
Old National Bancorp

Keefe, Bruyette & Woods Bank Conference

March 1, 2011



Chris Wolking

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



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 and profitability and statements about the expected timing, completion, financial benefits and other effects of the proposed merger. Forward-looking statements can be identified by the use of the 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 (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related regulations), ability of Old National to execute its business plan (including the integration of Monroe Bancorp and its subsidiaries into Old National)), changes in the economy which could materially impact credit quality trends and the ability to generate loans and gather deposits, failure or circumvention of Old National's 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 resolutions of litigations, other matters discussed in this presentation and other factors identified in the Company's Annual Report on 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.

Old National Bancorp (NYSE: ONB)

- **\$8.0 billion in total assets** (including approximately \$800 million of assets acquired from Monroe Bancorp on 1/1/2011)
- **Largest financial services holding company headquartered in Indiana**
 - Operates one of the largest independent insurance agencies headquartered in Indiana
 - 177 financial centers throughout Indiana, Western Kentucky and Southern Illinois
- **Ranked 22nd on Forbes Top 100 Banks (Dec. 2010)**

Old National Bancorp (NYSE: ONB)

- **Questions you might be asking**
 - How does the acquisition of Monroe Bancorp fit into the Old National M&A strategy?
 - What is Old National doing to grow net income in this slow growth, low interest rate environment?
 - What is the company's strategy for deploying capital?
 - Is Old National concerned about credit quality?

Questions you might be asking

How does the acquisition of Monroe Bancorp fit into the Old National M&A strategy?

M & A Strategy

Focus on community banks in markets with attractive growth rates that are within or near our existing franchise

Must align strategically and culturally



Must pass rigorous due diligence process



Must meet/exceed financial targets



Must enhance Old National's mission of being a true "community bank"

Why Monroe Bancorp?

- **Strong strategic and cultural fit**
 - Bloomington, Ind. – home to Indiana University
 - Moves us to #1 market share from #6 in a strong Indiana market
 - Market has above-average growth rates
 - Low unemployment - 6.5% vs. 9.5% statewide
- **Financially compelling acquisition**
 - In market – allows 50% plus cost saves
 - Consolidate six locations at conversion
 - Accretive to EPS by 7% to 8%
 - Internal rate of return greater than 18%
- **Appropriate pricing 150%⁽¹⁾ of tangible book value at announcement and 156%⁽²⁾ at closing**

¹ using June 30, 2010 tangible book value

² using September 30, 2010 tangible book value

The Old National Footprint



Particularly interested in markets with attractive growth rates within or near existing franchise including

- I-65 Corridor (Indianapolis to Louisville)
- South Bend & Fort Wayne, Ind.
- Louisville & Lexington, Ky.
- Central & Southern Ohio
- Southwest Michigan

Questions you might be asking

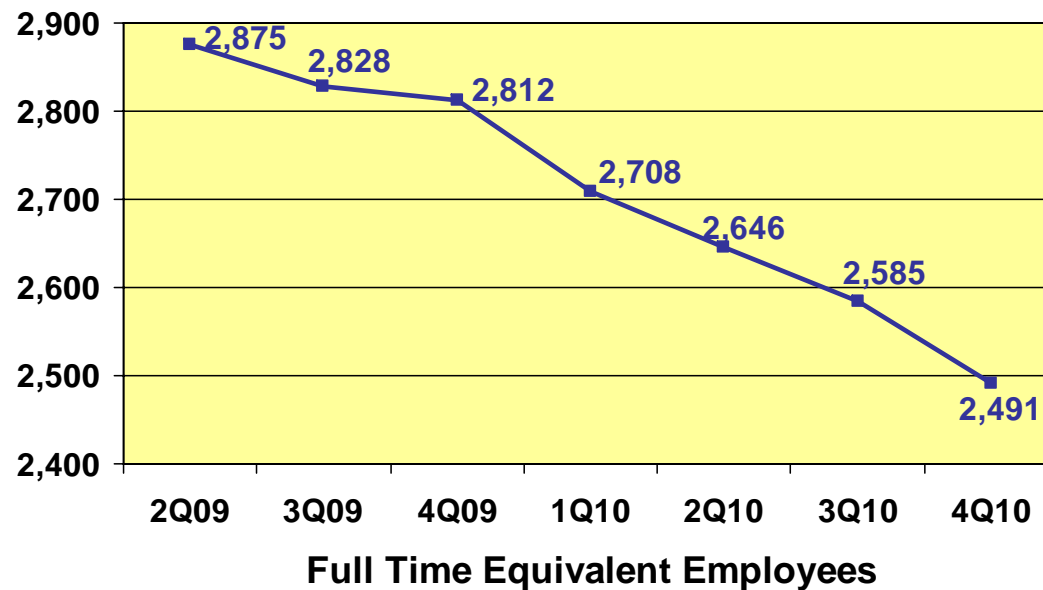
What is Old National doing to grow net income in this slow growth, low interest rate environment?

