

Old National Bancorp

Second-Quarter 2010 Financial Review

July 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

- **Second-quarter 2010 overview**
- **Regulatory environment**
- **Earnings detail**
- **Q&A**



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Bob Jones

President

Chief Executive Officer

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Second-Quarter 2010 Review

- **Net income of \$10.5 million, or \$.12 per common share**
 - Continued progress on noninterest expenses
 - Net interest margin increases to 3.40%
 - Liquidity and capital metrics remain strong
 - Credit metrics stable



Cautious Optimism...

- **End of period growth in commercial loan outstandings**
- **Commercial lines utilization at 31.9%**
- **Business checking accounts increased for the first time since 1Q09**
- **Best quarterly Wealth Management new account sales in 5 years**



.....but too early to declare victory.

Regulatory Update

- **Proactive stance with communication and education of Reg E changes to our clients**
 - **January**
 - Focus groups conducted to obtain voice of the consumer
 - Overdraft preference requested as new accounts are opened
 - **March and ongoing**
 - Personal contact attempted with high users of overdraft courtesy
 - **March/April**
 - Statement inserts to all checking clients
 - **July**
 - Mailing of overdraft opt-in preference forms to remaining high users
 - Mailing of overdraft opt-in preference forms to occasional users
 - **August**
 - Follow-up with affected clients experiencing declined transactions
 - **September**
 - Elimination of free checking with adoption of tiered pricing



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Chris Wolking

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

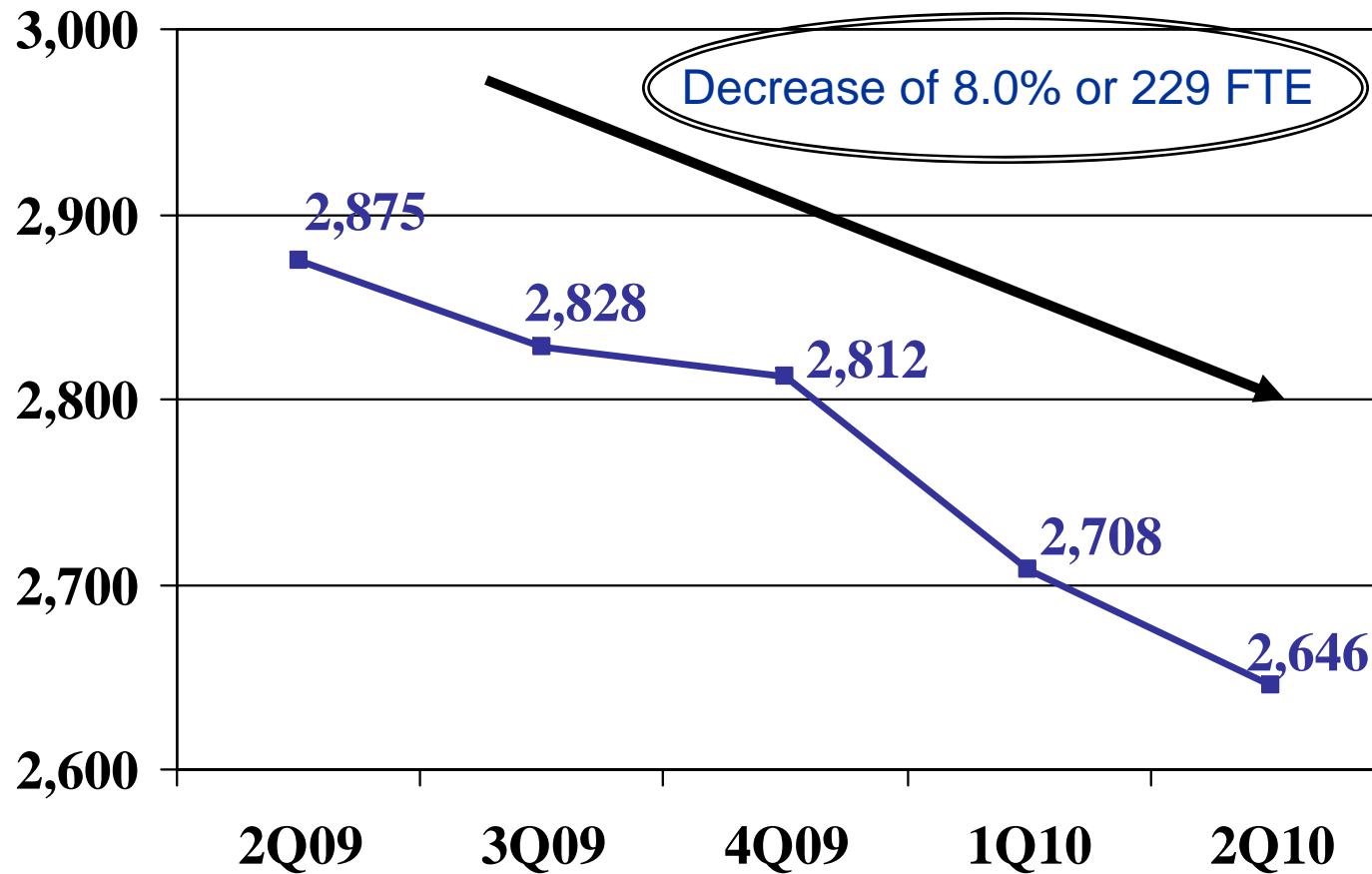
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Noninterest Expense Analysis

- **Noninterest expenses totaled \$77.9 million for 2Q10**
 - **Represents a \$.8 million increase from 1Q10**
 - **Salaries and benefits declined \$1.3 million**
 - **Included approximately \$.7 million in salary merit increases**
 - **2Q10 operating expenses included branch closure expenses of \$.9 million and charges related to debt extinguishment of \$1.4 million**
 - **Represents an \$8.9 million decrease from 2Q09**



Full-Time Equivalent Employees



Investment Portfolio

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(\$ in millions)	Book Value Mar. 31, 2010	Book Value June 30, 2010	Market Value* Mar. 31, 2010	Market Value* June 30, 2010	Market Value \$ Change
Federal National Mortgage Association			\$833.7	\$790.3	
Federal Home Loan Mortgage Corporation			148.3	141.9	
Federal Home Loan Bank			156.9	183.6	
Federal Farm Credit Bank			14.9	-0-	
Subtotal U.S. Government Agencies-Senior Debentures	\$1,145.4	\$1,095.8	\$1,153.8	\$1,115.8	\$(38.0)
U.S. Treasury	\$51.4	\$51.3	\$51.2	\$51.7	\$.5
Issued or guaranteed by FNMA, FHLMC, GNMA	\$862.8	\$824.7	\$886.7	\$856.3	
Nonagency guaranteed	206.2	194.8	165.4	164.7	
Subtotal Mortgage Backed Securities	\$1,069.0	\$1,019.5	\$1,052.1	\$1,021.0	\$(31.1)
Trust Preferred	\$40.4	\$40.0	\$21.3	\$20.7	
Other Corporate	97.8	96.6	104.1	103.9	
Subtotal Corporate Securities	\$138.2	\$136.6	\$125.4	\$124.6	\$(.8)
Municipal Securities – Taxable	\$129.2	\$144.3	\$134.5	\$145.9	\$11.4
Municipal Securities – Tax Exempt	\$402.0	\$350.7	\$425.2	\$366.1	\$(59.1)
Other Securities	\$72.0	\$72.0	\$72.0	\$72.0	\$-0-
Totals	\$3,007.2	\$2,870.2	\$3,014.2	\$2,897.1	\$(117.1)

*Includes market value for both available for sale and held to maturity securities.



