

2nd-Quarter 2019 Financial Review

July 22, 2019



Forward-Looking Statements; Non-GAAP; New Accounting Standards

Forward-Looking Statements:

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 Bancorp's ("Old National's") financial condition, results of operations, asset and credit quality trends and profitability. 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. 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: expected cost savings, synergies and other financial benefits from the merger with Klein that might not be realized within the expected timeframes and costs or difficulties relating to integration matters might be greater than expected; 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; 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 resolutions of litigations; disruptive technologies in payment systems and other services traditionally provided by banks; computer hacking and other cybersecurity threats; other matters discussed in this presentation; and other factors identified in our Annual Report on Form 10-K and other periodic filings with the SEC. These forward-looking statements are made only as of the date of this presentation, and Old National does not undertake an obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this presentation.

Non-GAAP:

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 registrant; 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.

New Accounting Standards:

For the three months ended March 31, 2018, amounts reflect the reclassification of \$0.5 million of agency costs from data processing expense to investment product fee revenue as a result of the implementation of the revenue recognition accounting standard.

Second-Quarter 2019 Key Performance Indicators

Earnings:

- Record net income increased 43% from a year ago to \$63.0mm, or \$0.36 per diluted share
- Adjusted net income¹ of \$64.5mm, or \$0.37 per diluted share, excludes \$3.2mm in merger charges

Loans and Deposits²:

- Record high commercial production at \$628mm; pipeline at \$1.7bn
- Loan outstandings impacted by increased payoffs in commercial and intentional exits of higher risk credits
- Credit quality remains strong with positive migration and net charge-offs of 1 basis point
- Total deposits relatively flat despite normal seasonal patterns
 - Low cost of total deposits at 52 bps, up 6 bps from 1Q19

Operating Leverage and Expense Management:

- Positive adjusted operating leverage¹ of 724 bps year-over-year
- 15.8% year-over-year increase in adjusted revenue¹
- 8.6% year-over-year increase in adjusted noninterest expense¹
- Adjusted efficiency ratio¹ of 57.52% improved 416 bps from the second quarter of 2018

Return Profile:

- Pre-provision net revenue return on average assets¹ was 1.64%
- Adjusted pre-provision net revenue return on average assets¹ was 1.69%

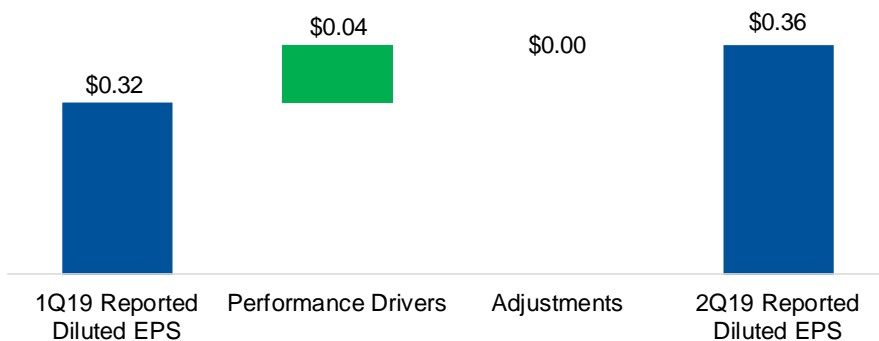
Capital Actions:

- 1.8 million shares repurchased at a weighted average price of \$16.37 per share, excluding commissions

¹ Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation ² Based on end-of-period balances