Slow Growth, Low Rate Environment

- Making tough decisions
 - Reducing noninterest expenses
 - Elimination of free checking
 - Reducing investment portfolio and wholesale funding
- Adapting and reshaping our business to grow revenue

Reduction of Noninterest Expenses

Decrease of 13.4% or 384 FTE



Full-year 2010 noninterest expenses are down \$24.7 million, or 7.3%, compared to 2009 levels

Noninterest Expense Analysis

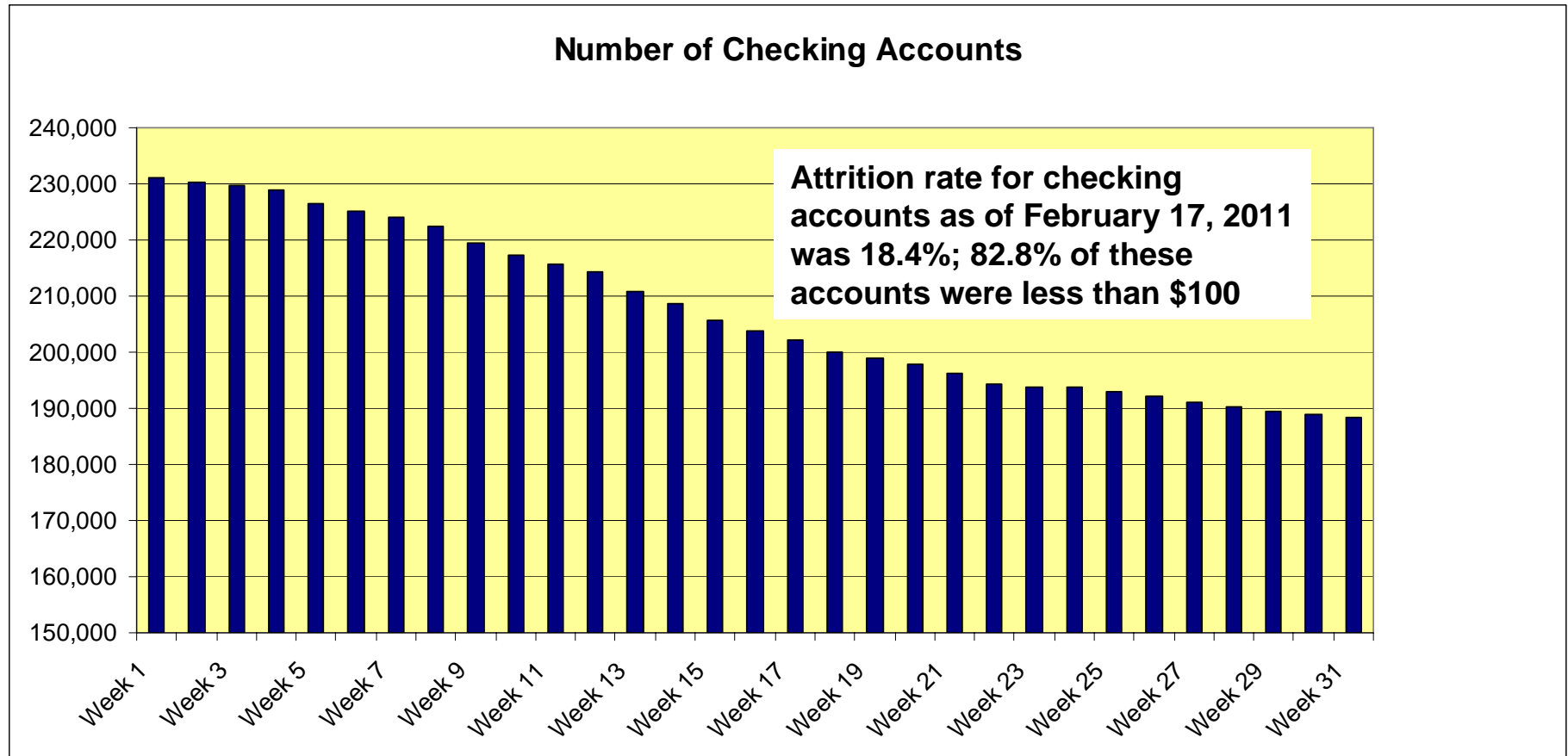
(\$ in millions)	4Q09	1Q10	2Q10	3Q10	4Q10
Total Noninterest Expenses (as reported)	\$90.8	\$77.1	\$77.9	\$76.1	\$83.3
Severance accrual	(1.9)	-0-	-0-	(1.3)	(.5)
Discretionary bonus (including FICA)	-0-	-0-	-0-	-0-	(3.3)
Reverse incentive accruals	1.2	-0-	-0-	-0-	-0-
Reverse restricted stock grants	.8	-0-	-0-	-0-	-0-
Self insured hospitalization adjustment	(.8)	-0-	-0-	-0-	(.9)
Other adjustments to salary and benefits accruals ⁽¹⁾	-0-	-0-	-0-	-0-	(1.0)
Monroe acquisition costs	-0-	-0-	-0-	-0-	(.9)
Extinguishment of debt charges	(3.5)	-0-	(1.4)	(.9)	(3.8)
Provision for unfunded commitments	(.8)	.8	(.2)	.9	.1
Losses on branch closures	-0-	-0-	(.9)	-0-	(.3)
OREO loss (one specific large credit)	-0-	-0-	-0-	(1.0)	-0-
Total Noninterest Expenses (as adjusted)*	\$85.8	\$77.9	\$75.4	\$73.8	\$72.7