Investment Portfolio

	Effective Duration Dec. 31, 2009	Effective Duration Mar. 31, 2010	Effective Duration June 30, 2010	% of Portfolio Mar. 31, 2010	% of Portfolio June 30, 2010
Treasuries	1.72	2.07	1.84	1.75%	1.86%
Agencies	4.01	3.58	1.71	39.05%	39.60%
Pools	2.36	2.22	1.65	12.45%	12.34%
CMOs	4.35	4.43	3.91	24.00%	23.43%
Municipals	8.55	8.46	8.04	18.11%	17.89%
Corporates	2.31	2.35	2.25	4.64%	4.88%
ABS	.11	.05	.08	.00%	.00%
Totals	4.63	4.45	3.39	100.00%	100.00%



Securities with OTTI – 2010

Lowest credit rating provided by any nationally recognized credit rating agency.	Vintage	Lowest Credit Rating	Book Value at June 30, 2010	OTTI 2Q10	OTTI YTD 2010
BAFC Ser 4	2007	CCC	\$14,026	\$79	\$79
CWALT Ser 73CB	2005	CCC	6,606	150	207
CWALT Ser 73CB	2005	CCC	8,353	324	427
CWHL 2006-10	2006	CC	10,030	105	309
CWHL 2005-20	2005	B-	10,987	7	39
FHASI Ser 4	2007	CCC	21,654	592	592
RFMSI Ser S9	2006	CC	32,070	923	923
RFMSI Ser S10	2006	CCC	4,362	74	74
RALI QS2	2006	CC	6,968	199	278
RFMSI S1	2006	CCC	5,767	-	30
Totals Non-Agency Mortgage Backed Securities			\$120,823	\$2,453	\$2,958
TROPC	2003	C	2,116	\$165	\$165
MM Community Funding IX	2003	C	1,287	146	146
Totals Pooled Trust Preferred Securities			\$3,403	\$311	\$311
Grand Totals			\$124,226	\$2,764	\$3,269

\$ in thousands

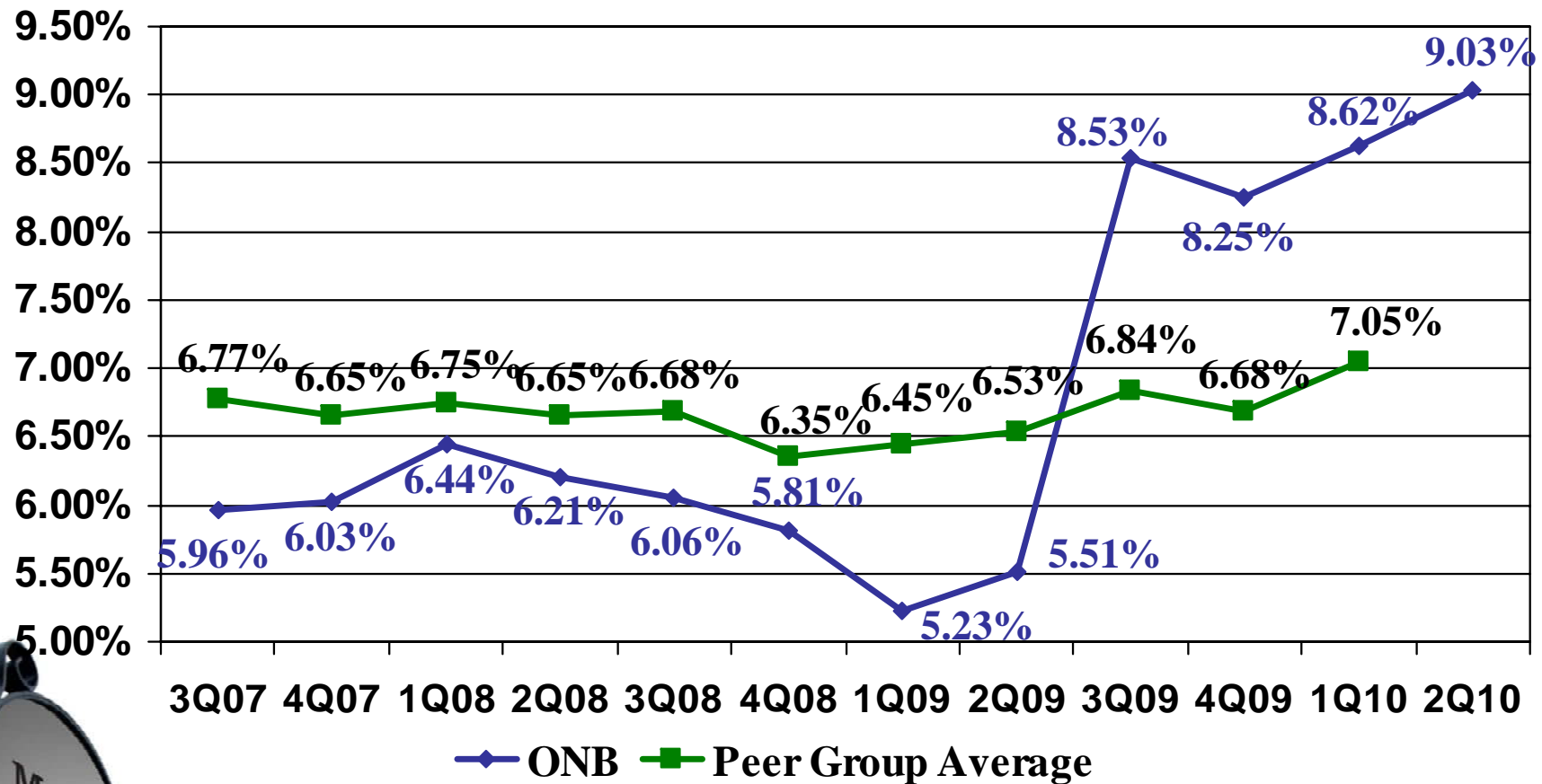
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Capital Management

Tangible Common Equity (excludes preferred stock)



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

Net Interest Margin Analysis*

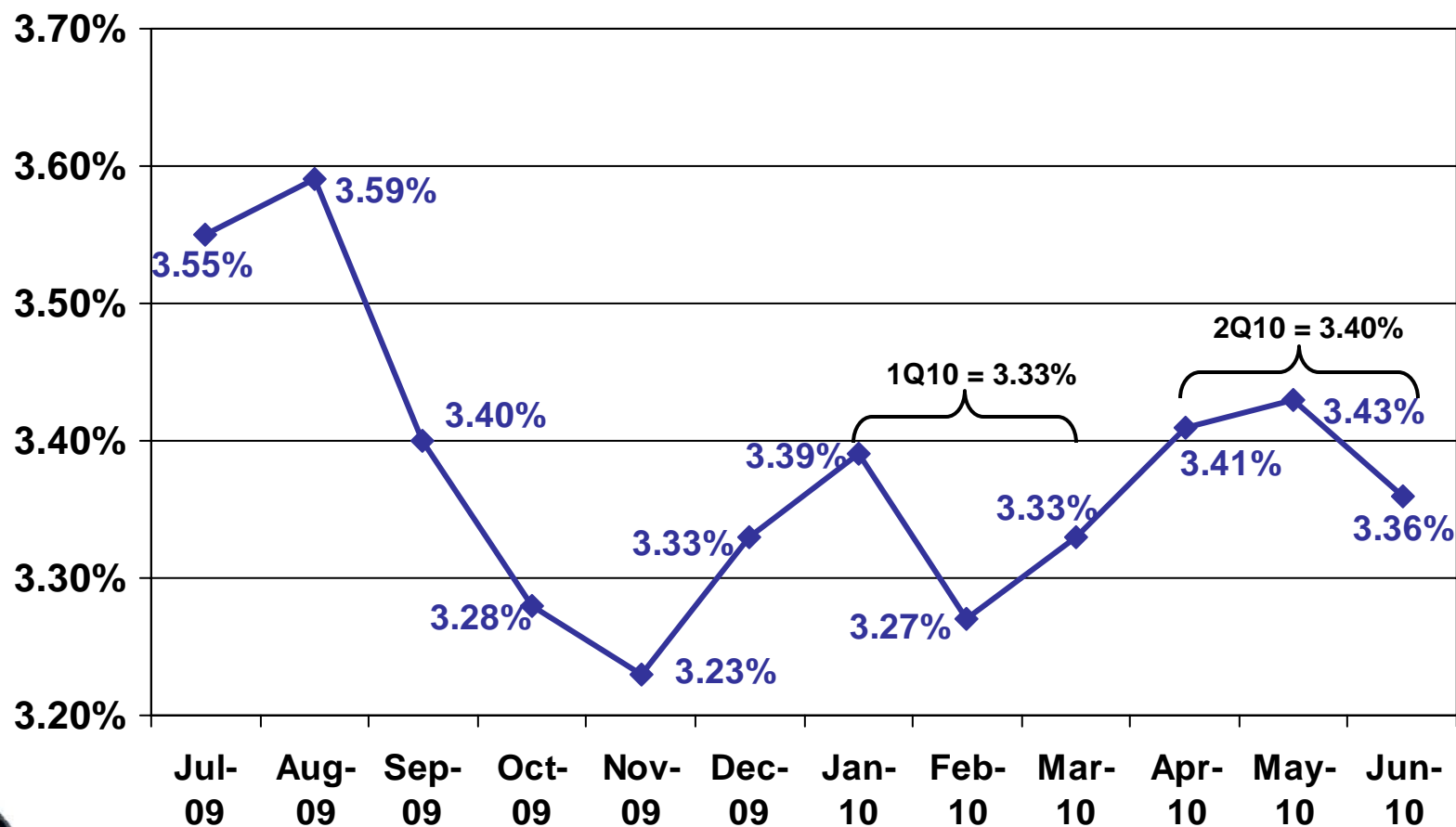
1Q10 Net Interest Margin	3.33%
Asset Yields	(.03)%
Interest-Bearing Liability Costs	.07%
Mix/Volume/Other-Assets	(.11)%
Mix/Volume/Other-Liabilities	.12%
# of Days	.02%
2Q10 Net Interest Margin	3.40%

