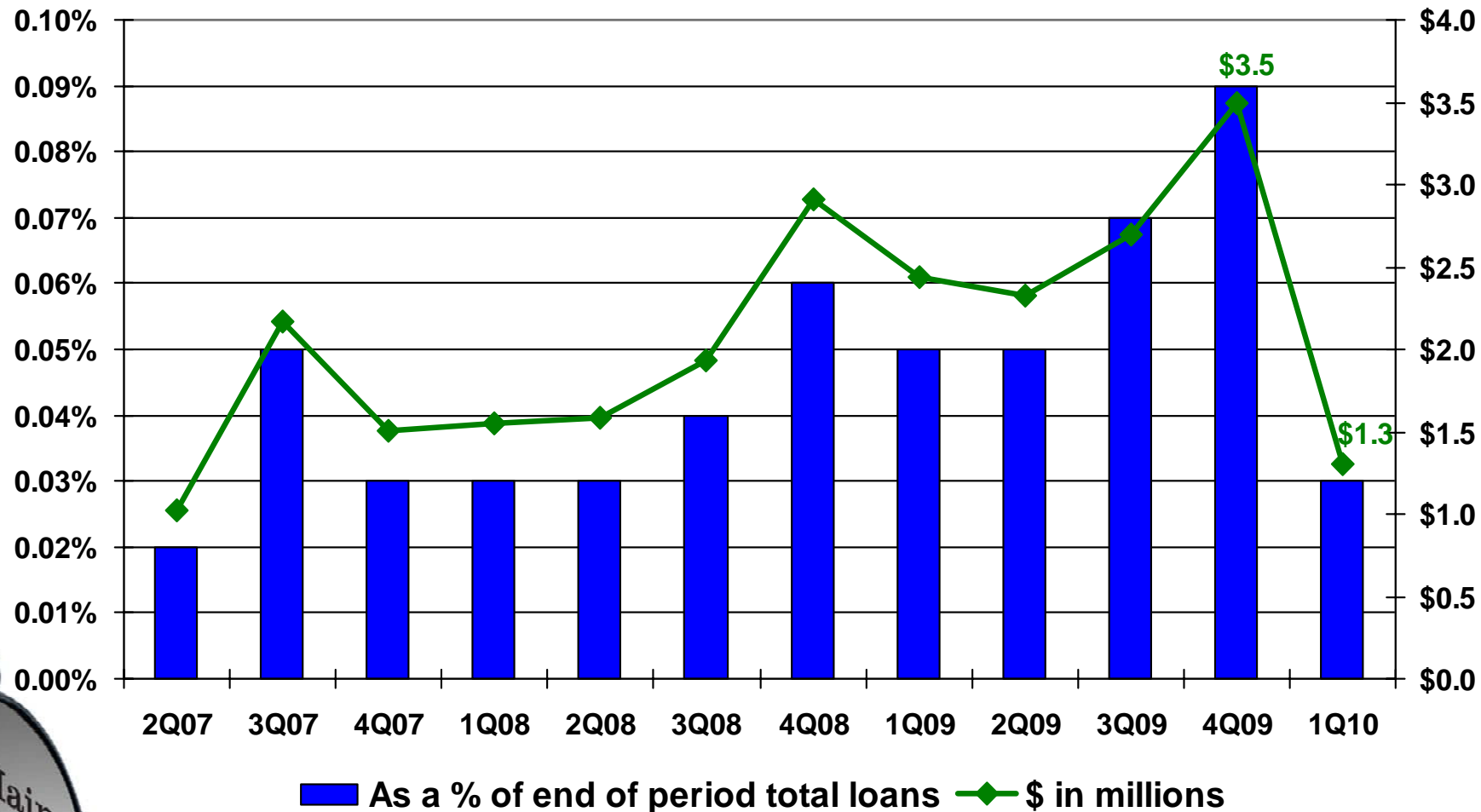
(\$ in millions)	1Q09	2Q09	3Q09	4Q09	1Q10
<b>Count (#)</b>	10	9	7	4	5
<b>Total Exposure</b>	\$37.0	\$33.0	\$24.7	\$15.7	\$19.3
<b>Dollar Outstanding</b>	\$35.9	\$31.5	\$22.9	\$14.4	\$18.3
<b>Associated Impairment</b>	\$10.5	\$11.7	\$4.5	\$4.7	\$5.1

Loan Type Breakdown – Outstandings (\$ in millions)	1Q10
<b>Commercial</b>	\$7.8
<b>Commercial Real Estate</b>	\$10.5
Geographic Concentration – Outstandings (\$ in millions)	
<b>Louisville</b>	\$6.2