Company anticipates a 3% merit increase effective April, 2011

¹ Includes pension, performance-based restricted stock and other misc. accruals

* See Appendix for Non-GAAP reconciliation

Elimination of Free Checking



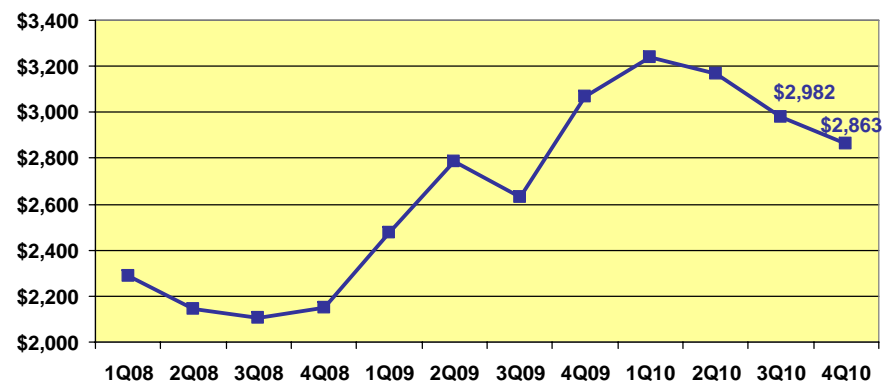
- **Average account balances increased 24% from 7/31/10 (\$2,087) to 1/31/11 (\$2,596)**
- **Total balances increased 2% from 7/31/10 (\$481 million) to 1/31/11 (\$492 million)**

Reducing Investment Portfolio & Wholesale Funding

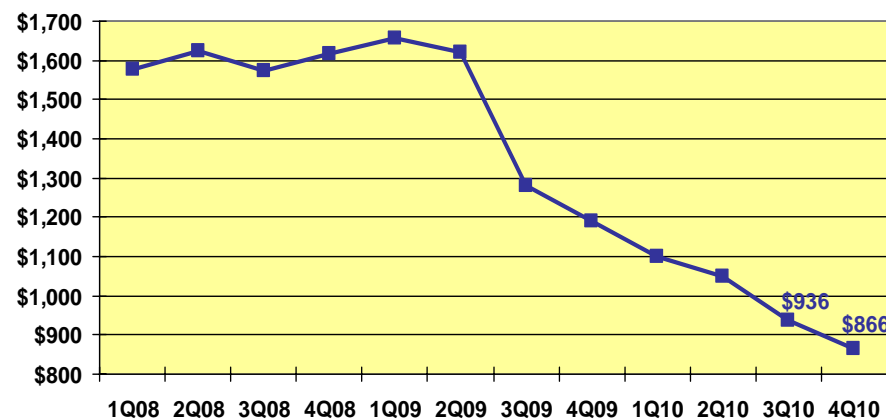
- Total investments including money market investments declined \$118.4 million⁽¹⁾

- Total wholesale funding including brokered CDs declined \$69.6 million⁽¹⁾
 - Termination of \$50 million of FHLB advances
 - Redemption of ONB Capital Trust II
 - \$100 million at 8%
 - At 12-15-10

Total Investments



Wholesale Funding



Quarterly Averages \$ in millions

¹ 4Q10 vs. 3Q10 quarterly averages

But what about Revenue?