Second-Quarter 2019 Results

Reported EPS

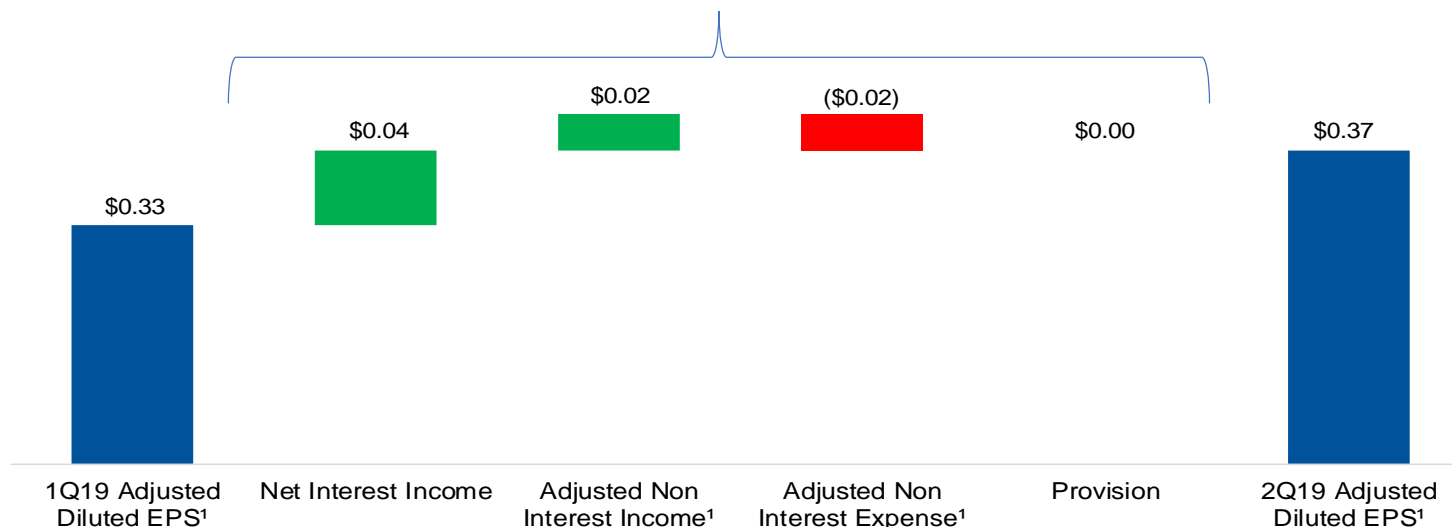


Performance Drivers

- Net income increase of \$6.7mm vs. 1Q19
- Credit metrics remain strong – net charge-offs of 0.01%
- Reported noninterest expense includes \$3.2mm in merger charges

Adjusted EPS¹

Performance Drivers

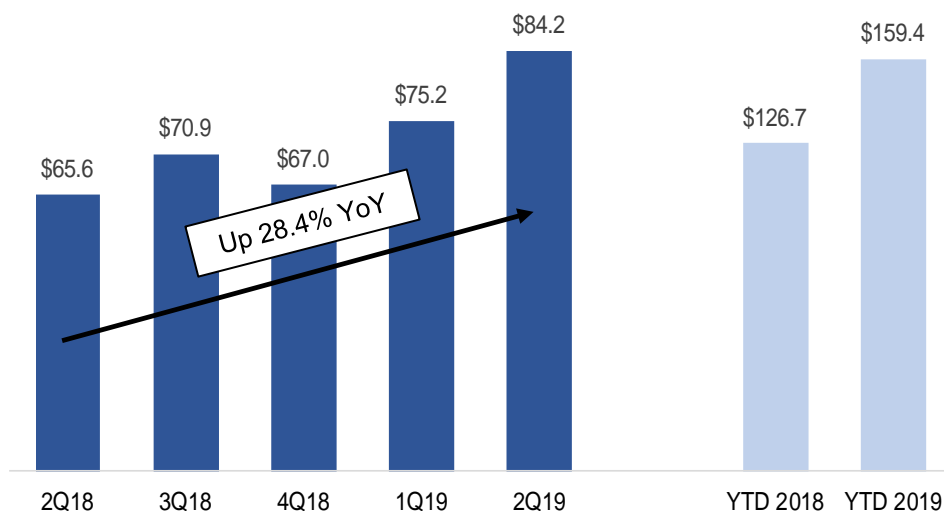


\$ in millions, except per-share data Amounts tax-effected using the current statutory FTE tax rates (federal + state) of 25%

¹ Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

Pre-Provision Net Revenue

Adjusted Pre-Provision Net Revenue¹



- Adjusted pre-provision net revenue¹ increased 28.4% Y/Y
- Improvement driven by successful execution of our stated strategy
 - Low credit costs
 - Low cost core deposit funding
 - Strong expense management