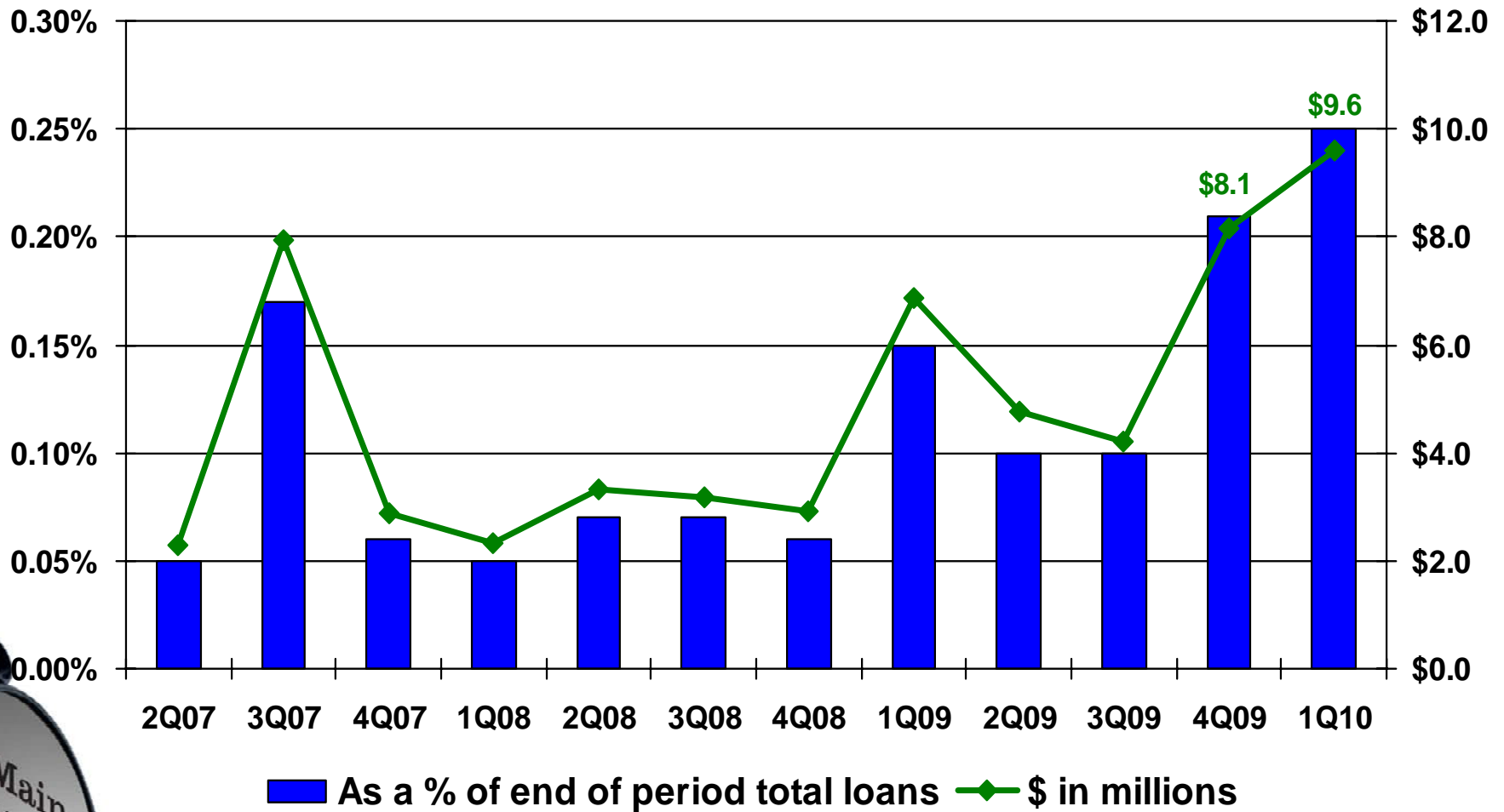
# Credit Quality Trends

## 90+ Day Delinquent Loans



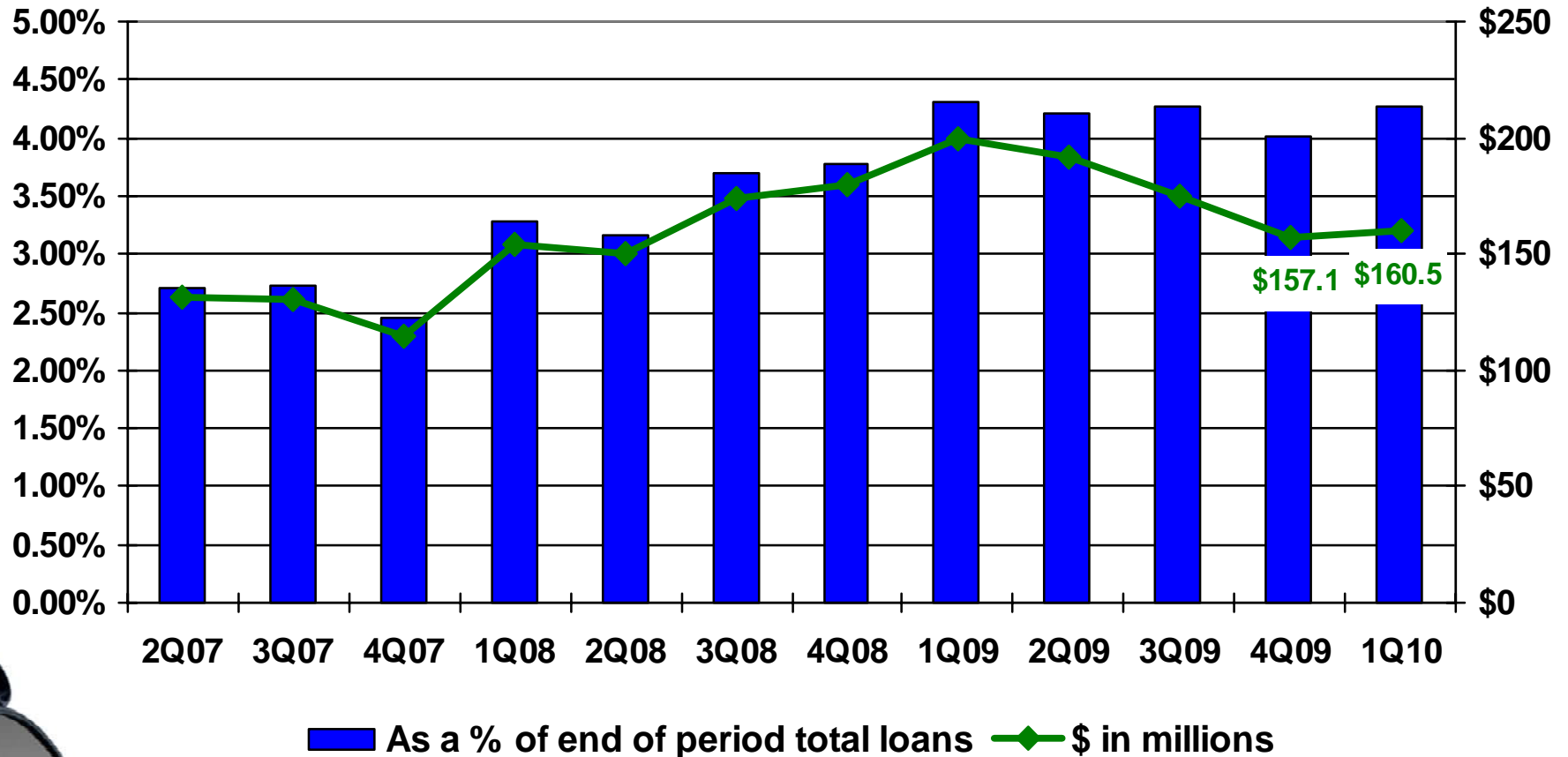
# Credit Quality Trends

## OREO & Other Repossessed Property



# Credit Quality Trends

## Classified Loans (includes nonaccrual loans)

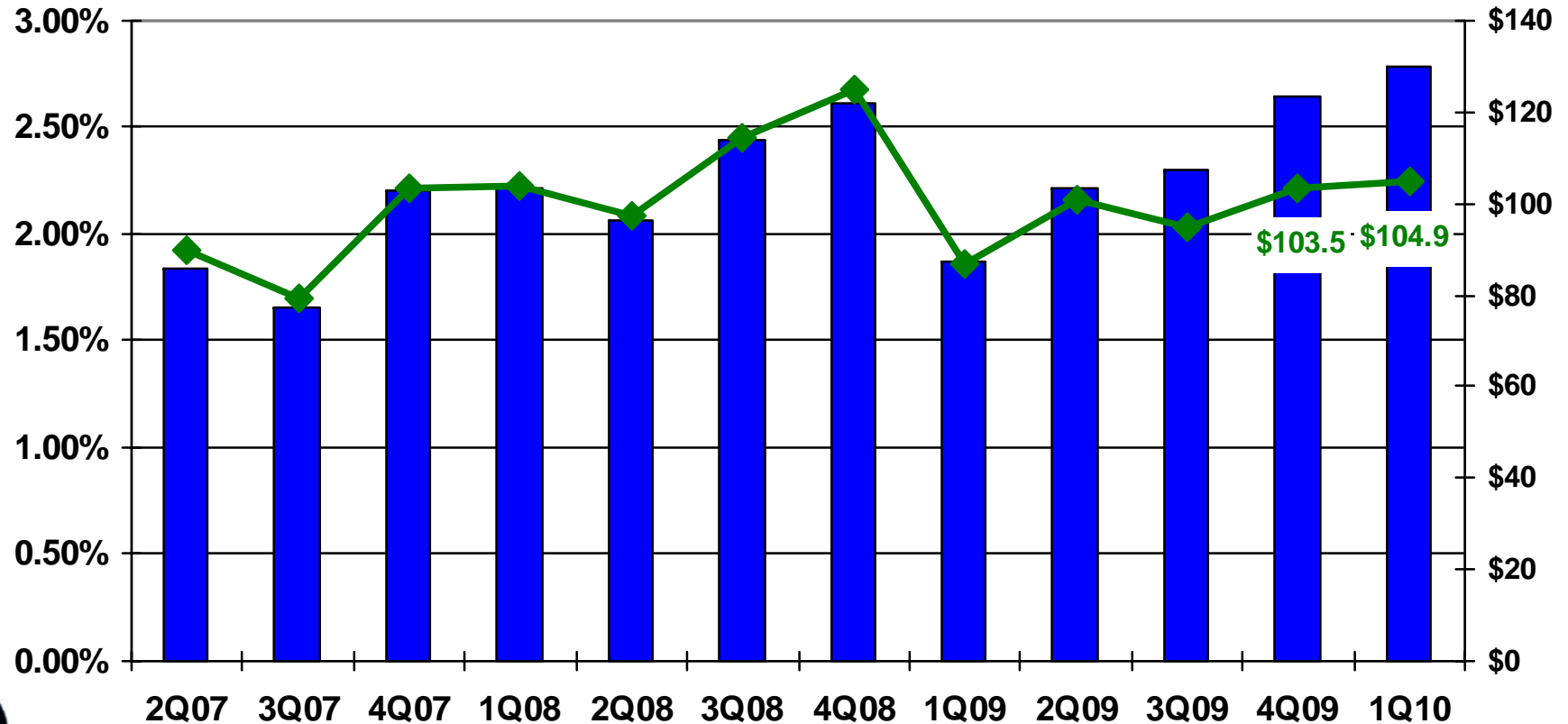


Classified loans are loans with a well-defined weakness that jeopardizes the liquidation of the debt and characterized by the distinct “possibility” that the bank will sustain some loss if the deficiencies are not corrected.