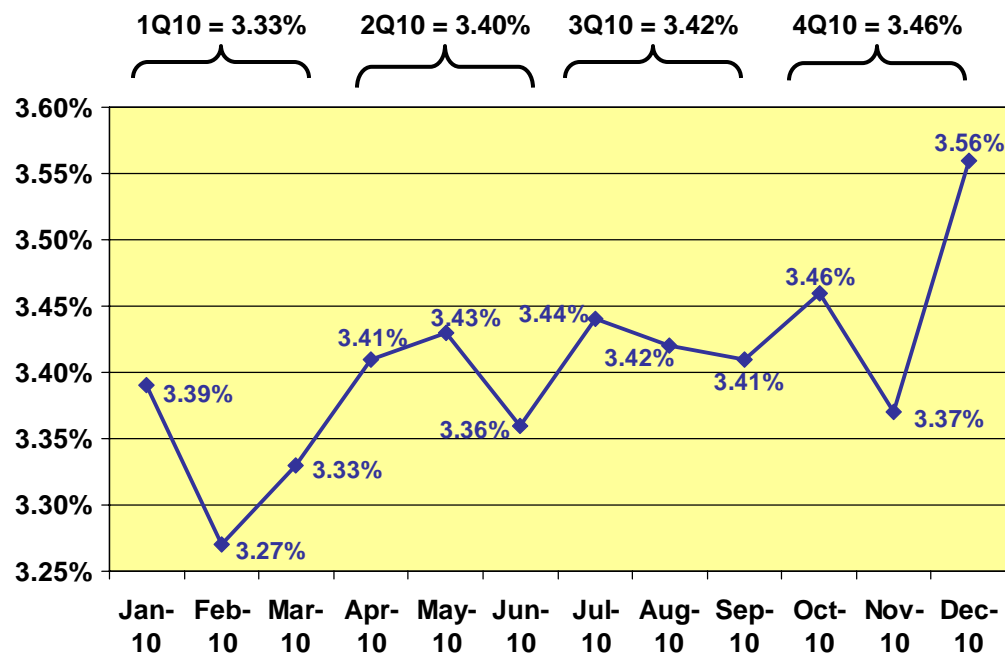
- Streamlining processes to make it simpler, easier and faster for clients to do business with Old National
 - Commercial Banking Unit redesign
 - Second review committee for new lending opportunities
 - Introduction of Quick Home Refi product

But what about Revenue?

- Entire company focused on important client acquisition from competitors – committed to taking market share
- Strategic cross-selling - marketing insurance and wealth management products to commercial relationships

But what about Revenue?

- Steady improvement in net interest margin⁽¹⁾ throughout 2010
 - Improving the earning asset mix
 - Growing core deposits
 - Reducing wholesale funding
 - Maintaining an asset-sensitive balance sheet



¹ Fully taxable equivalent basis

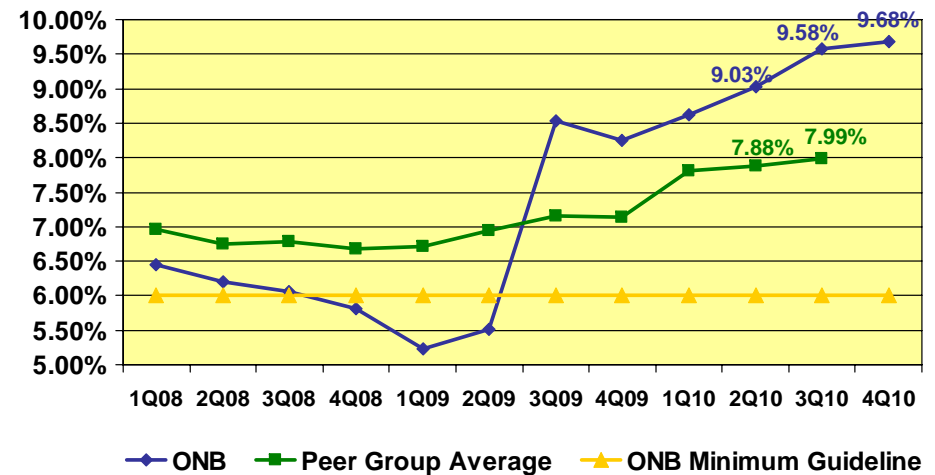
Questions you might be asking

What is the company's strategy for deploying capital?