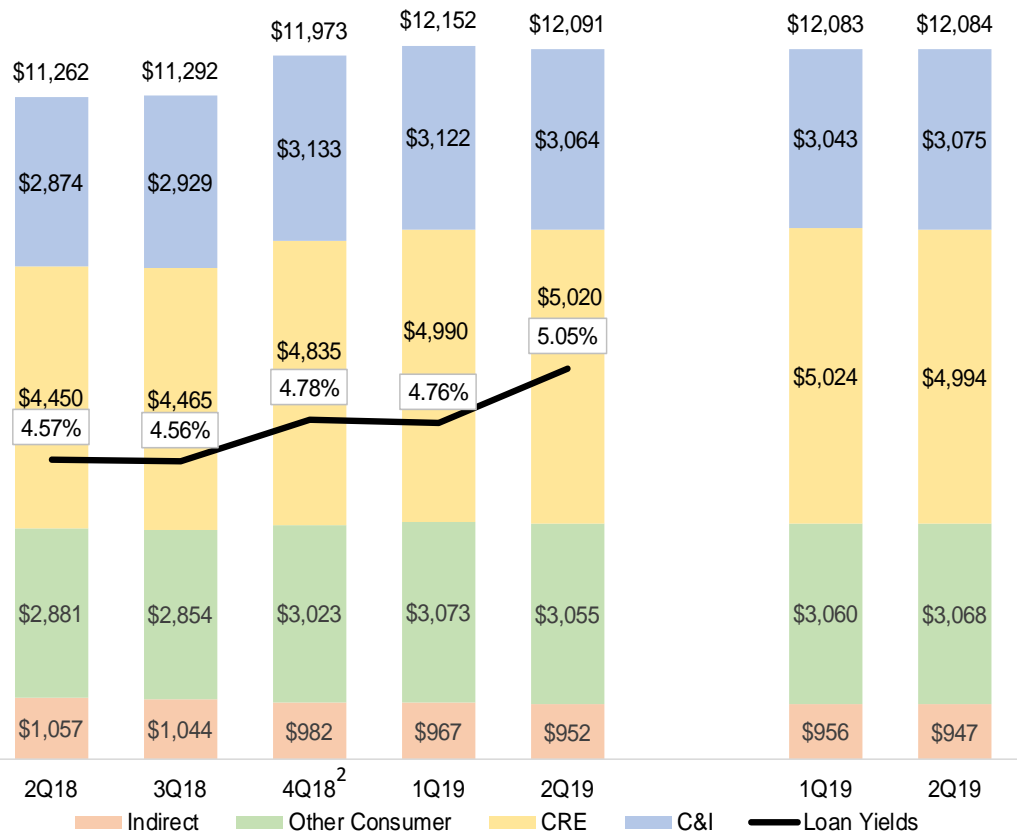
	2Q18	2Q19
Adjusted total revenue ¹	\$180.1	\$208.5
Adjusted noninterest expense ¹	\$114.5	\$124.3
Basis point change in adj. total revenue		1,580
Basis point change in adj. noninterest exp.		856
Adjusted Operating leverage		724

- Positive operating leverage continues
 - 724 bps Y/Y improvement

\$ in millions ¹Non-GAAP financial measure which management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation – includes the 4Q18 impact of the \$7.6mm in incentive compensation annual true-ups and benefit adjustments

Loans¹

Total Loans



Average Balances

Period-End Balances

Quarterly commercial production of \$628.0mm

- Average new production size < \$700,000
- Commercial pipeline at quarter end of \$1.7bn
- Line utilization was 35.1% at quarter end

Loan yields increased 29 bps

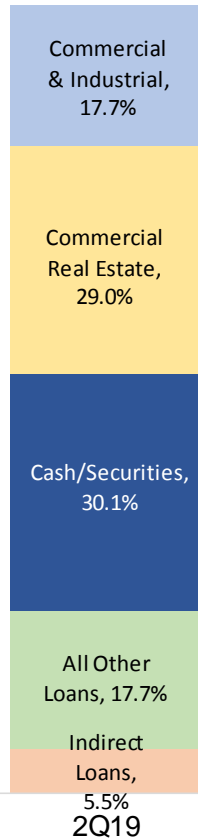
- + 10 bps accretion income
- + 3 bps loan coupons/mix/volume/days
- + 16 bp interest collected on nonaccruals

2Q19 new production average yields

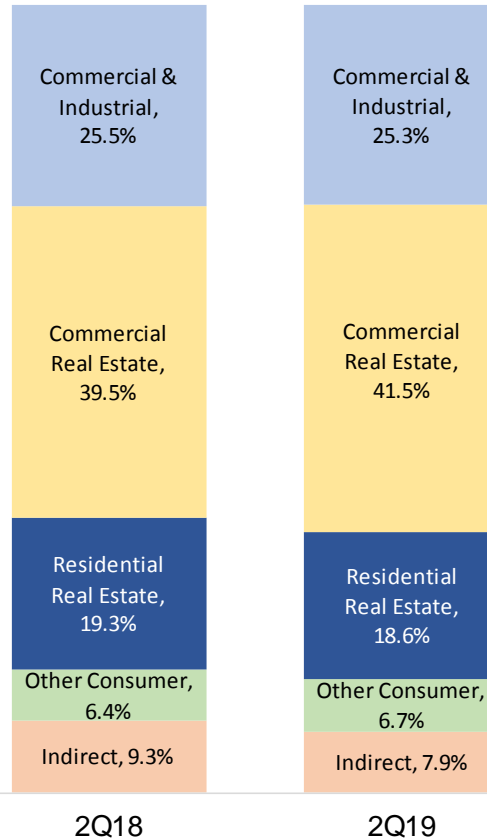
- Commercial & industrial: 4.32%
- Commercial real estate: 4.74%
- Residential real estate: 4.13%
- Indirect lending: 4.11%