# Credit Quality Trends

## Criticized Loans



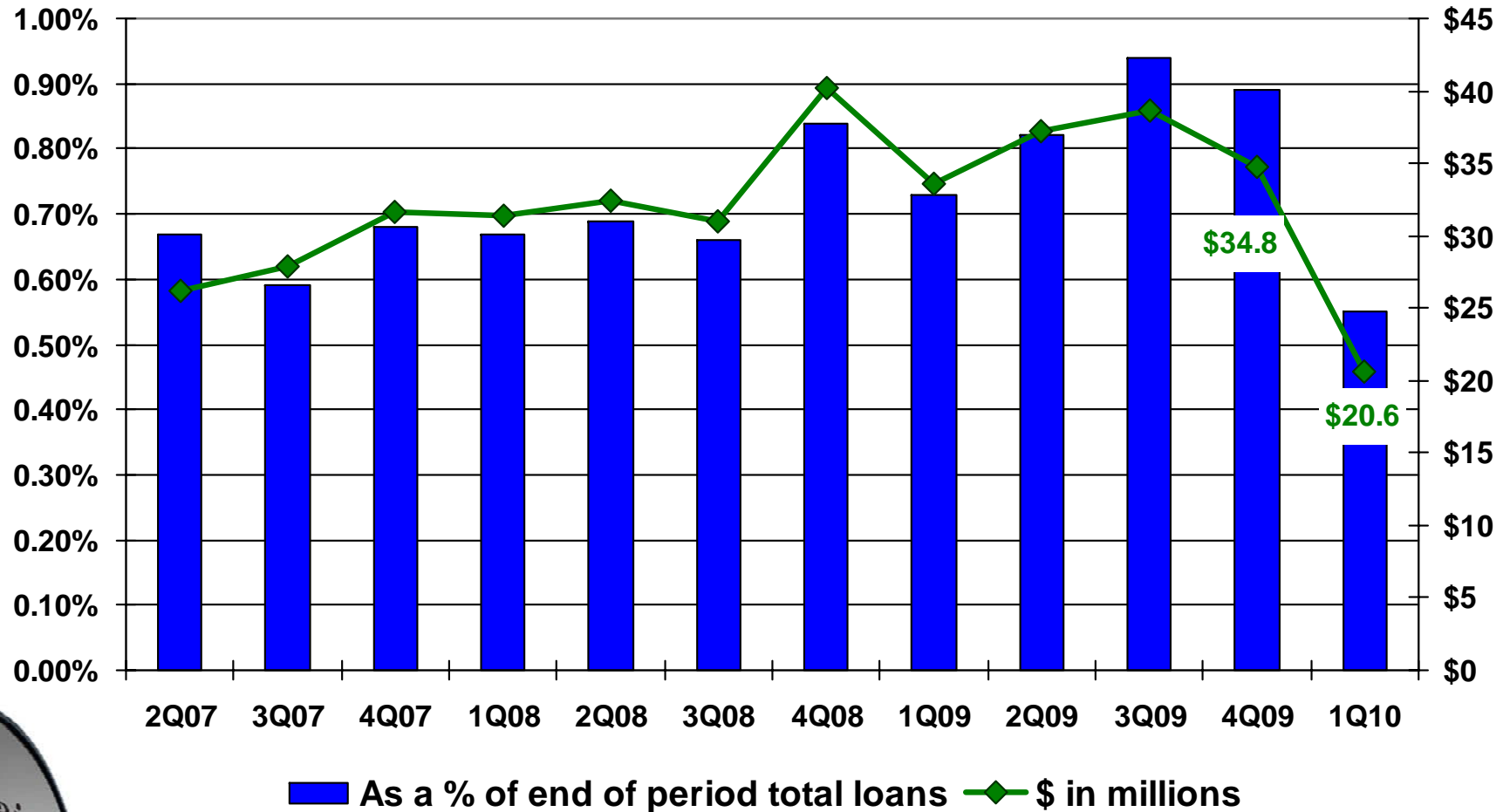
■ As a % of end of period total loans    ◆ \$ in millions

Criticized loans are loans exhibiting a potential weakness that deserves management's close attention.



# Credit Quality Trends

## 30+ Day Delinquent Loans





# Credit Quality Trends

## 30+ Day Delinquent Loans Specific Segment Overview (As a % of End of Period Total Loans)

<b>30+ Day Delinquent Loans</b>	<b>1Q09</b>	<b>2Q09</b>	<b>3Q09</b>	<b>4Q09</b>	<b>1Q10</b>
Commercial	.48%	.59%	.58%	.51%	.32%
Commercial Real Estate	.47%	.48%	.55%	.44%	.26%
First Mortgage Residential Real Estate	1.56%	1.73%	2.04%	1.97%	1.31%
Home Equity Lines Of Credit	.66%	.80%	.91%	.82%	.49%
All Other Consumer Loans	1.09%	1.25%	1.52%	1.57%	.93%
<b>Loan Type as a % of Total Loans</b>	<b>1Q09</b>	<b>2Q09</b>	<b>3Q09</b>	<b>4Q09</b>	<b>1Q10</b>
Commercial	39.0%	39.4%	35.5%	34.3%	33.9%
Commercial Real Estate	24.4%	24.7%	26.6%	27.2%	27.6%
First Mortgage Residential Real Estate	10.9%	10.4%	10.5%	10.8%	10.8%
Home Equity Lines of Credit	5.8%	6.0%	6.7%	7.0%	7.2%
All Other Consumer Loans	19.9%	19.5%	20.7%	20.7%	20.5%



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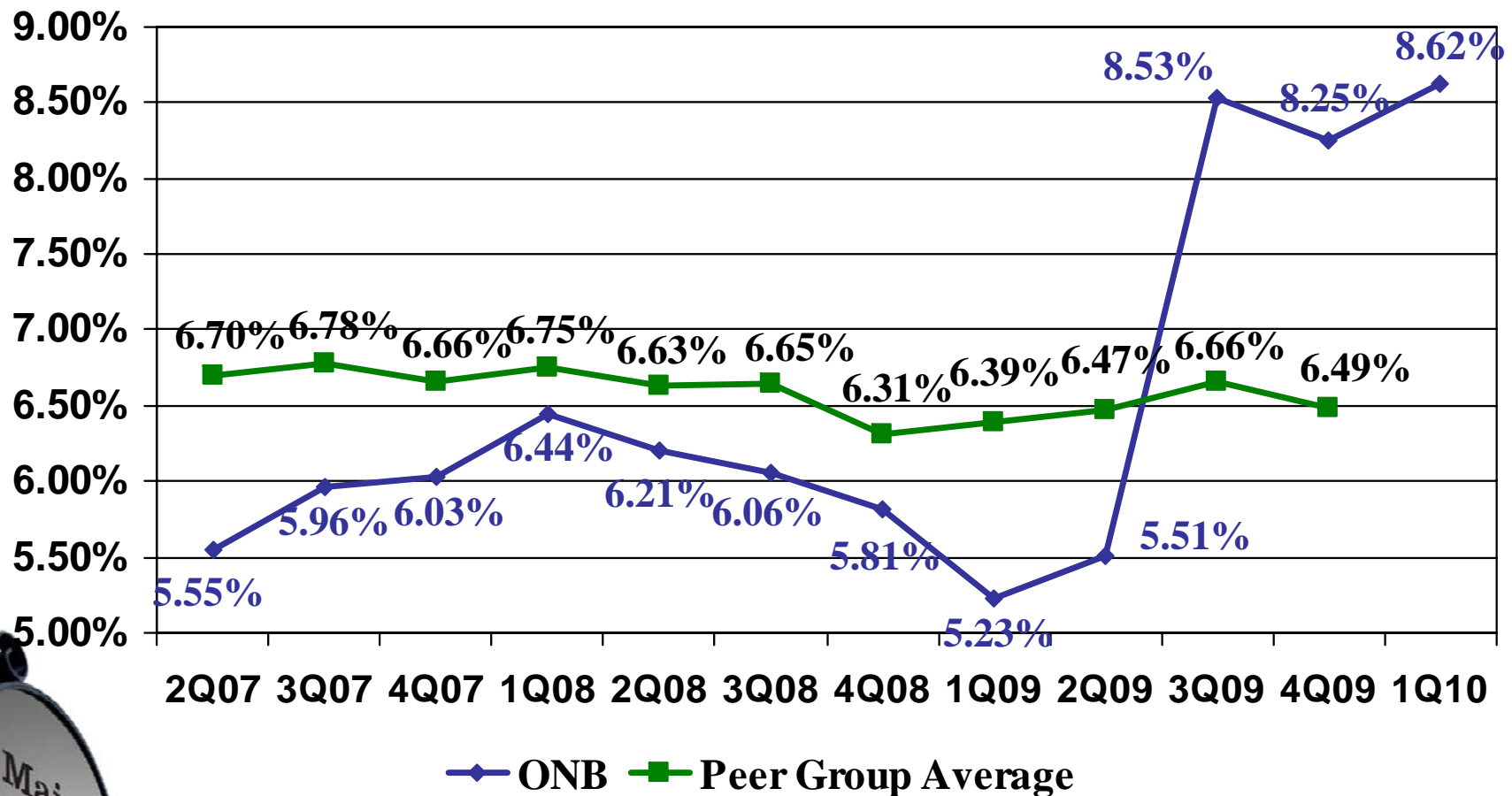
**Chris Wolking**