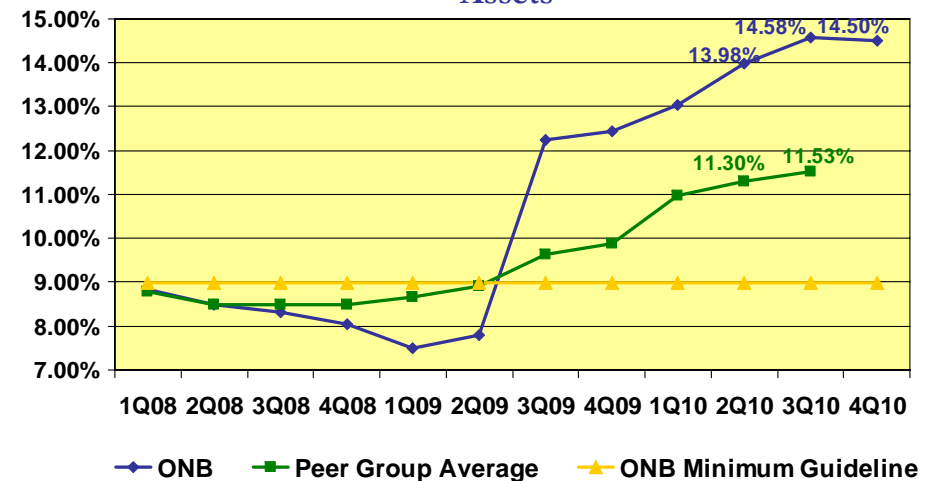
Capital Strategy

- Among the best capitalized in our peer group
- Strong capital position allows us to prudently take advantage of acquisition opportunities
- Authorized share repurchase program 1/27/11
 - Ends 1/31/12
 - Up to 2.25 million shares

Tangible Common Equity To Tangible Assets



Tangible Common Equity to Risk Weighted Assets

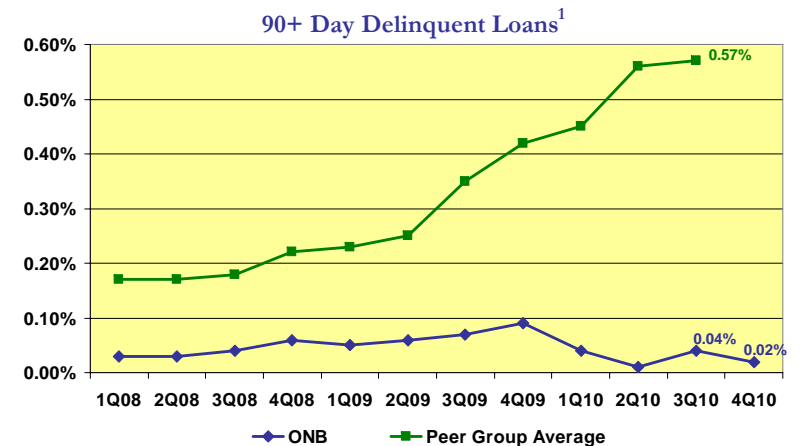
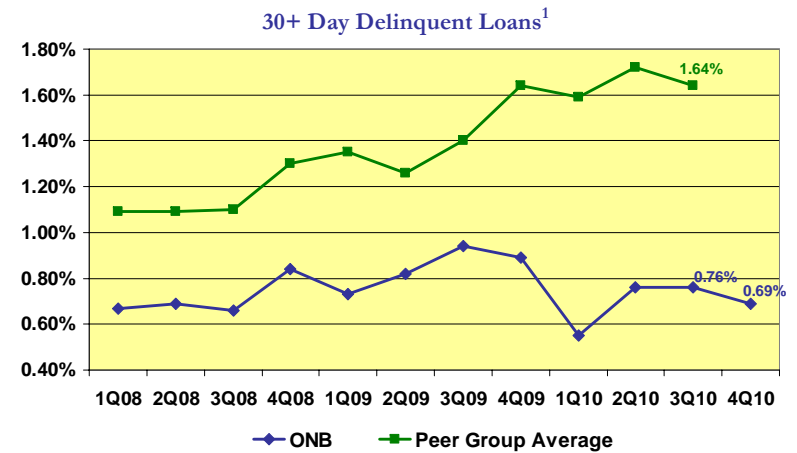


Questions you might be asking

Is Old National concerned about credit quality?