*Fully taxable equivalent basis

See Appendix for Non-GAAP reconciliation



Monthly Net Interest Margin*



*Fully taxable equivalent basis





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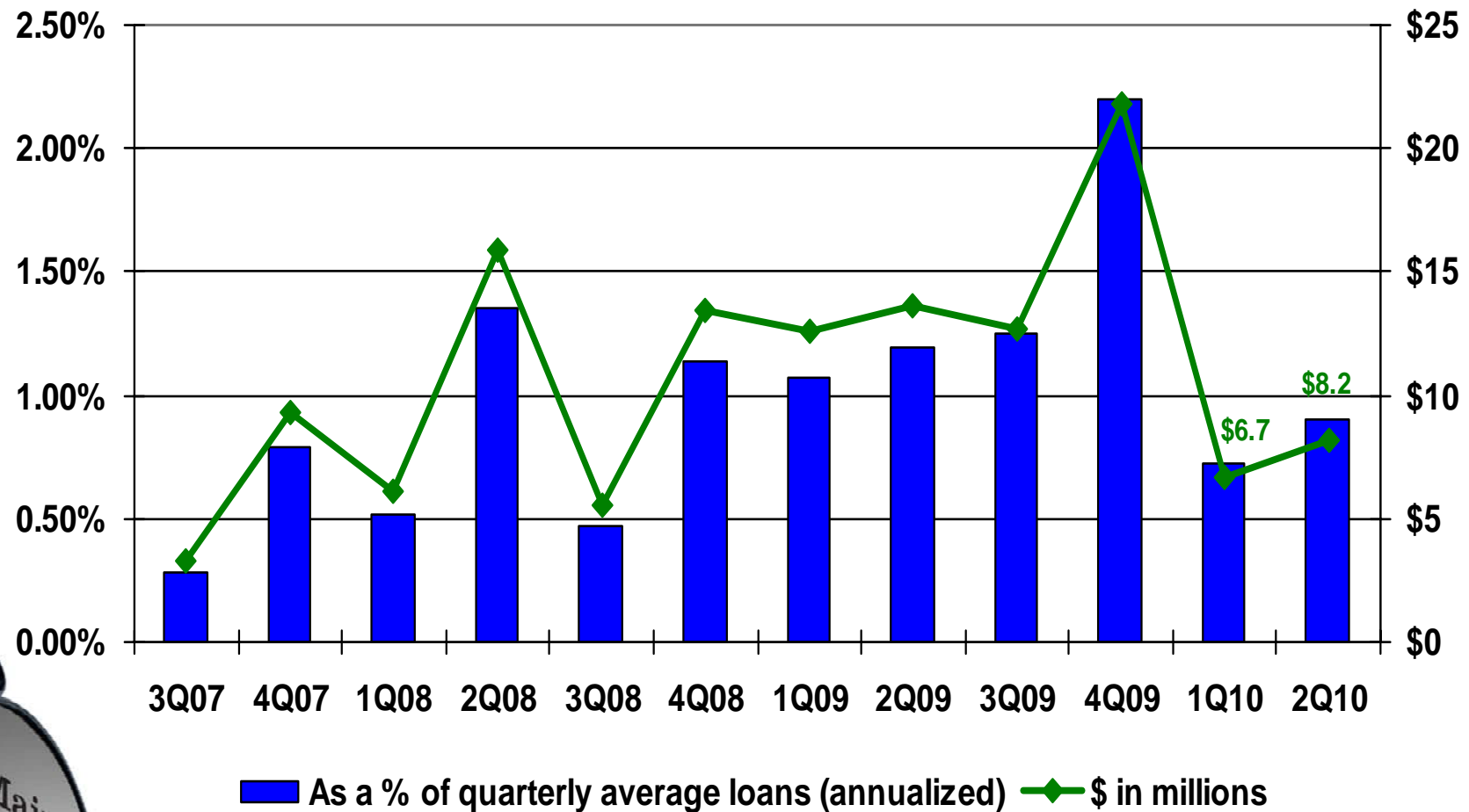
Daryl Moore

**Executive Vice President
Chief Credit Officer**

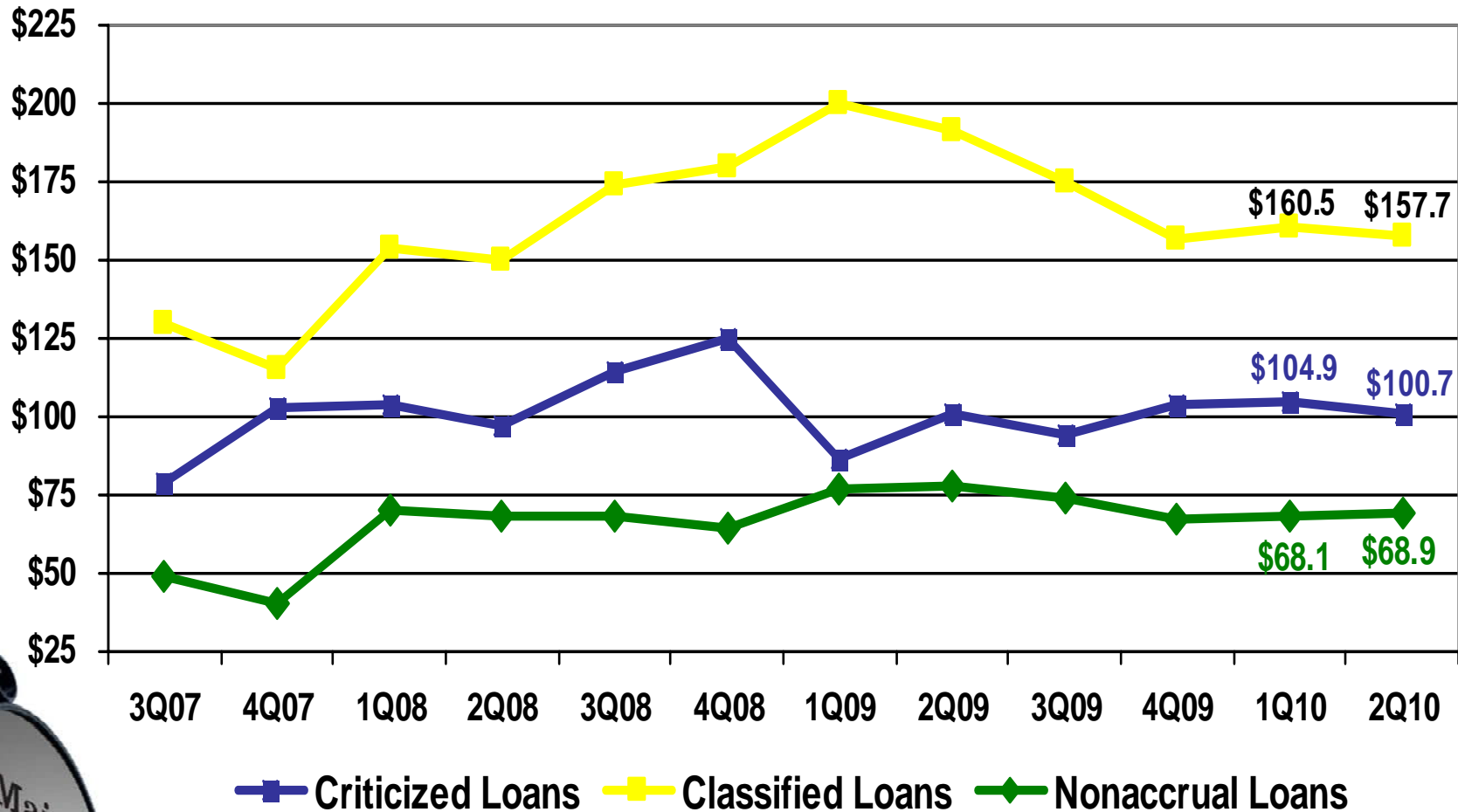
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Credit Quality Trends