**Sr. Executive Vice President  
Chief Financial Officer**

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# Capital Management

## Tangible Common Equity (excludes preferred stock)

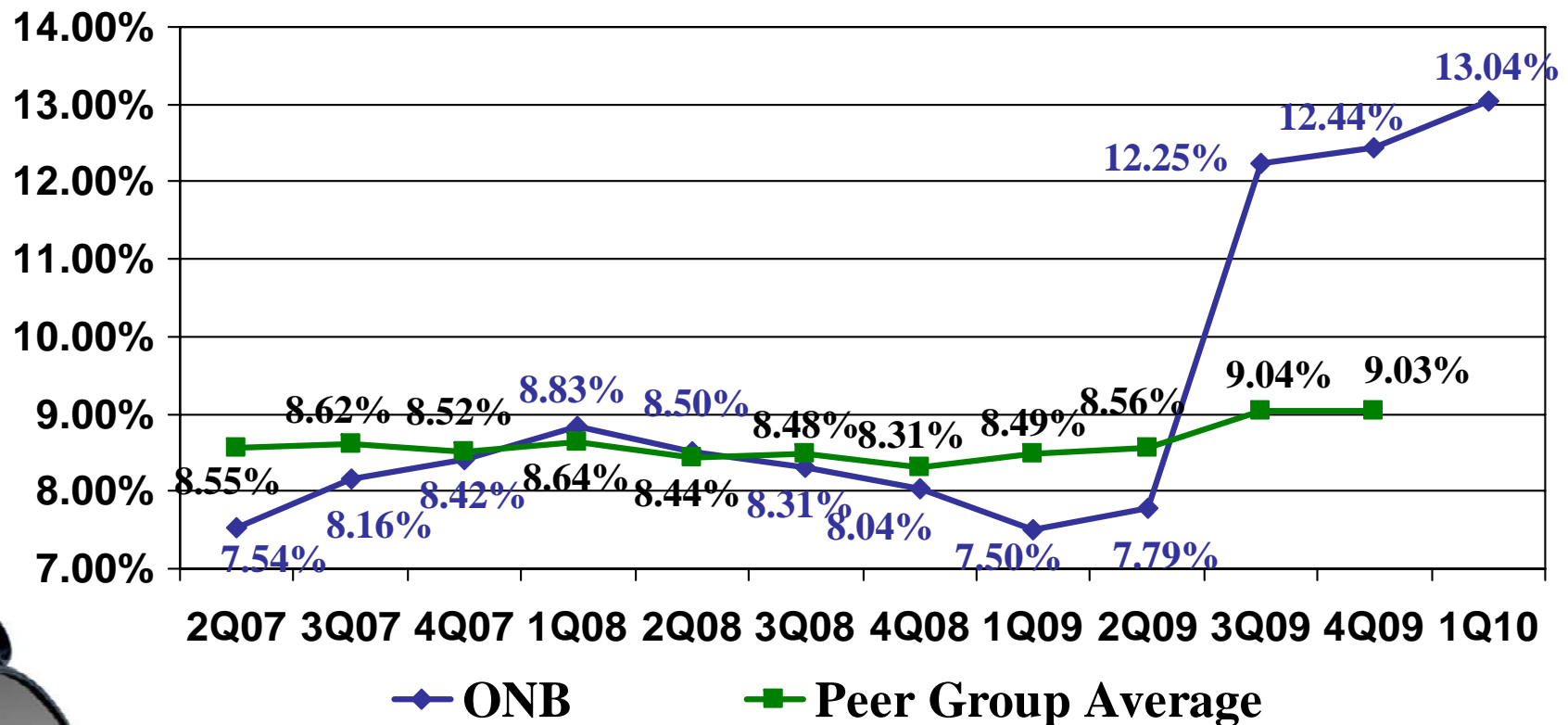


See Appendix for Non-GAAP reconciliation and definition of Peer Group.



# Capital Management

## Tangible Common Equity to Risk Weighted Assets



See Appendix for Non-GAAP reconciliation and definition of Peer Group.