Credit Trends

- Cautiously optimistic given the trend regarding delinquencies
- Better than peer group performance

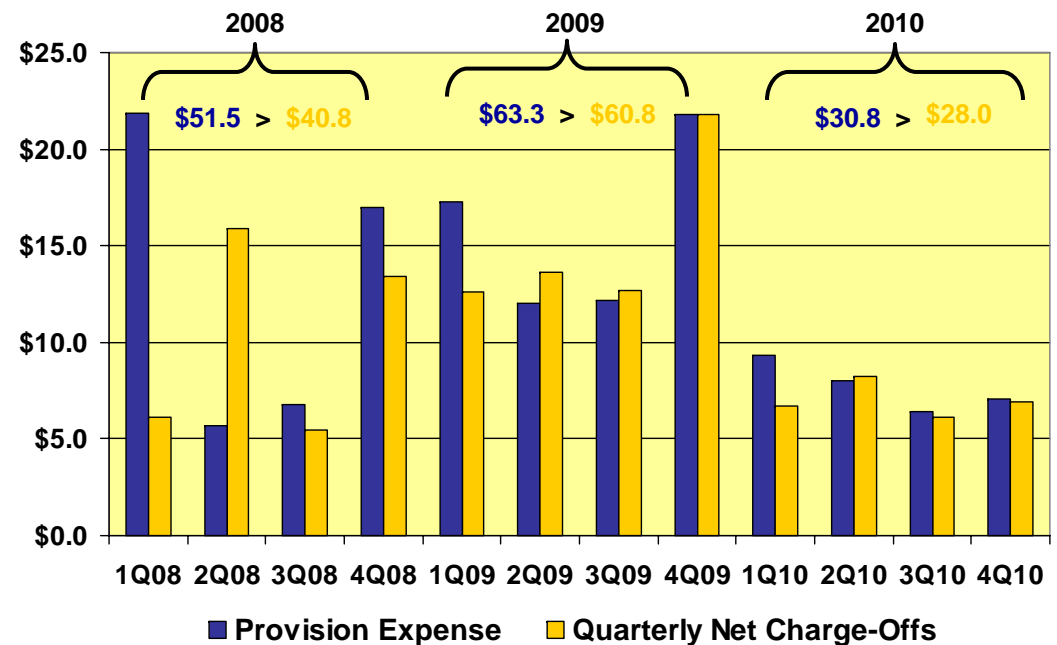


Peer Group data per SNL Financial. See Appendix for definition of Peer Group

¹As a % of end of period total loans

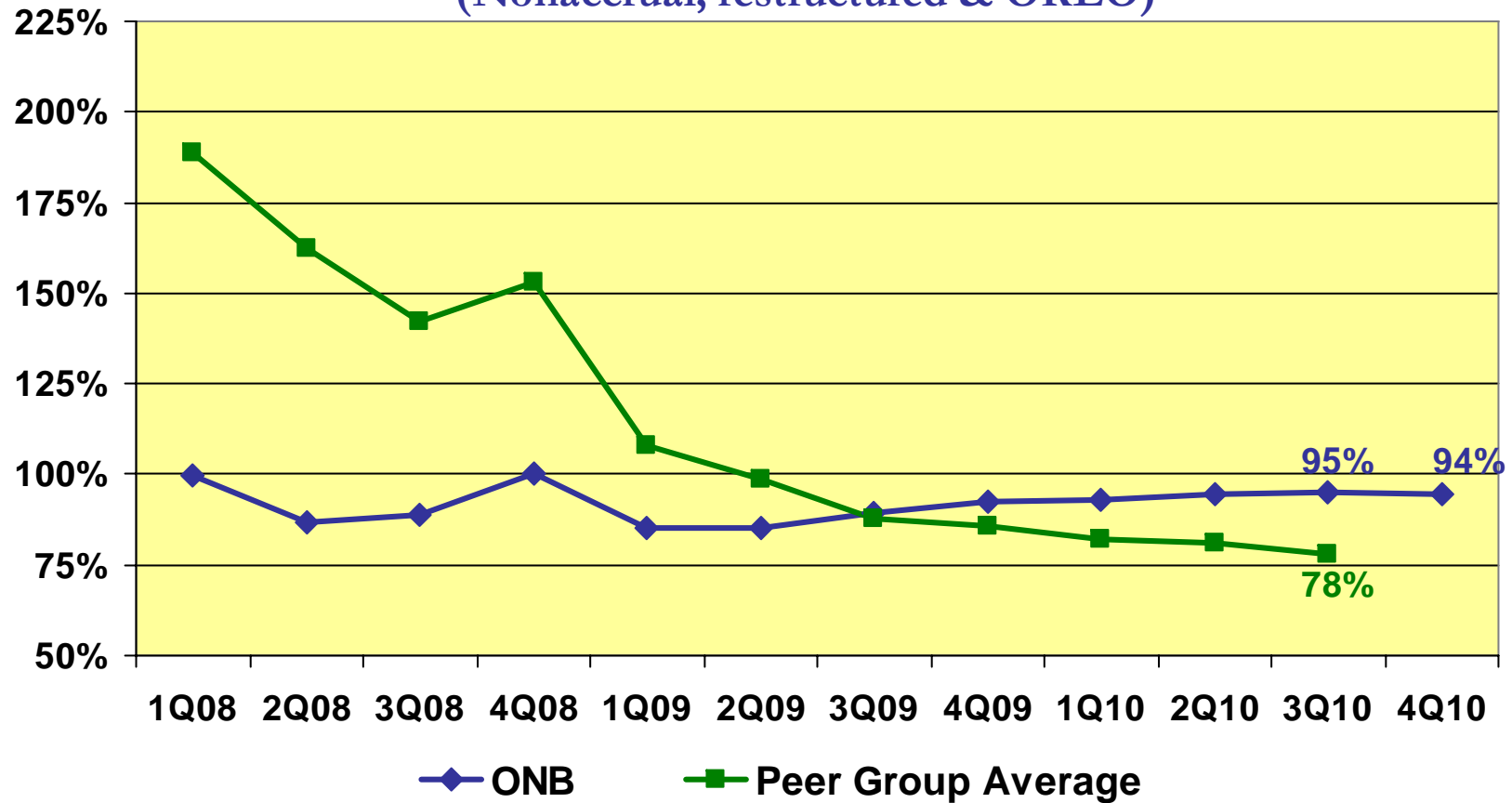
Credit Trends

- Positive trends in credit quality led to decline in credit costs
- Provision expense exceeded charge-offs in last 3 years



Credit Trends

Allowance for Loan Losses to Non-Performing Assets
(Nonaccrual, restructured & OREO)



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

Thank You

Q&A



Old National Bancorp

Appendix



Non-GAAP Reconciliations

(\$ in millions)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Total Revenues	\$101.4	\$106.4	\$95.4	\$91.6	\$98.1	\$98.1	\$96.1	\$96.2
Less: Provision for Loan Losses	(17.3)	(12.0)	(12.2)	(21.8)	(9.3)	(8.0)	(6.4)	(7.1)
Less: Noninterest Expenses	(77.5)	(86.8)	(84.0)	(90.8)	(77.1)	(77.9)	(76.1)	(83.3)