Average Balance Sheet Mix

Earning Assets



Loans



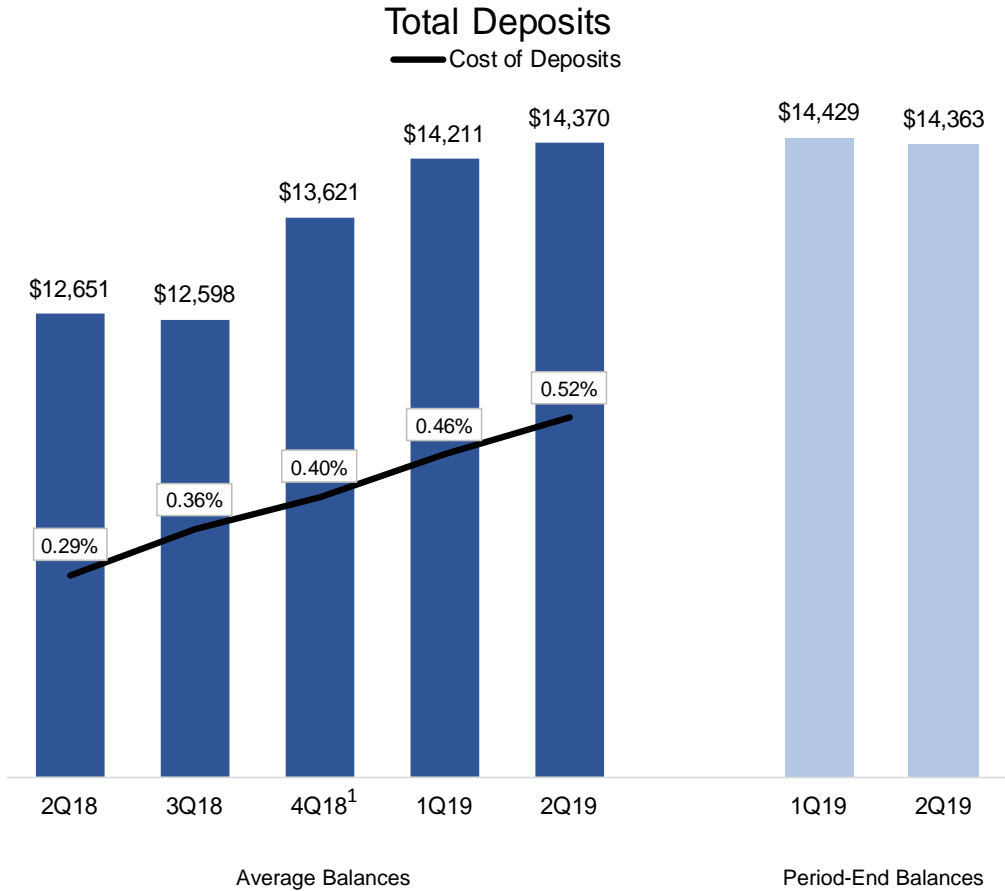
Loans

- Total commercial loans: 66.8% of total loans, up 1.8% Y/Y
- Indirect auto: 7.9% of earning assets, down 1.4% Y/Y

Securities

- Duration of 3.34 vs. 3.65 in 1Q19
- 2Q19 yield was 2.98%
- 2Q19 new money yield was 3.13%
- Estimated NTM cash flows of \$1,173mm
- Net unrealized pre-tax gain of \$63.2mm¹
- Net unamortized premium of \$54.8mm

Stable Funding Costs



Total deposit costs of 52 bps

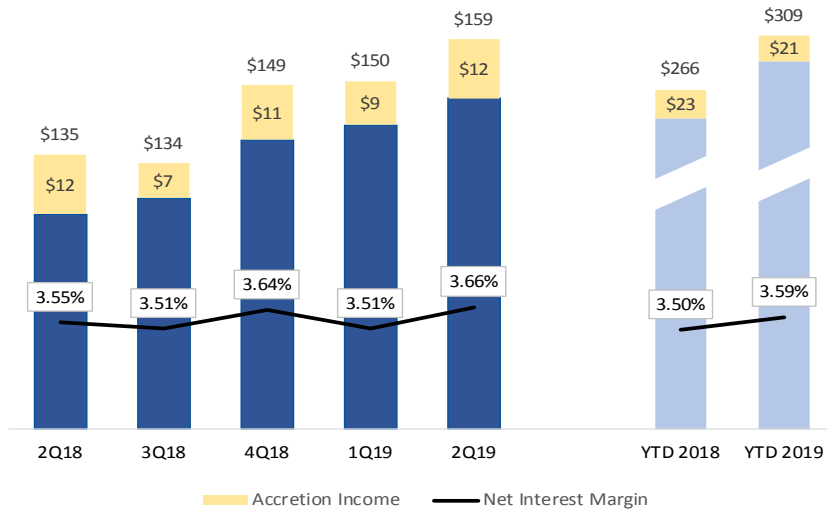
Total Interest-bearing deposit costs were 70 bps, up 6 bps from 1Q19