# Net Interest Margin Analysis\*

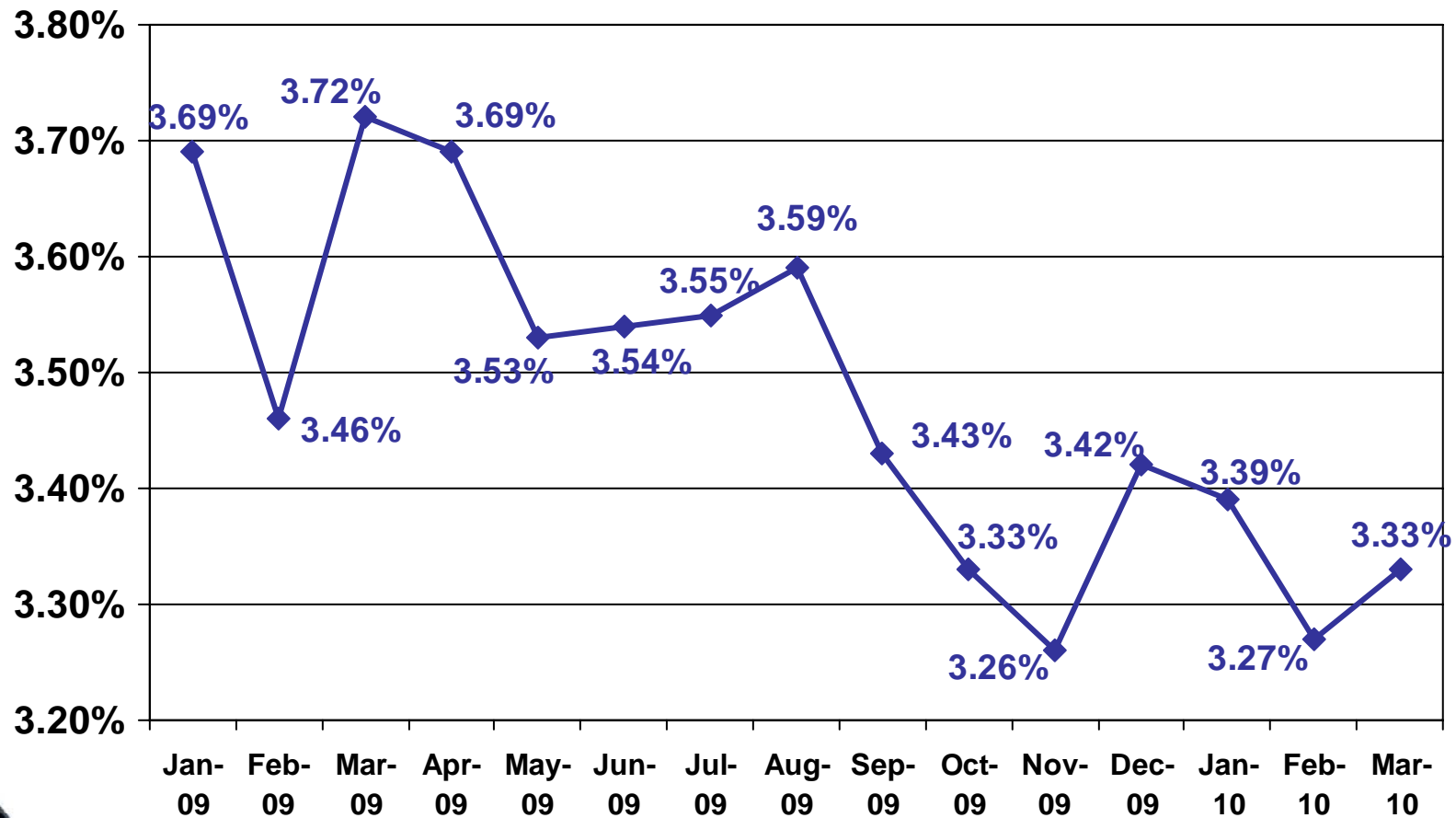
<b>4Q09 Net Interest Margin</b>	<b>3.33%</b>
<b>Asset Yields</b>	<b>(.08)%</b>
<b>Interest-Bearing Liability Costs</b>	<b>.08%</b>
<b>Mix/Volume/Other-Assets</b>	<b>.01%</b>
<b>Mix/Volume/Other-Liabilities</b>	<b>.02%</b>
<b># of Days</b>	<b>(.03)%</b>
<b>1Q10 Net Interest Margin</b>	<b>3.33%</b>



\*Fully taxable equivalent basis

# Monthly Net Interest Margin\*

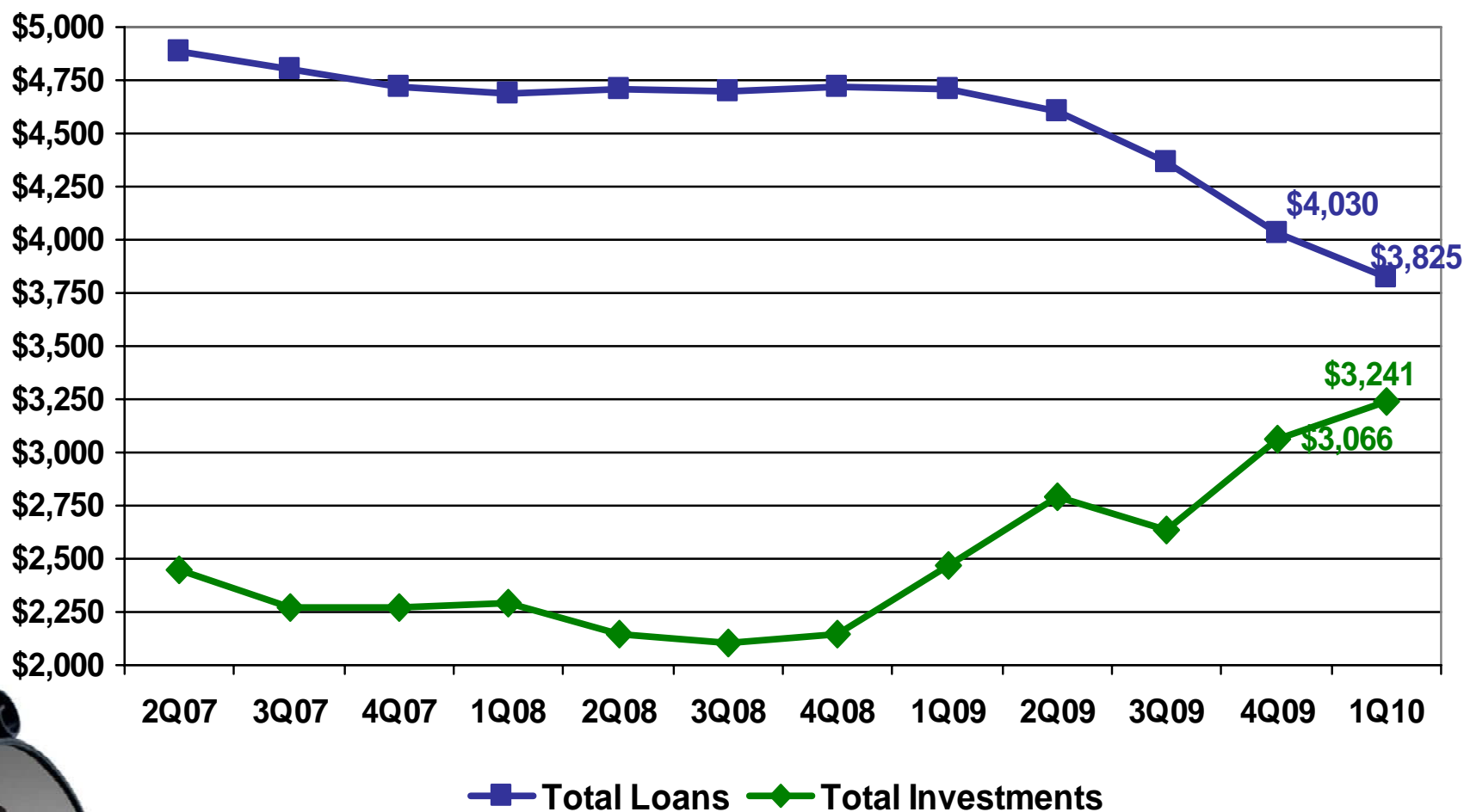
OLD  
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BANCORP