Pre-tax Income	\$6.6	\$7.6	\$(.8)	\$(21.0)	\$11.7	\$12.2	\$13.6	\$5.8
Add: Provision for Loan Losses	17.3	12.0	12.2	21.8	9.3	8.0	6.4	7.1
Pre-tax, Pre-Provision Income	\$23.9	\$19.6	\$11.4	\$8	\$21.0	\$20.2	\$20.0	\$12.9

Non-GAAP Reconciliations

(\$ in millions)	4Q09	1Q10	2Q10	3Q10	4Q10
Total Noninterest Expenses (as reported)	\$90.8	\$77.1	\$77.9	\$76.1	\$83.3
Severance accrual	(1.9)	-0-	-0-	(1.3)	(.5)
Discretionary bonus (including FICA)	-0-	-0-	-0-	-0-	(3.3)
Reverse incentive accruals	1.2	-0-	-0-	-0-	-0-
Reverse restricted stock grants	.8	-0-	-0-	-0-	-0-
Self insured hospitalization adjustment	(.8)	-0-	-0-	-0-	(.9)
Other adjustments to salary and benefits accruals ⁽¹⁾	-0-	-0-	-0-	-0-	(1.0)
Monroe acquisition costs	-0-	-0-	-0-	-0-	(.9)
Extinguishment of debt charges	(3.5)	-0-	(1.4)	(.9)	(3.8)
Provision for unfunded commitments	(.8)	.8	(.2)	.9	.1
Losses on branch closures	-0-	-0-	(.9)	-0-	(.3)
OREO loss (one specific large credit)	-0-	-0-	-0-	(1.0)	-0-
Total Noninterest Expenses (as adjusted)*	\$85.8	\$77.9	\$75.4	\$73.8	\$72.7