Low loan to deposit ratio of 84.1%

\$ in millions ¹ Reflects closing of Klein

Net Interest Income & Net Interest Margin¹

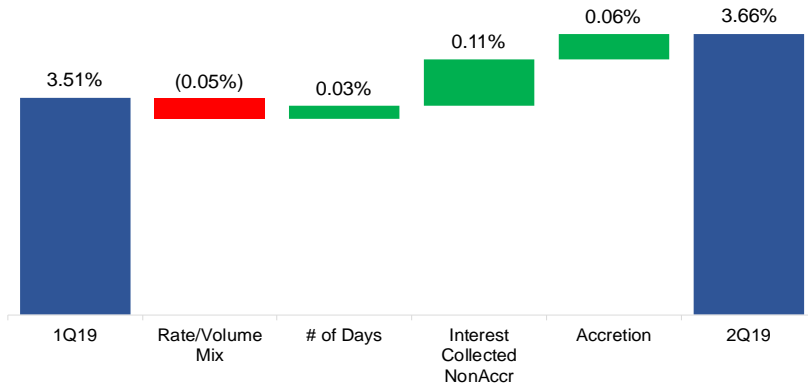
Net Interest Income



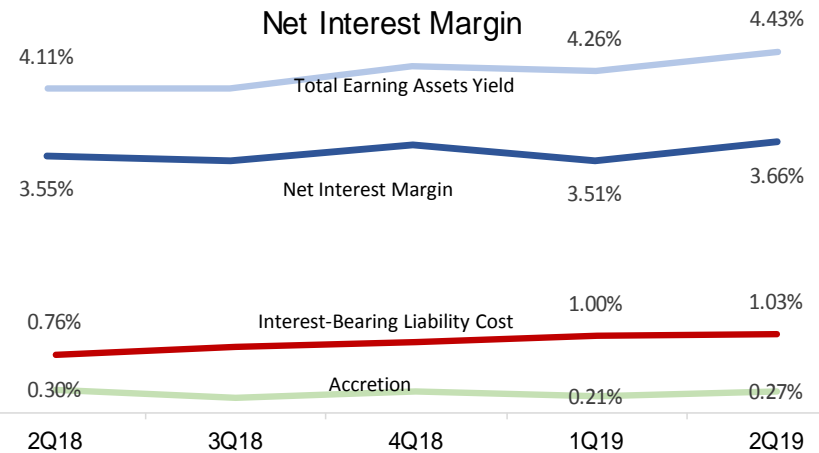
Key Performance Drivers

- NIM increased 15 bps vs. 1Q19
 - + 6 bps accretion
 - + 3 bps change due to # of days
 - - 5 bps rate/volume/mix
 - + 11 bps interest collected on nonaccruals

Net Interest Margin



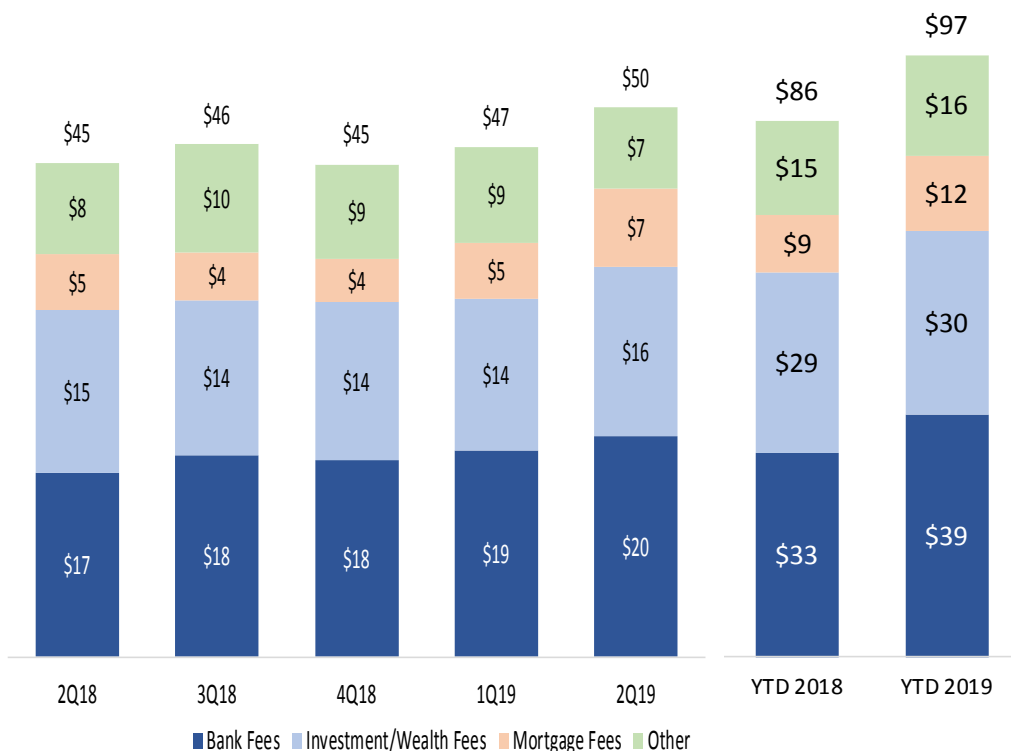
Net Interest Margin



\$ in millions ¹Tax Equivalent Basis; Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