\*Fully taxable equivalent basis

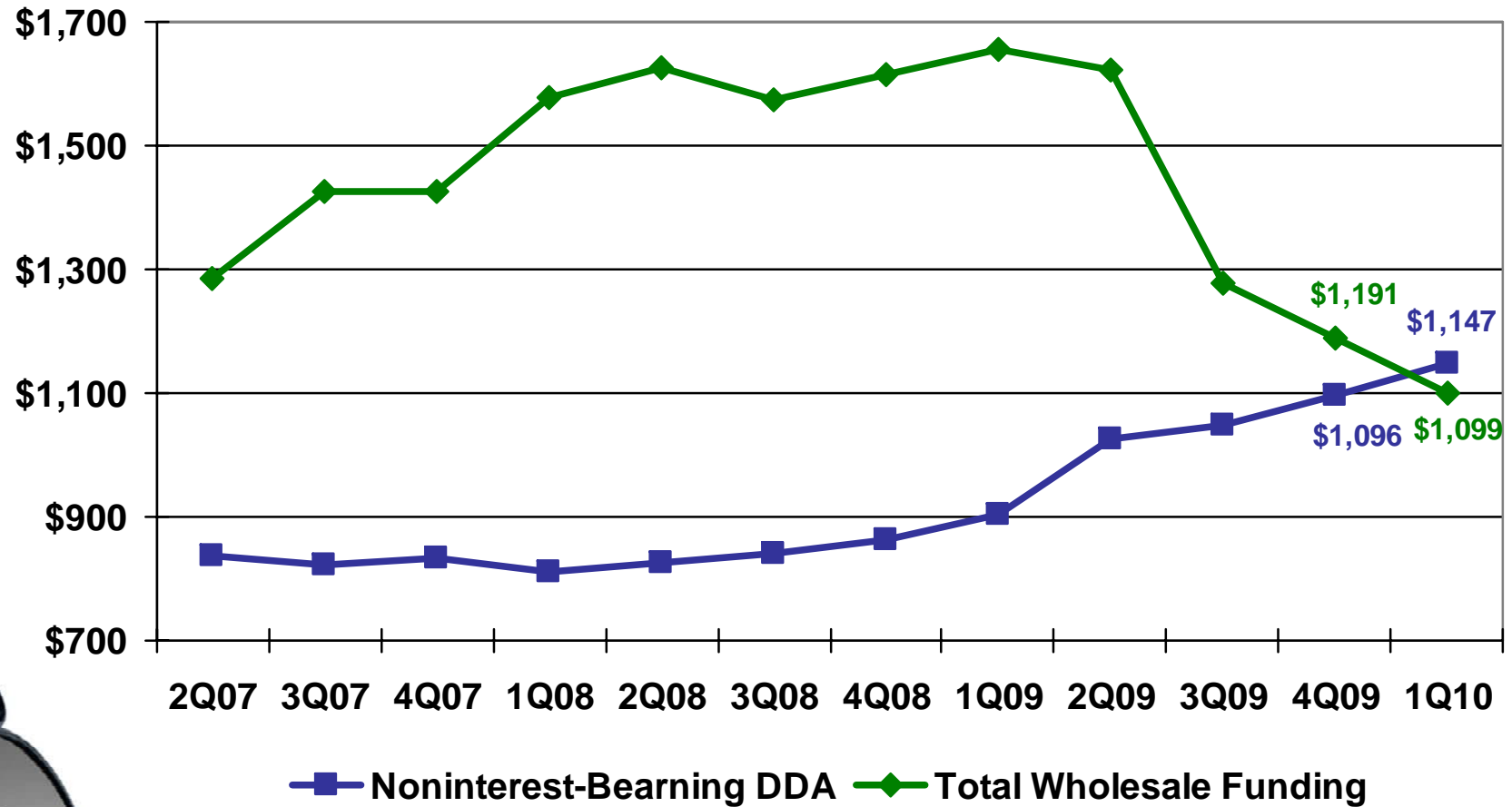


# Loans and Investments



\$ in millions - Quarterly averages

# Deposits and Funding



\$ in millions - Quarterly averages

First-Quarter 2010 Financial Review



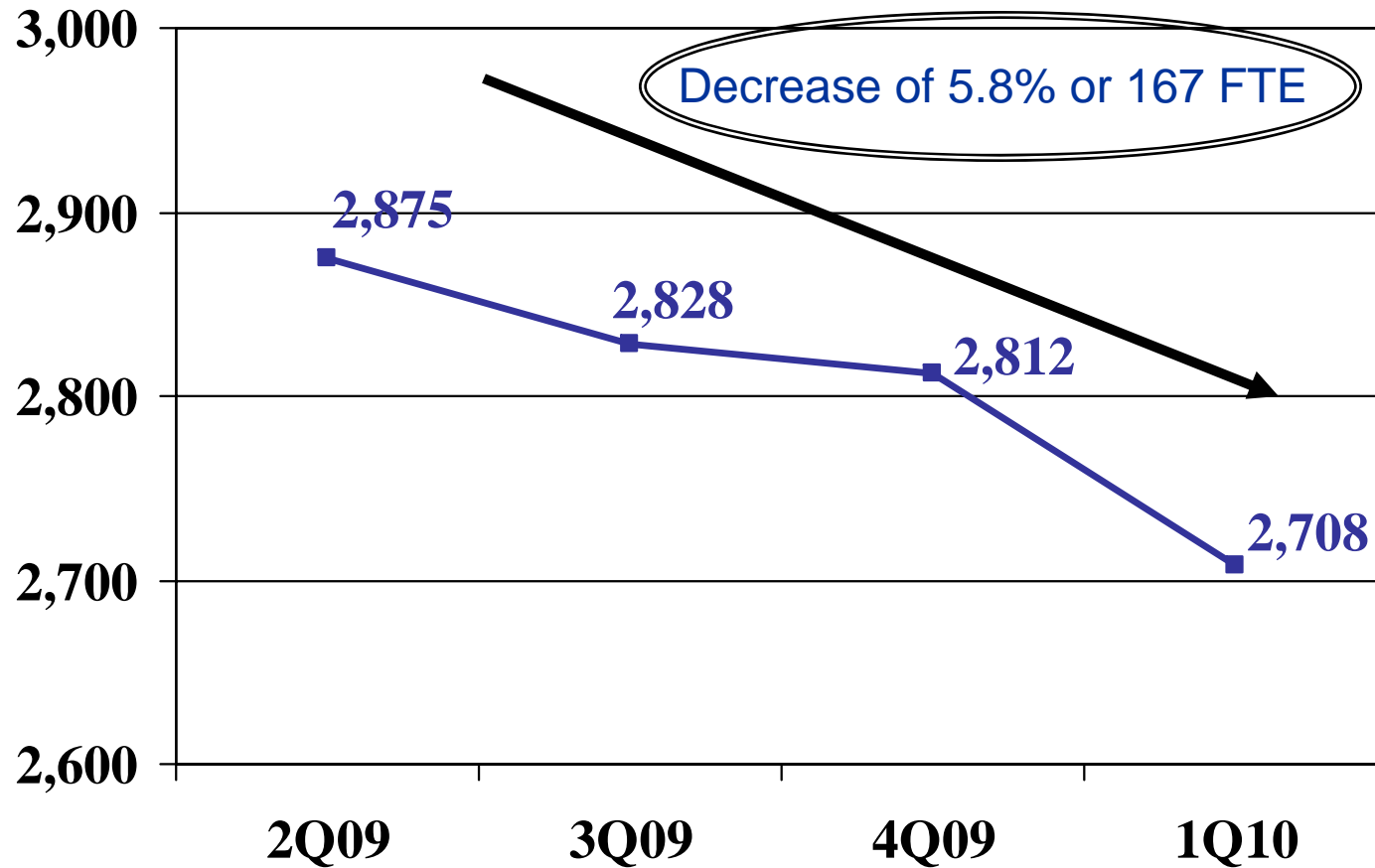


# Noninterest Expense Analysis

- **Noninterest expenses totaled \$77.1 million for 1Q10**
  - Represents a \$13.7 million decrease from 4Q09
  - Represents a \$.4 million decrease from 1Q09



# Full-Time Equivalent Employees



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## Thank You!

## Q&A

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## Appendix

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# Credit Quality Trends

## Home Equity Lines of Credit Overview at 3-31-10

Loan To Value	% of Total Portfolio (Face)	% of Total Portfolio Outstanding	Approximated Average Credit Bureau Score
<b>&gt;= 90%</b>	12%	17%	731
<b>&gt;= 80% to 89.9%</b>	17%	19%	757
<b>&lt;80%</b>	71%	64%	766

Large Dollar Exposure Commitment	% of Total Portfolio (Face)	% of Total Portfolio Outstanding	Approximated Average Credit Bureau Score
<b>&gt;= \$500,000</b>	4%	4%	746
<b>&gt;\$100,000 to \$499,999</b>	25%	25%	759



# Shared National Credits

(\$ in millions)	1Q10	4Q09
Count (#)*	12	13
Total exposure	\$134.6	\$141.1
Dollar outstanding	\$54.4	\$73.5
Largest exposure (\$0 outstanding)	\$20.0	\$20.0
Weighted average risk grade**	1.7	1.8

\*All but one in Indiana, Kentucky or Illinois

\*\*ONB's risk grade scale is 0 (investment grade) to 9 (nonaccrual)