¹ Includes pension, performance-based restricted stock and other misc. accruals

Non-GAAP Reconciliations

(end of period balances- \$ in millions)	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Total Shareholders' Equity	\$635.4	\$730.9	\$631.8	\$634.6	\$865.4	\$843.8	\$855.5	\$874.7	\$895.7	\$878.8
Deduct: Goodwill and Intangible Assets	(187.8)	(186.8)	(205.6)	(204.0)	(202.4)	(200.2)	(198.6)	(197.1)	(195.6)	(194.1)
Tangible Shareholders' Equity	447.6	544.1	426.2	430.6	663.0	643.6	657.0	677.7	700.1	684.7
Deduct: Preferred Stock	-0-	(97.4)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Tangible Common Shareholders' Equity	\$447.6	\$446.7	\$426.2	\$430.6	\$663.0	\$643.6	\$657.0	\$677.7	\$700.1	\$684.7
Total Assets	\$7,568.3	\$7,873.9	\$8,356.1	\$8,012.2	\$7,973.5	\$8,005.3	\$7,818.3	\$7,701.1	\$7,506.1	\$7,263.9
Add: Trust Overdrafts	.3	1.0	.1	-0-	.4	.2	.3	.1	.1	.5
Deduct: Goodwill and Intangible Assets	(187.8)	(186.8)	(205.6)	(204.0)	(202.4)	(200.2)	(198.6)	(197.1)	(195.6)	(194.1)
Tangible Assets	\$7,380.9	\$7,688.1	\$8,150.6	\$7,808.2	\$7,771.6	\$7,805.4	\$7,620.0	\$7,504.1	\$7,310.6	\$7,070.3
Tangible Equity to Tangible Assets	6.06%	7.08%	5.23%	5.51%	8.53%	8.25%	8.62%	9.03%	9.58%	9.68%
Tangible Common Equity to Tangible Assets	6.06%	5.81%	5.23%	5.51%	8.53%	8.25%	8.62%	9.03%	9.58%	9.68%

Non-GAAP Reconciliations

(end of period balances- \$ in millions)	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
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Deduct: Preferred Stock	-0-	(97.4)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Tangible Common Shareholders' Equity	\$447.6	\$446.7	\$426.2	\$430.6	\$663.0	\$643.6	\$657.0	\$677.7	\$700.1	\$684.7
Risk Adjusted Assets	\$5,385.5	\$5,555.2	\$5,680.4	\$5,529.0	\$5,410.9	\$5,173.1	\$5,038.2	\$4,847.4	\$4,803.2	\$4,720.9
Tangible Common Equity to Risk Weighted Assets	8.31%	8.04%	7.50%	7.79%	12.25%	12.44%	13.04%	13.98%	14.58%	14.50%

Non-GAAP Reconciliations

(\$ in thousands)	Three Months Ended June 30, 2010	Three Months Ended Sept. 30, 2010	Three Months Ended Dec. 31, 2010
Net Interest Income	\$55,154	\$54,168	\$53,977
Taxable Equivalent Adjustment	3,470	3,154	3,147
Net Interest Income – Taxable Equivalent	\$58,624	\$57,322	\$57,124
Average Earning Assets	\$6,893,008	\$6,700,212	\$6,598,680
Net Interest Margin	3.20%	3.23%	3.27%
Net Interest Margin – Fully Taxable Equivalent	3.40%	3.42%	3.46%

ONB Peer Group

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

1st Source Corporation	SRCE	Heartland Financial USA, Inc.	HTLF
BancFirst Corporation	BANF	IBERIABANK Corporation	IBKC
BancorpSouth, Inc.	BXS	MB Financial, Inc.	MBFI
Bank of Hawaii Corporation	BOH	Park National Corporation	PRK
Chemical Financial Corporation	CHFC	Pinnacle Financial Partners, Inc.	PNFP
Commerce Bancshares, Inc.	CBSH	Prosperity Bancshares, Inc.	PRSP
Cullen/Frost Bankers, Inc.	CFR	S&T Bancorp, Inc.	STBA
F.N.B. Corporation	FNB	Sterling Bancshares, Inc.	SBIB
First Commonwealth Financial Corporation	FCF	Susquehanna Bancshares, Inc.	SUSQ
First Financial Bancorp.	FFBC	Trustmark Corporation	TRMK
First Interstate BancSystem, Inc.	FIBK	UMB Financial Corporation	UMBF
First Merchants Corporation	FRME	United Bankshares, Inc.	UBSI
First Midwest Bancorp, Inc.	FMBI	Valley National Bancorp	VLV
FirstMerit Corporation	FMER	WesBanco, Inc.	WSBC
Glacier Bancorp, Inc.	GBCI	Whitney Holding Corporation	WTNY
Hancock Holding Company	HBHC	Wintrust Financial Corporation	WTFC