Noninterest Income

Adjusted Noninterest Income¹

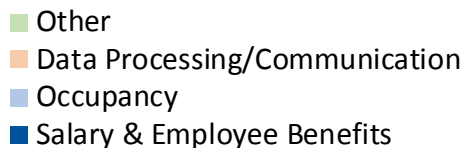
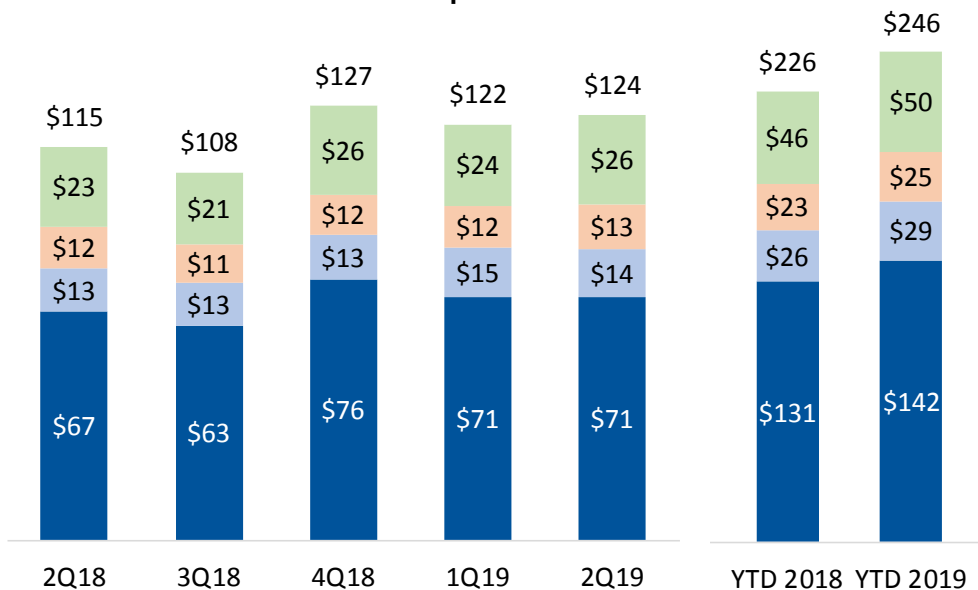


Key Performance Drivers

- Adjusted noninterest income¹
 - \$2.1mm increase in mortgage banking revenue
 - \$1.4mm increase in wealth management revenue
 - \$0.6mm increase in capital markets income
- Mortgage revenue
 - 2Q19 net gains on sales and fees was \$5.1mm and net servicing income was \$2.0mm
 - 2Q19 production was \$322.5mm
 - 75% purchase / 25% refi
 - 58% sold in secondary market
 - Quarter-end pipeline at \$245mm