Quarterly Net Charge-Offs



Credit Quality Trends

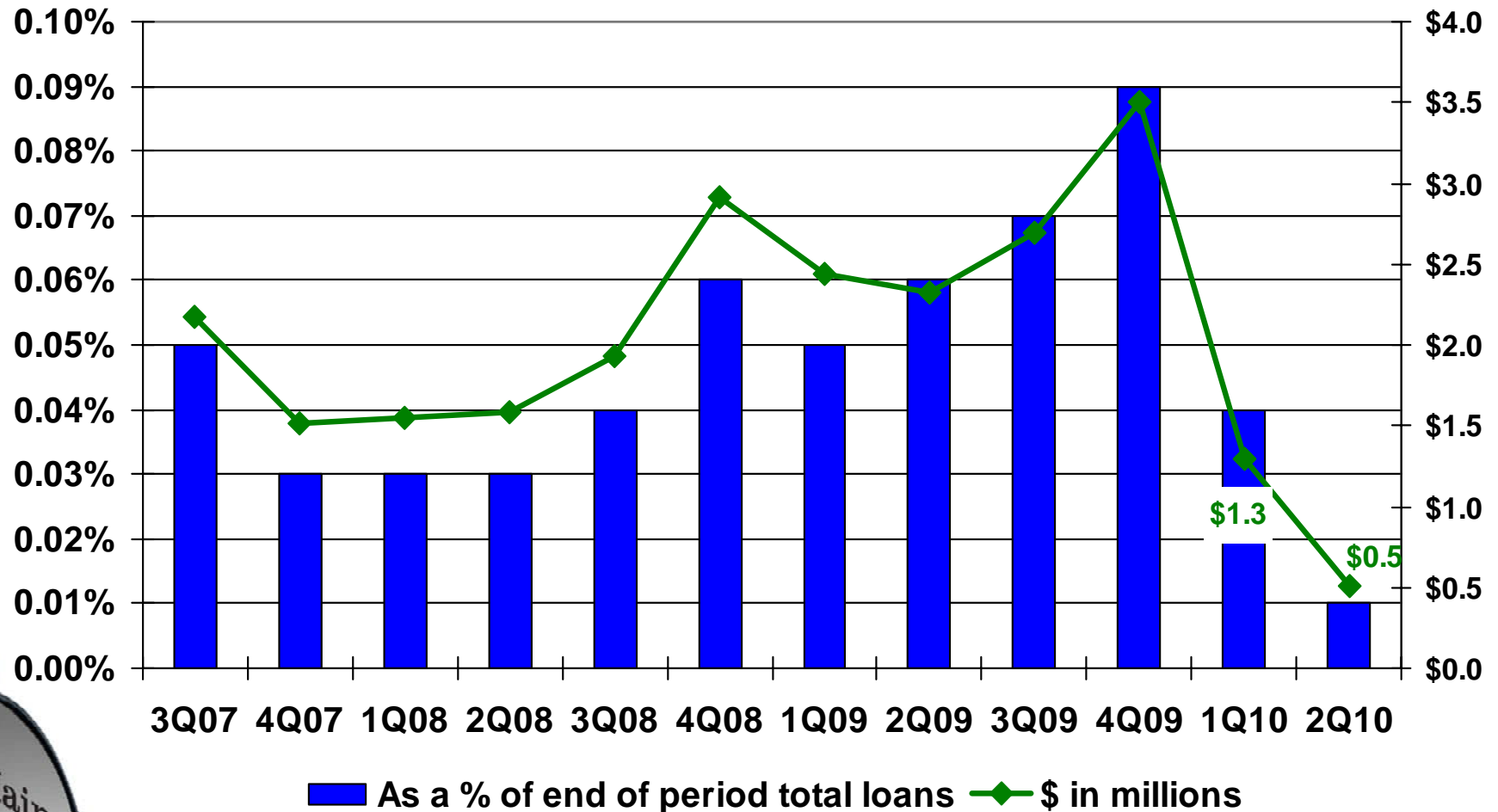


\$ in millions



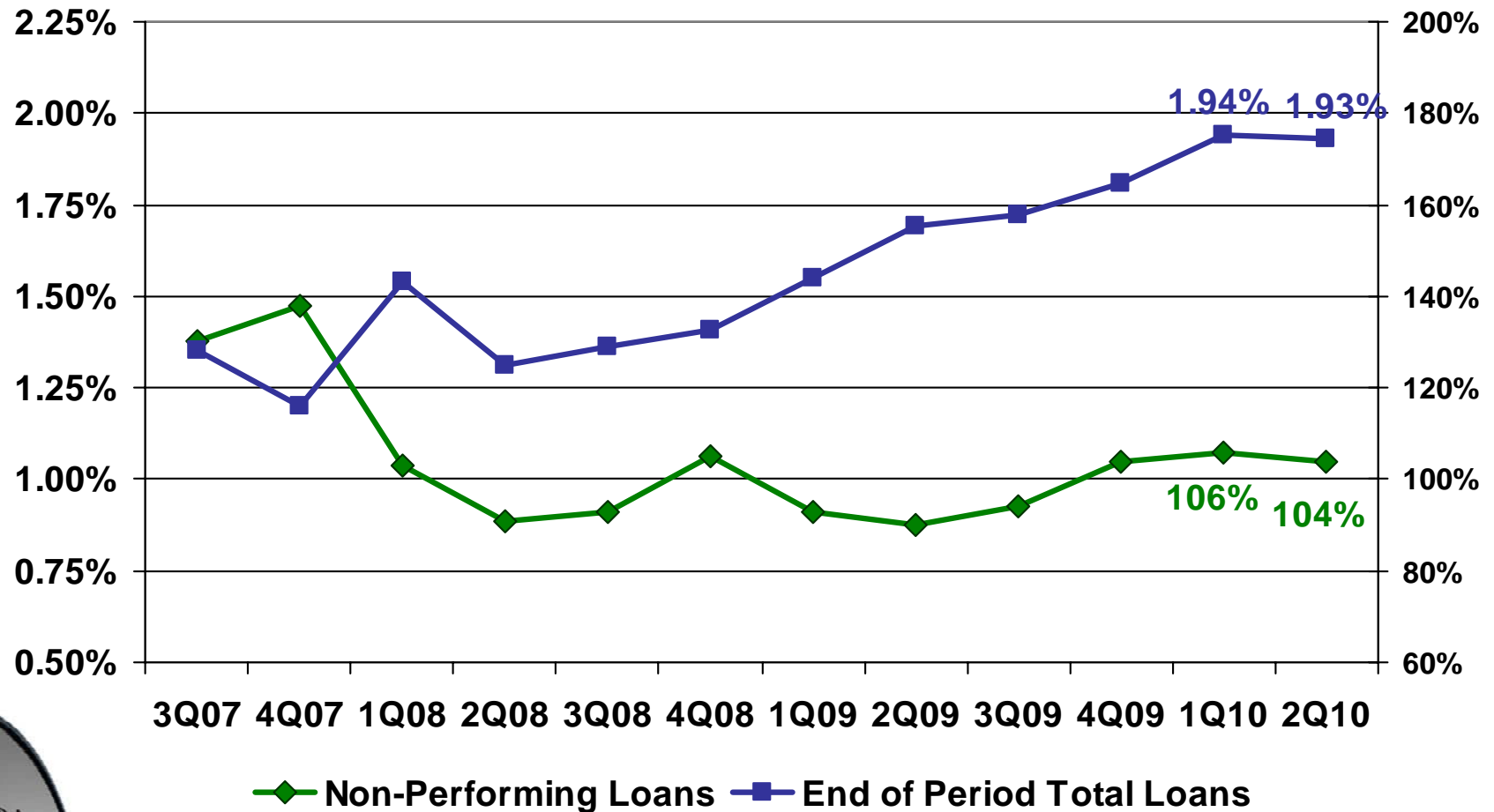
Credit Quality Trends

90+ Day Delinquent Loans



Credit Quality Trends

Allowance for Loan Losses to...



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Thank You!