# Investment Portfolio

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(\$ in millions)	Book Value Mar. 31, 2010	Market Value Mar. 31, 2010	Market Value Dec. 31, 2009	Market Value \$ Change
Federal National Mortgage Association		\$833.7	\$810.1	
Federal Home Loan Mortgage Corporation		148.3	177.6	
Federal Home Loan Bank		156.9	139.9	
Federal Farm Credit Bank		14.9	14.5	
<b>Subtotal U.S. Government Agencies-Senior Debentures</b>	<b>\$1,145.4</b>	<b>\$1,153.8</b>	<b>\$1,142.1</b>	<b>\$11.7</b>
U.S. Treasury	\$51.4	\$51.2	\$1.0	\$50.2
Issued or guaranteed by FNMA, FHLMC, GNMA	\$862.8	\$886.7	\$877.7	
Nonagency guaranteed	206.2	165.4	174.6	
<b>Subtotal Mortgage Backed Securities</b>	<b>\$1,069.0</b>	<b>\$1,052.1</b>	<b>\$1,052.3</b>	<b>\$(-.2)</b>
Trust Preferred	\$40.4	\$21.3	\$21.3	
Other Corporate	97.8	104.1	98.9	
<b>Subtotal Corporate Securities</b>	<b>\$138.2</b>	<b>\$125.4</b>	<b>\$120.2</b>	<b>\$5.2</b>
Municipal Securities – Taxable	\$129.2	\$134.5	\$76.2	\$58.3
Municipal Securities – Tax Exempt	\$402.0	\$425.2	\$458.4	\$(33.2)
Other Securities	\$72.0	\$72.0	\$72.0	\$-0-
<b>Totals</b>	<b>\$3,007.2</b>	<b>\$3,014.2</b>	<b>\$2,922.2</b>	<b>\$92.0</b>



# Other Classified Assets

(\$ in millions)	Book Value Mar. 31, 2010	Market Value Mar. 31, 2010	Book Value Dec. 31, 2009	Market Value Dec. 31, 2009
Corporate Bonds	\$3.4	\$2.4	\$3.4	\$2.4
Pooled Trust Preferred Securities	\$28.5	\$11.7	\$27.3	\$11.4
Non-Agency Mortgage Backed Securities	\$126.6	\$93.4	\$130.5	\$95.4
<b>Totals</b>	<b>\$158.5</b>	<b>\$107.5</b>	<b>\$161.2</b>	<b>\$109.2</b>





# Securities with OTTI

*If Moody's rating not available, lowest rating was used.	Vintage	Moody's Rating*	Book Value at Mar. 31, 2010	OTTI 1Q10
CWALT Ser 73CB	2005	B3	\$7,280	\$57
CWALT Ser 73CB	2005	B3	9,183	103
CWHL 2006-10	2006	CC	10,135	204
CWHL 2005-20	2005	B-	12,377	32
RALI QS2	2006	Caa1	7,469	79
RFMSI S1	2006	B1	6,421	30
<b>Totals Non-Agency Mortgage Backed Securities</b>			<b>\$52,865</b>	<b>\$505</b>

\$ in thousands



# Investment Portfolio

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BANCORP

	Effective Duration Sept. 30, 2009	Effective Duration Dec. 31, 2009	Effective Duration Mar. 31, 2010	% of Portfolio Dec. 31, 2009	% of Portfolio Mar. 31, 2010
<b>Treasuries</b>	1.28	1.72	2.07	.04%	1.75%
<b>Agencies</b>	4.18	4.01	3.58	40.21%	39.05%
<b>Pools</b>	1.81	2.36	2.22	13.66%	12.45%
<b>CMOs</b>	4.62	4.35	4.43	22.18%	24.00%
<b>Municipals</b>	8.40	8.55	8.46	17.61%	18.11%
<b>Corporates</b>	2.18	2.31	2.35	6.30%	4.64%
<b>ABS</b>	.05	.11	.05	.00%	.00%
<b>Totals</b>	4.41	4.63	4.45	100.00%	100.00%



# Non-GAAP Reconciliations

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(end of period balances- \$ in millions)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10
<b>Total Shareholders' Equity</b>	\$675.4	\$649.0	\$635.4	\$730.9	\$631.8	\$634.6	\$865.4	\$843.8	\$855.5
<b>Deduct: Goodwill and Intangible Assets</b>	(190.3)	(188.7)	(187.8)	(186.8)	(205.6)	(204.0)	(202.4)	(200.2)	(198.6)
<b>Tangible Shareholders' Equity</b>	485.1	460.3	447.6	544.1	426.2	430.6	663.0	643.6	657.0
<b>Deduct: Preferred Stock</b>	-0-	-0-	-0-	97.4	-0-	-0-	-0-	-0-	-0-
<b>Tangible Common Shareholders' Equity</b>	\$485.1	\$460.3	\$447.6	\$446.7	\$426.2	\$430.6	\$663.0	\$643.6	\$657.0
<b>Total Assets</b>	\$7,723.5	\$7,601.8	\$7,568.3	\$7,873.9	\$8,356.1	\$8,012.2	\$7,973.5	\$8,005.3	\$7,818.3
<b>Add: Trust Overdrafts</b>	.1	.1	.3	1.0	.1	-0-	.4	.2	.3
<b>Deduct: Goodwill and Intangible Assets</b>	(190.3)	(188.7)	(187.8)	(186.8)	(205.6)	(204.0)	202.4	200.2	198.6
<b>Tangible Assets</b>	\$7,533.2	\$7,413.1	\$7,380.9	\$7,688.1	\$8,150.6	\$7,808.2	\$7,771.6	\$7,805.4	\$7,620.0
<b>Tangible Equity to Tangible Assets</b>	6.44%	6.21%	6.06%	7.08%	5.23%	5.51%	8.53%	8.25%	8.62%
<b>Tangible Common Equity to Tangible Assets</b>	6.44%	6.21%	6.06%	5.81%	5.23%	5.51%	8.53%	8.25%	8.62%