Noninterest Expense

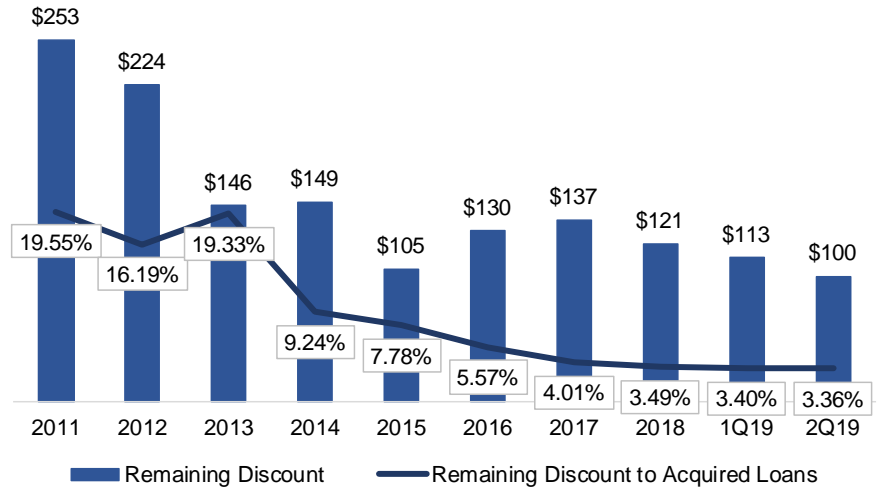
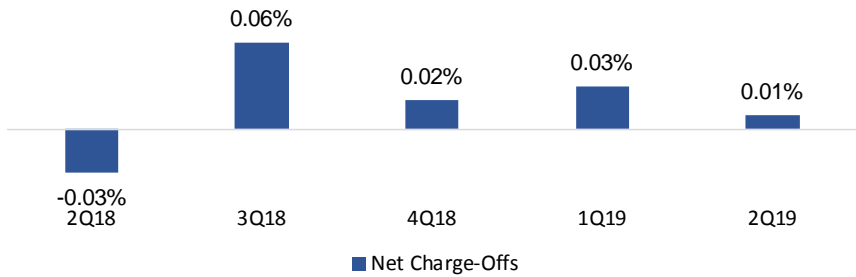
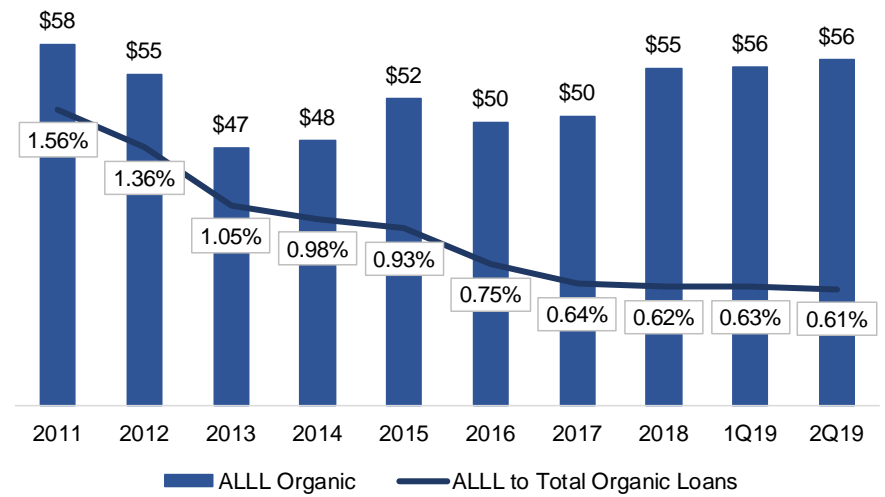
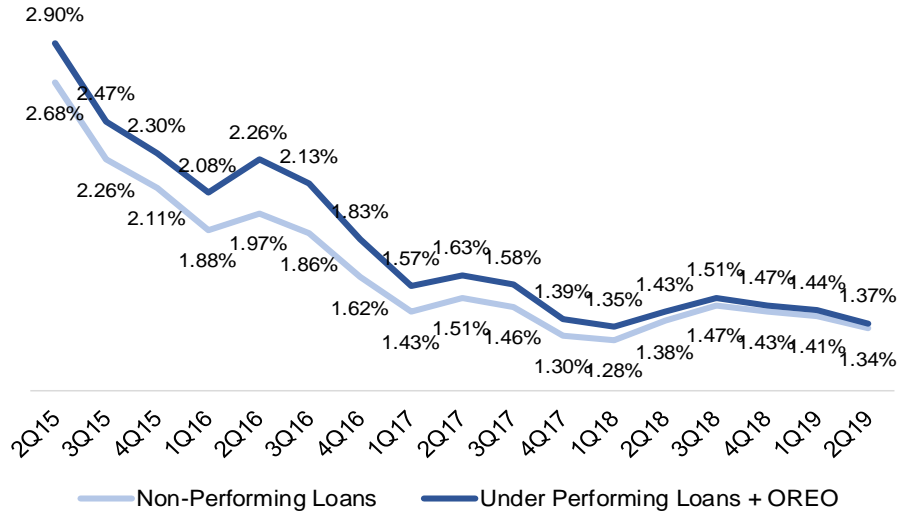
Adjusted Noninterest Expense¹



Key Performance Drivers

- Adjusted noninterest expense¹
 - Reflects ongoing focus on disciplined expense management
- Adjusted Efficiency Ratio¹ of 57.52%
 - 416 bps improvement from second quarter of 2018

Credit



\$ in millions

2Q19 Takeaways

Disciplined approach to risk and credit management

- Net charge-offs of just 0.01% and nonperforming loans of 1.34%
- Average commercial new production loan size < \$700,000
- Lower risk model with risk weighted assets/total assets at 69% vs. peers at 79%¹

Improvement in adjusted operating leverage²

- Remain focused on generating revenue growth at rates above expense growth
- Efficiency ratio continues to improve; 724 bps operating leverage improvement vs 2Q18
- Benefits of franchise evolution and increased scale being realized

Strong commercial loan activity

- Record production of \$628mm

Successfully defended net interest margin

- Net interest margin, excluding accretion income and interest collected on nonaccrual loans, down just 2 bps from 1st quarter

¹ Peer group data per S&P Global Market Intelligence – See Appendix for definition of peer group – Peer group data as of March 31, 2019

² Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

Outlook for 2019

Driving shareholder value

- Expect commercial loan production to remain strong
- FTE NIM, excluding accretion income, under pressure given anticipated rate cuts; yield curve dynamics remain challenging
- Noninterest income remain subject to normal seasonal patterns
- Noninterest expenses in 2H19 should benefit from remainder of Klein cost saves
- Full-year 2019 tax rates expected to be ~23% FTE and ~20% GAAP; immaterial impact from tax credit business given fund structure
- Klein conversion completed April 2019; continued footprint consolidations