Q&A

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Other Classified Assets

(\$ in millions)	Book Value Mar. 31, 2010	Market Value Mar. 31, 2010	Book Value June 30, 2010	Market Value June 30, 2010
Corporate Bonds	\$3.4	\$2.4	\$3.3	\$2.5
Pooled Trust Preferred Securities	\$28.5	\$11.7	\$28.2	\$10.5
Non-Agency Mortgage Backed Securities	\$126.6	\$93.4	\$120.8	\$96.0
Totals	\$158.5	\$107.5	\$152.3	\$109.0

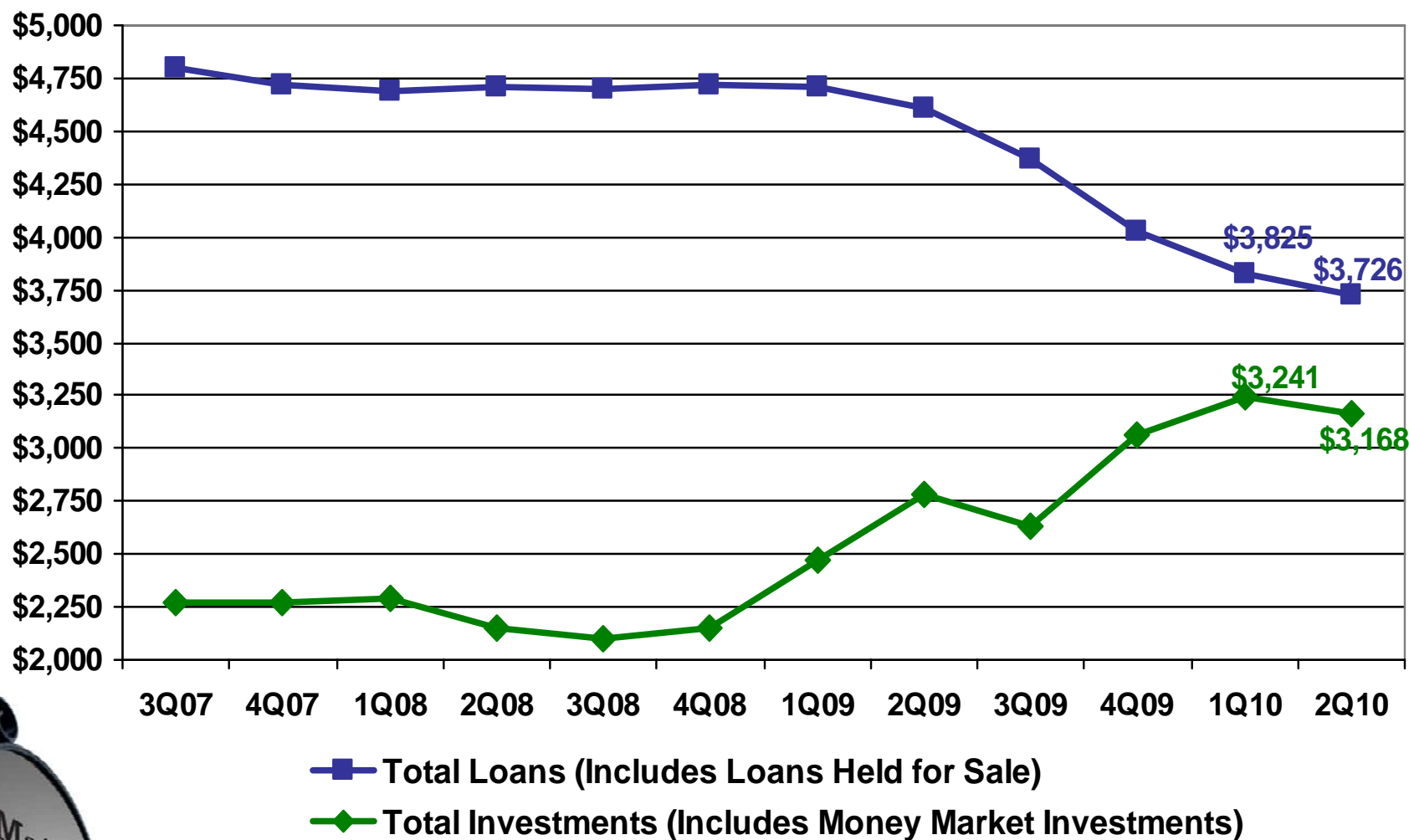


Securities with OTTI – 2009

Lowest credit rating provided by any nationally recognized credit rating agency.	Vintage	Lowest Credit Rating	Book Value at Dec. 31, 2009	OTTI YTD Dec. 31, 2009
BAFC Ser 4	2007	B2	\$14,106	\$63
CWALT Ser 73CB	2005	CCC	7,735	83
CWALT Ser 73CB	2005	CCC	9,646	182
CWHL 2006-10	2006	CC	10,339	762
CWHL 2005-20	2005	B	13,989	72
FHASI Ser 4	2007	CCC	22,246	223
RFMSI Ser S9	2006	CC	32,992	1,880
RFMSI Ser S10	2006	CCC	4,436	249
RALI QS2	2006	CC	7,868	739
RFMSI S1	2006	B1	7,117	176
Totals Non-Agency Mortgage Backed Securities			\$130,474	\$4,429
TROPC	2003	CC	\$1,447	\$3,517
MM Community Funding IX	2003	CC	2,310	2,612
Reg Div Funding	2004	D	4,601	5,199
PRETSL XII	2003	CC	2,895	1,897
PRETSL XV	2004	CC	1,693	3,374
Reg Div Funding	2005	C	295	3,767
Totals Pooled Trust Preferred Securities			\$13,241	\$20,366
Grand Totals			\$143,715	\$24,795