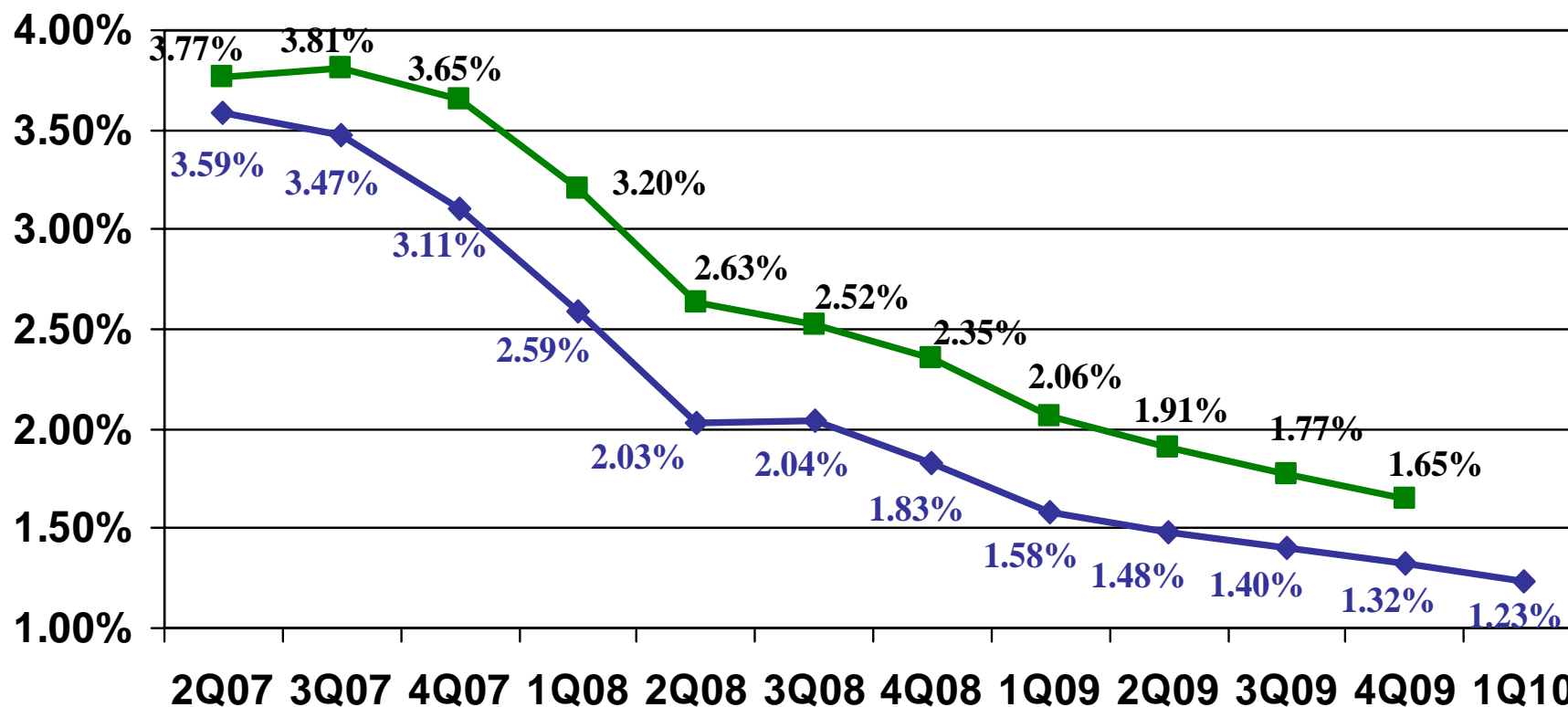
# Non-GAAP Reconciliations

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NATIONAL  
BANCORP

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<b>Risk Adjusted Assets</b>	\$5,496.4	\$5,415.9	\$5,385.5	\$5,555.2	\$5,680.4	\$5,529.0	\$5,410.9	\$5,173.1	\$5,038.2
<b>Tangible Common Equity to Risk Weighted Assets</b>	8.83%	8.50%	8.31%	8.04%	7.50%	7.79%	12.25%	12.44%	13.04%



# Deposit Costs



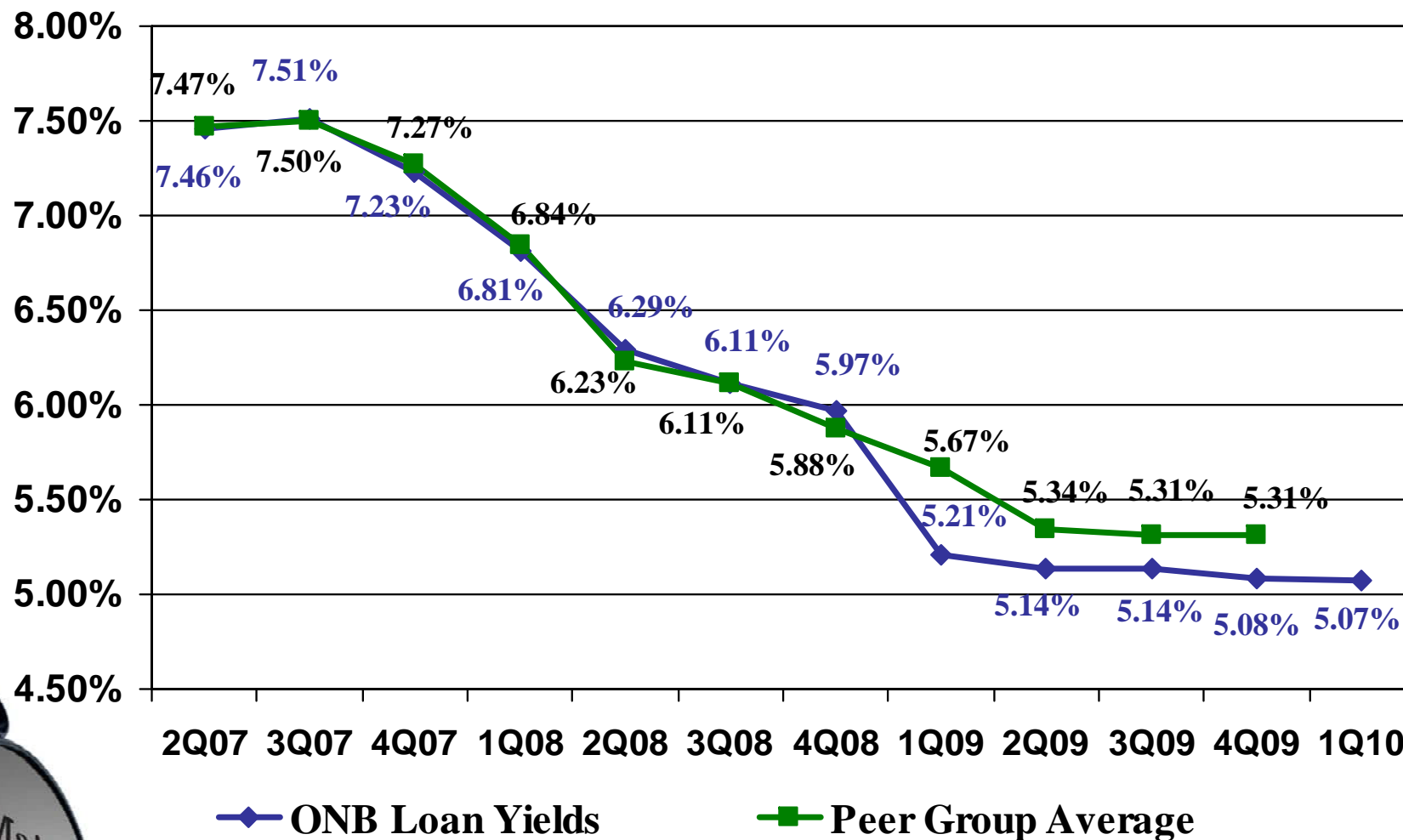
◆ ONB Cost of Interest-Bearing Deposits (including Brokered CDs)

■ Peer Group Average

Peer Group data per SNL Financial See Appendix for definition of Peer Group



# Loan Yields



Peer Group data per SNL Financial See Appendix for definition of Peer Group



# Noninterest Income Analysis

- **Fees, service charges and other revenue totaled \$39.4 million for 1Q10**
  - **Flat compared to 4Q09**
    - **Service charges on deposit accounts declined \$1.9 million offset by a \$1.3 million increase in insurance income (contingency income) as well as smaller increases other categories**
  - **Represents a \$.8 million increase from 1Q09**
    - **Increases in service charges on deposit accounts and ATM fees partially offset by declines in mortgage banking revenue and insurance revenues**



# ONB's Peer Group

Like-size, publicly-traded financial services companies, generally in the Midwest, serving comparable demographics with comparable services as ONB

Name	Ticker	Name	Ticker
1st Source Corp.	SRCE	International Bancshares Corp.	IBOC
AMCORE Financial, Inc.	AMFI	MB Financial, Inc.	MBFI
BancorpSouth, Inc.	BXS	National Penn Bancshares, Inc.	NPBC
Bank of Hawaii Corp.	BOH	Park National Corp.	PRK
Citizens Republic Bancorp, Inc.	CRBC	Republic Bancorp, Inc.	RBCAA
Cullen/Frost Bankers, Inc.	CFR	S.Y. Bancorp, Inc.	SYBT
F.N.B. Corp.	FNB	South Financial Group, Inc.	TSFG
First Busey Corp.	BUSE	Susquehanna Bancshares, Inc.	SUSQ
First Commonwealth Financial Corp.	FCF	Trustmark Corp.	TRMK
First Merchants Corp.	FRME	UMB Financial Corp.	UMBF
First Midwest Bancorp, Inc.	FMBI	United Bankshares, Inc.	UBSI
FirstMerit Corp.	FMER	Valley National Bancorp	VLV
Fulton Financial Corp.	FULT	WesBanco, Inc.	WSBC
Hancock Holding Company	HBHC	Whitney Holding Corp	WTNY
Integra Bank Corp	IBNK		