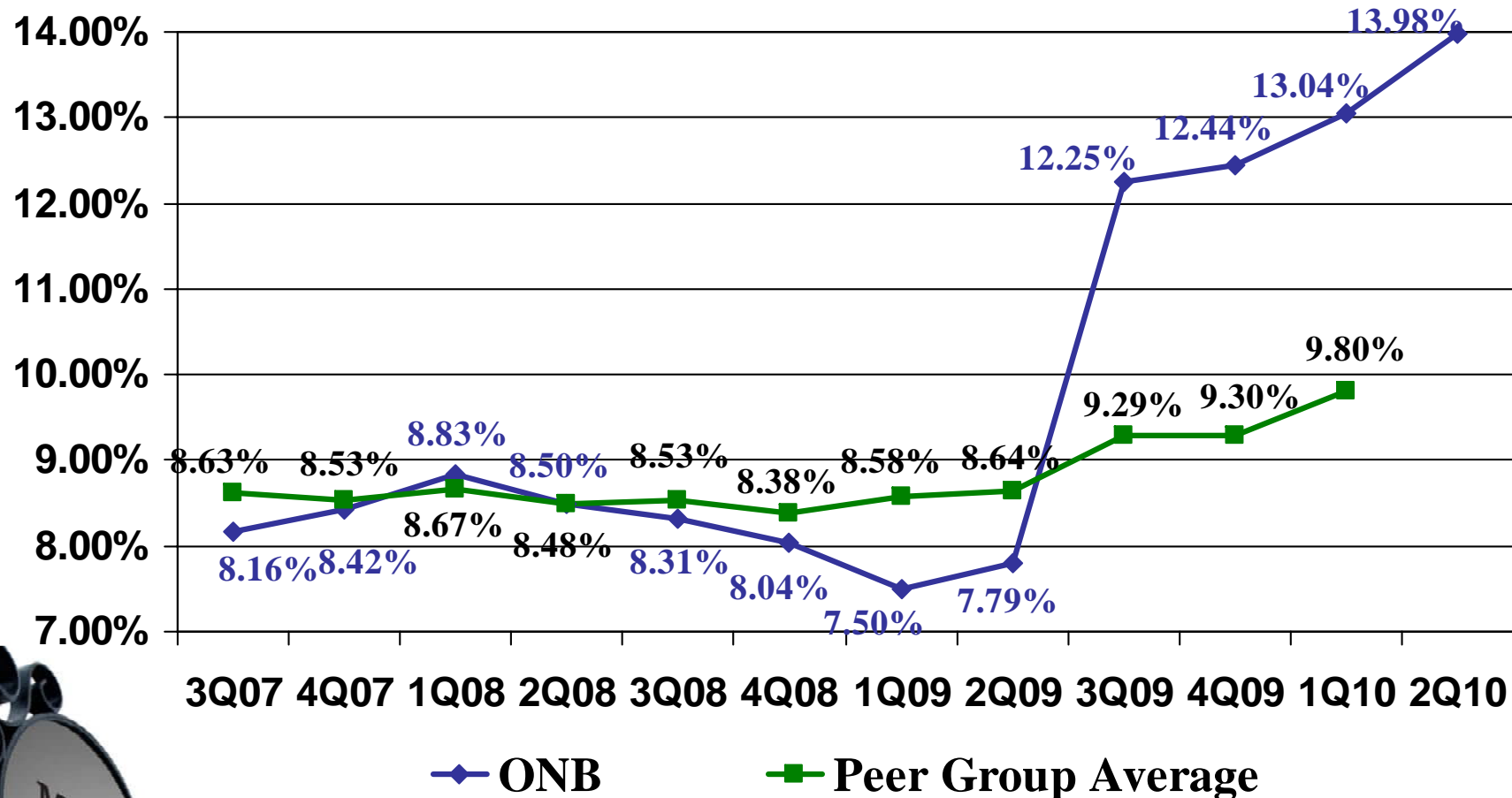
Loans and Investments



\$ in millions - Quarterly averages

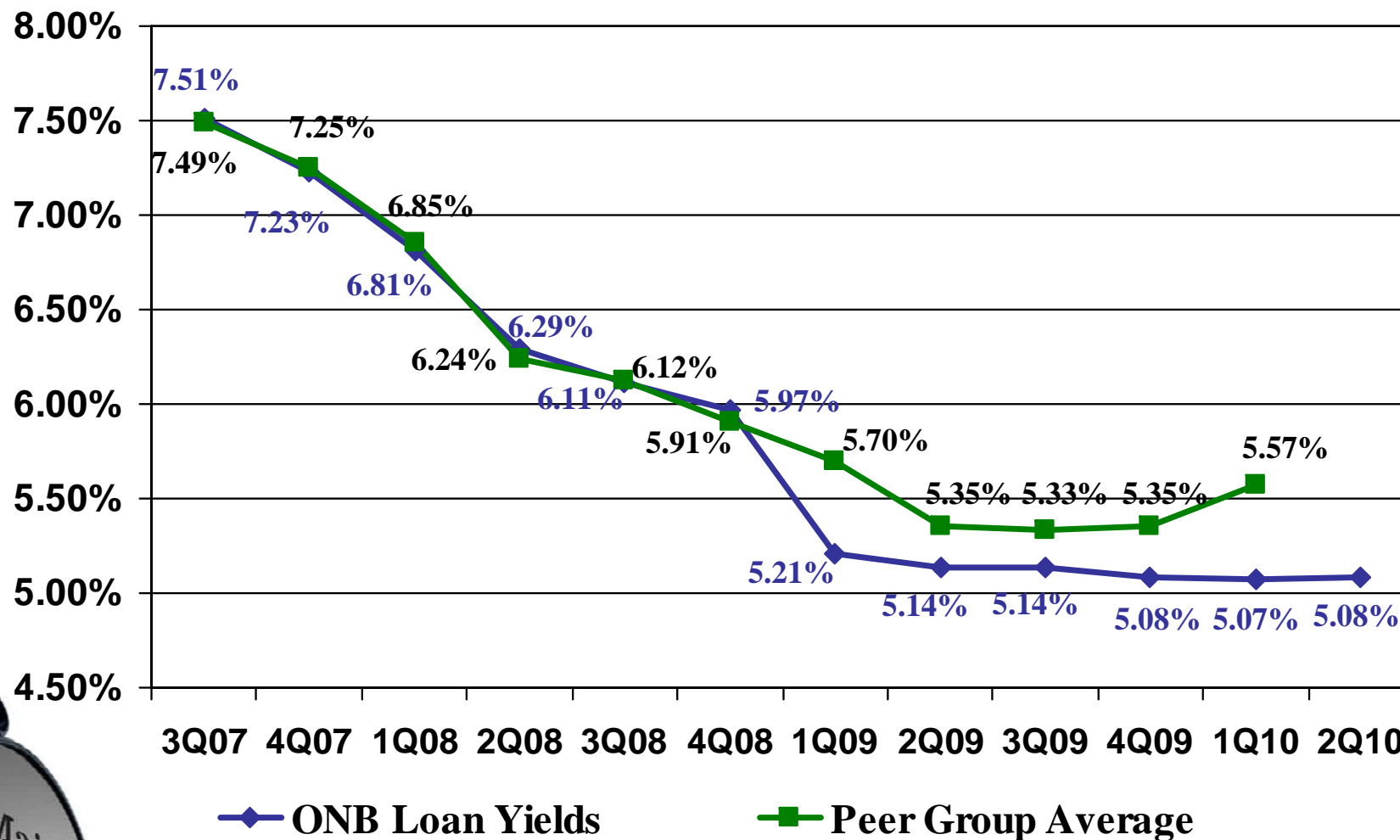
Capital Management

Tangible Common Equity to Risk Weighted Assets



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

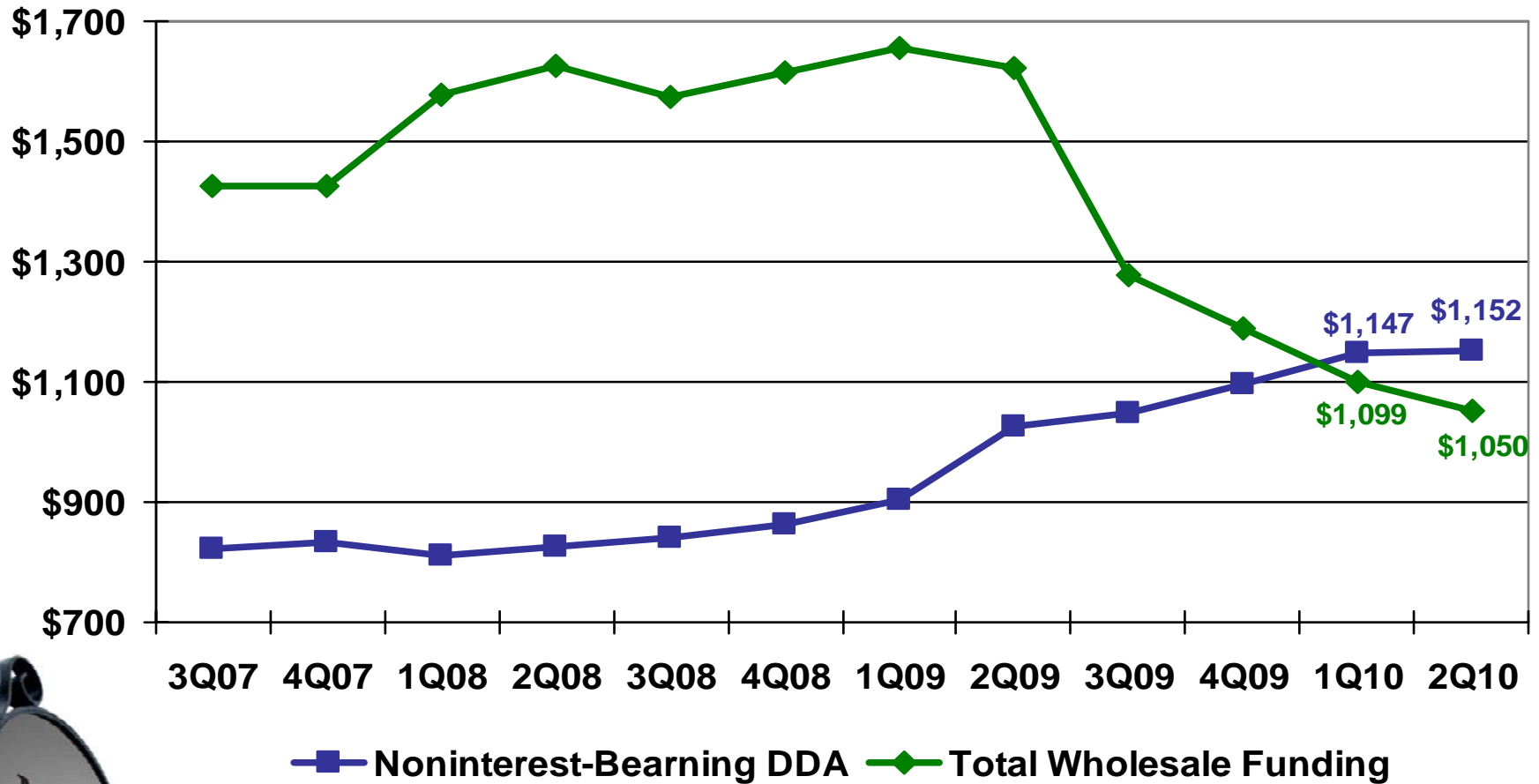
Loan Yields



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



Deposits and Funding

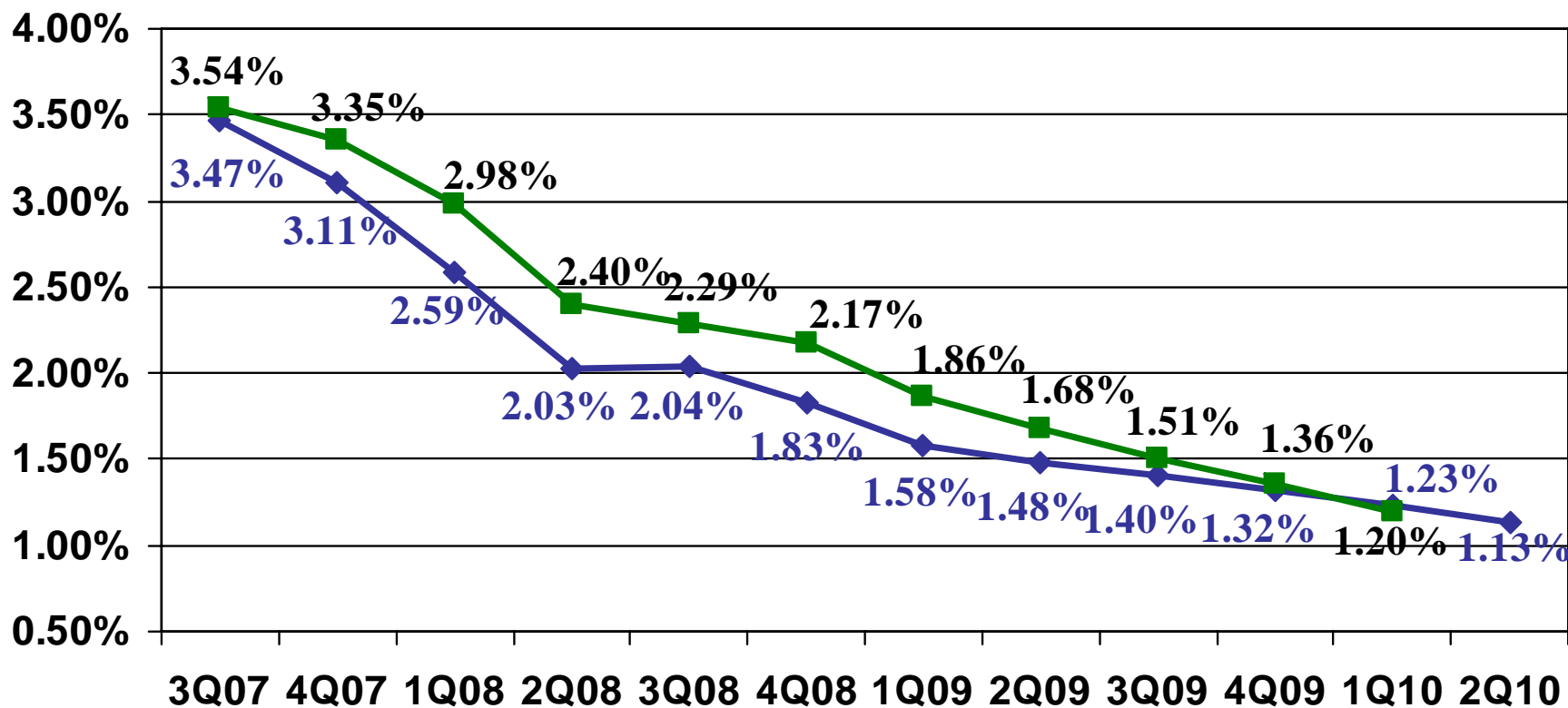


\$ in millions - Quarterly averages

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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



Credit Quality Trends

Nonaccrual Relationships \$2 Million or Greater

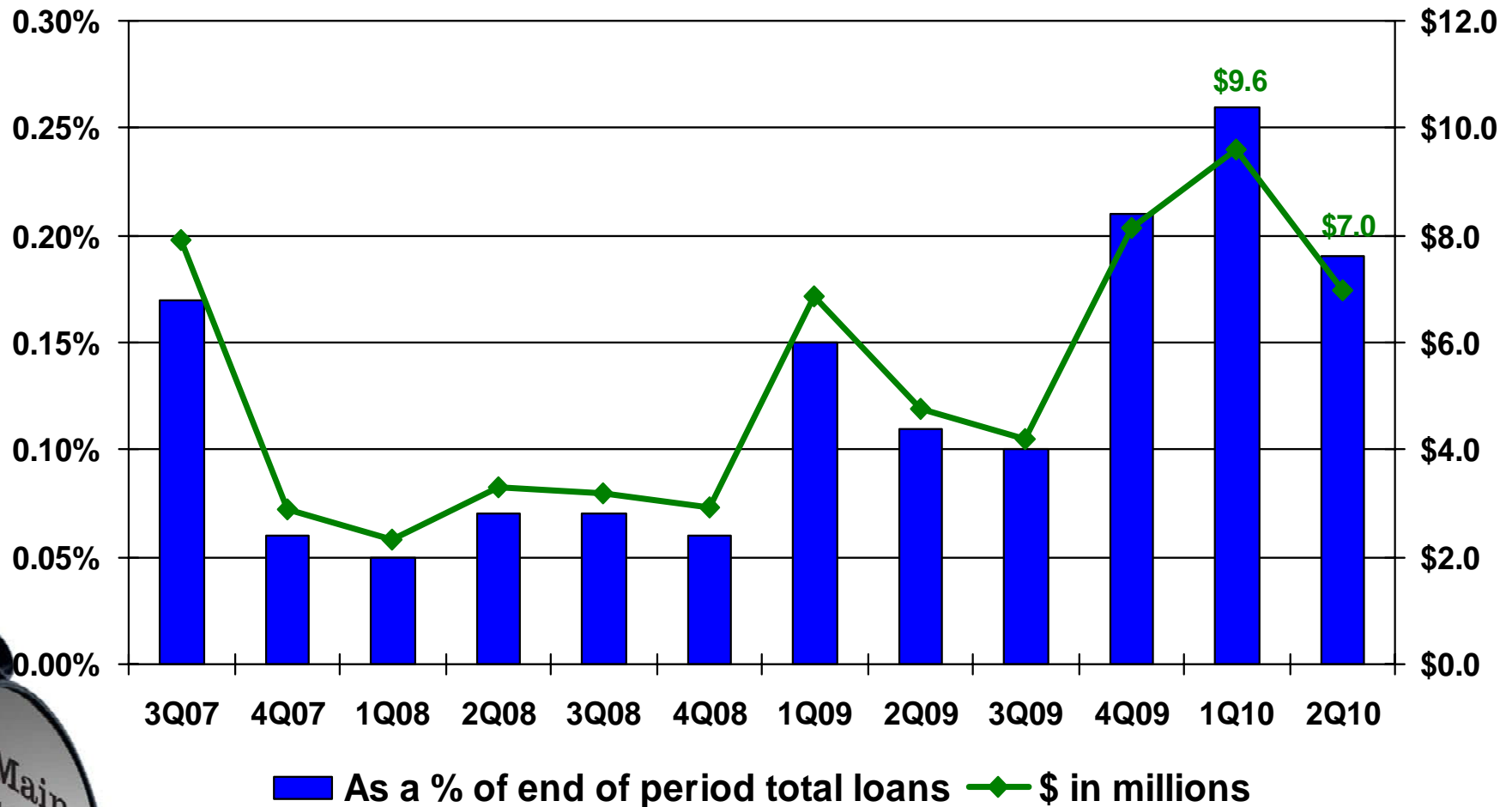
(\$ in millions)	2Q09	3Q09	4Q09	1Q10	2Q10
Count (#)	9	7	4	5	5
Total Exposure	\$33.0	\$24.7	\$15.7	\$19.3	\$18.4
Dollar Outstanding	\$31.5	\$22.9	\$14.4	\$18.3	\$18.2
Associated Impairment	\$11.7	\$4.5	\$4.7	\$5.1	\$5.0

Loan Type Breakdown – Outstandings (\$ in millions)	2Q10
Commercial	\$9.9
Commercial Real Estate	8.3
Geographic Concentration – Outstandings (\$ in millions)	
Indianapolis	\$7.7



Credit Quality Trends

OREO & Other Repossessed Property



Shared National Credits

(\$ in millions)	1Q10	2Q10
Count (#)*	12	12
Total exposure	\$134.6	\$133.2
Dollar outstanding	\$54.4	\$50.8
Largest exposure (\$0 outstanding)	\$20.0	\$20.0
Weighted average risk grade**	1.7	1.7

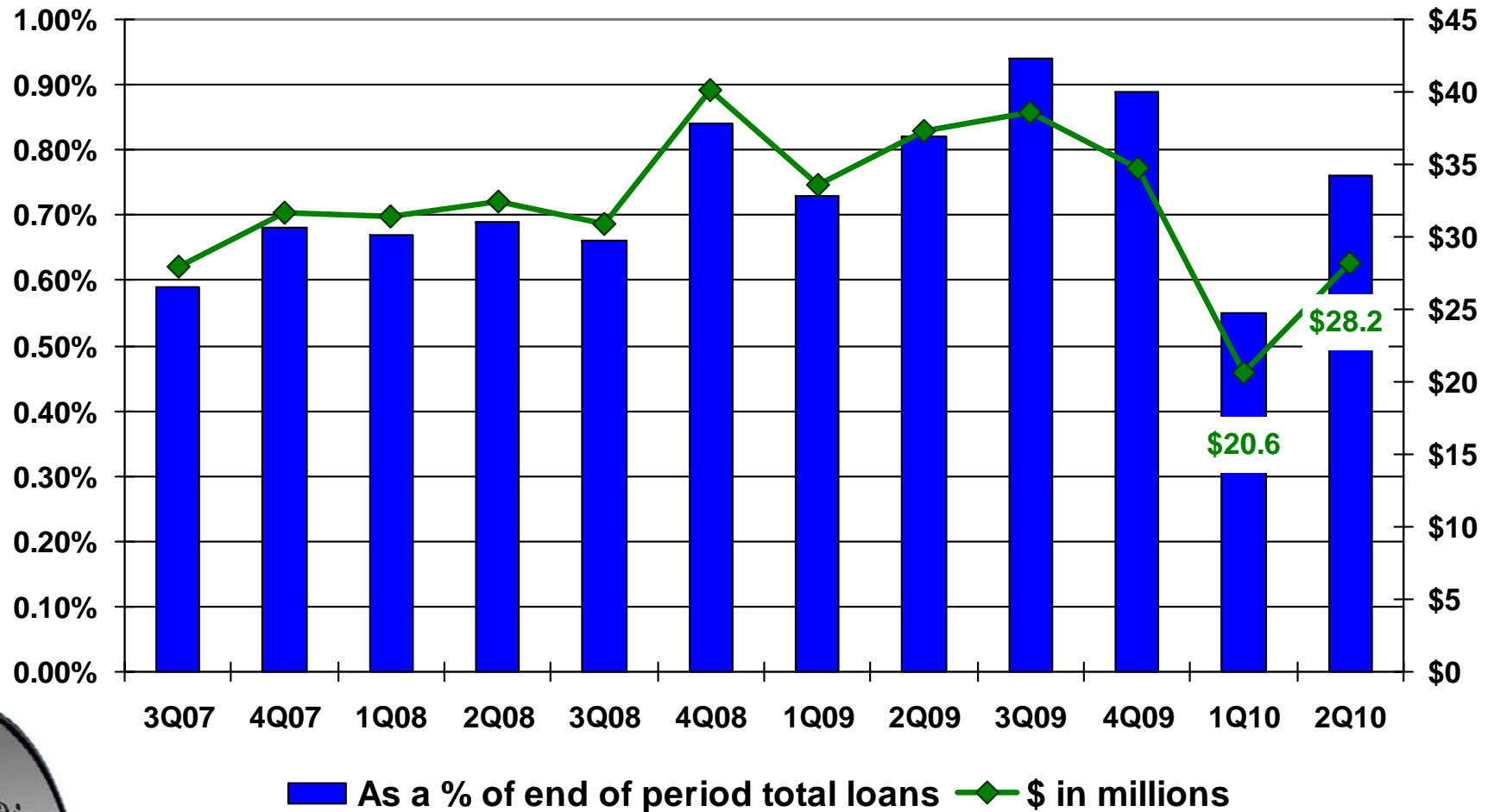
*All but one in Indiana, Kentucky or Illinois

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



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)

30+ Day Delinquent Loans	2Q09	3Q09	4Q09	1Q10	2Q10
Commercial	.59%	.58%	.51%	.32%	.36%
Commercial Real Estate	.48%	.55%	.44%	.26%	.52%
First Mortgage Residential Real Estate	1.73%	2.04%	1.97%	1.31%	1.85%
Home Equity Lines Of Credit	.80%	.91%	.82%	.49%	.71%
All Other Consumer Loans	1.25%	1.52%	1.57%	.93%	1.16%
Loan Type as a % of Total Loans	2Q09	3Q09	4Q09	1Q10	2Q10
Commercial	39.4%	35.5%	34.3%	33.9%	34.6%
Commercial Real Estate	24.7%	26.6%	27.2%	27.6%	26.8%
First Mortgage Residential Real Estate	10.4%	10.5%	10.8%	10.8%	11.6%
Home Equity Lines of Credit	6.0%	6.7%	7.0%	7.2%	7.1%
All Other Consumer Loans	19.5%	20.7%	20.7%	20.5%	19.9%



Noninterest Income Analysis

- **Fees, service charges and other revenue totaled \$39.3 million for 2Q10**
 - **Flat compared to 1Q10**
 - **Service charges on deposit accounts increased \$1.3 million offset by a \$1.3 million decrease in insurance income (contingency income)**
 - **Represents a \$3.4 million decrease from 2Q09**
 - **Includes a \$2.5 million decrease in service charges on deposit accounts as well as a \$1.2 million decline in mortgage banking revenue**



Non-GAAP Reconciliations

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(end of period balances- \$ in millions)	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Total Shareholders' Equity	\$649.0	\$635.4	\$730.9	\$631.8	\$634.6	\$865.4	\$843.8	\$855.5	\$874.7
Deduct: Goodwill and Intangible Assets	(188.7)	(187.8)	(186.8)	(205.6)	(204.0)	(202.4)	(200.2)	(198.6)	(197.1)
Tangible Shareholders' Equity	460.3	447.6	544.1	426.2	430.6	663.0	643.6	657.0	677.7
Deduct: Preferred Stock	-0-	-0-	97.4	-0-	-0-	-0-	-0-	-0-	-0-
Tangible Common Shareholders' Equity	\$460.3	\$447.6	\$446.7	\$426.2	\$430.6	\$663.0	\$643.6	\$657.0	\$677.7
Total Assets	\$7,601.8	\$7,568.3	\$7,873.9	\$8,356.1	\$8,012.2	\$7,973.5	\$8,005.3	\$7,818.3	\$7,701.1
Add: Trust Overdrafts	.1	.3	1.0	.1	-0-	.4	.2	.3	.1
Deduct: Goodwill and Intangible Assets	(188.7)	(187.8)	(186.8)	(205.6)	(204.0)	202.4	200.2	198.6	197.1
Tangible Assets	\$7,413.1	\$7,380.9	\$7,688.1	\$8,150.6	\$7,808.2	\$7,771.6	\$7,805.4	\$7,620.0	\$7,504.1
Tangible Equity to Tangible Assets	6.21%	6.06%	7.08%	5.23%	5.51%	8.53%	8.25%	8.62%	9.03%
Tangible Common Equity to Tangible Assets	6.21%	6.06%	5.81%	5.23%	5.51%	8.53%	8.25%	8.62%	9.03%



Non-GAAP Reconciliations

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Tangible Common Shareholders' Equity	\$460.3	\$447.6	\$446.7	\$426.2	\$430.6	\$663.0	\$643.6	\$657.0	\$677.7
Risk Adjusted Assets	\$5,415.9	\$5,385.5	\$5,555.2	\$5,680.4	\$5,529.0	\$5,410.9	\$5,173.1	\$5,038.2	\$4,847.4
Tangible Common Equity to Risk Weighted Assets	8.50%	8.31%	8.04%	7.50%	7.79%	12.25%	12.44%	13.04%	13.98%



Non-GAAP Reconciliations

(\$ in thousands)	Three Months Ended March 31, 2010	Three Months Ended June 30, 2010
Net Interest Income	\$55,117	\$55,154
Taxable Equivalent Adjustment	3,711	3,470
Net Interest Income – Taxable Equivalent	\$58,828	\$58,624
Average Earning Assets	\$7,066,530	\$6,893,008
Net Interest Margin	3.12%	3.20%
Net Interest Margin – Fully Taxable Equivalent	3.33%	3.40%



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