Category	2Q19 Adjusted Results ¹
Commercial Loan Production	Record production of \$628.0mm; pipeline of \$1.7bn
Net Interest Margin	FTE NIM was 3.66%, including 27 bps of accretion income and 13 bps of interest collected on nonaccrual loans
Noninterest Income	\$50.0mm, excluding debt securities gains
Noninterest Expense	\$124.3mm, excluding amortization of tax credit investments and merger charges
Tax Rate/Credits	FTE income tax rate was 21.9% with \$0.6m in tax credit amortization
M&A/Branch Actions	Klein converted April 2019 Client/associate retention as expected; cost saves remain on track

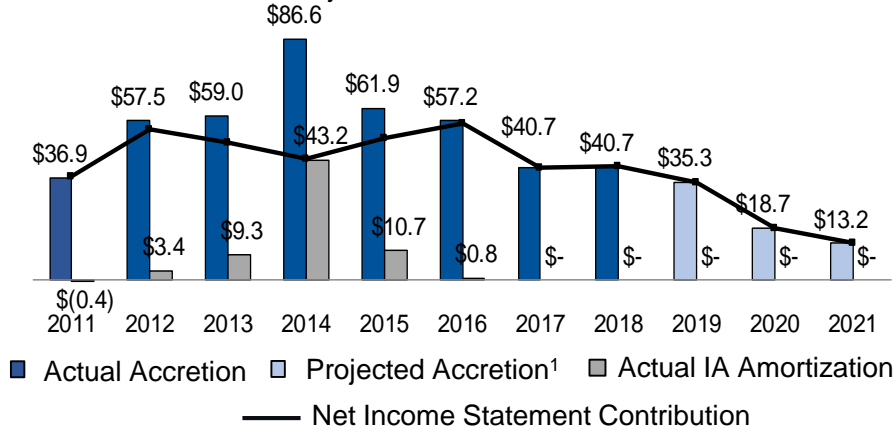
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Appendix

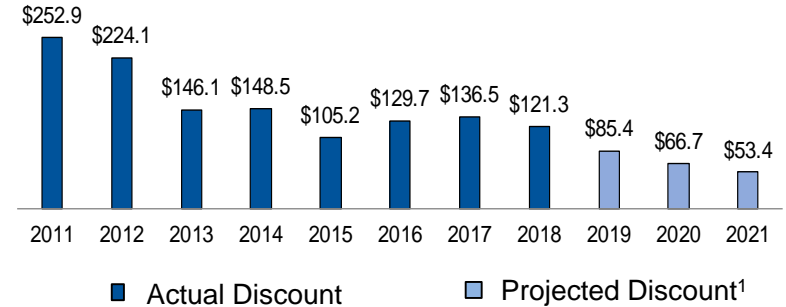
Projected Purchase Accounting Impact

Manageable declines in purchase accounting impact expected in future periods

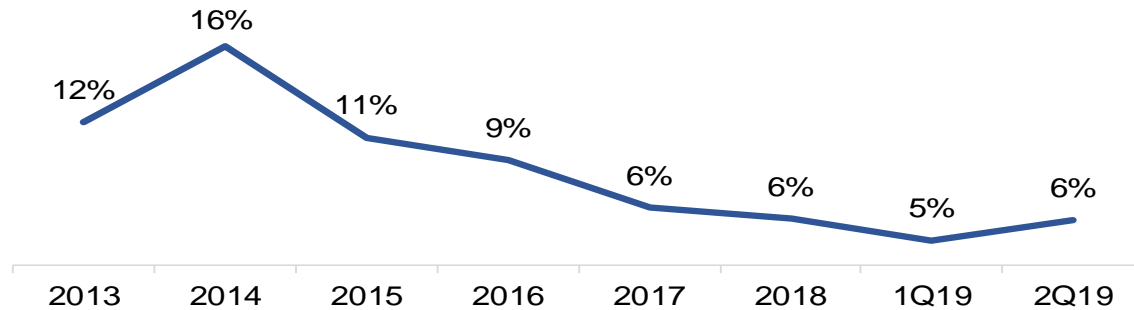
Projected Accretion Income



Projected Remaining Discount



Accretion as a % of Adjusted Total Revenue²



\$ in millions ¹ Projections are updated quarterly, assume no prepayments and are subject to change IA = Indemnification Asset ² Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

Non-GAAP Reconciliations

	2Q18	1Q19	2Q19
As Reported:			
Net Interest Income (FTE)	\$134.8	\$150.2	\$158.5
Add: Fee Income	49.3	46.4	51.2
Total Revenue (FTE)	\$184.1	\$196.6	\$209.7
Less: Provision	(2.4)	(1.0)	(1.0)
Less: Noninterest Expense	(130.5)	(123.0)	(128.1)
Pre-Tax Income	\$51.2	\$72.6	\$80.6
Less: Income Taxes (FTE)	7.2	16.3	17.6
Net Income	\$44.0	\$56.3	\$63.0
Earnings Per Share	\$0.29	\$0.32	\$0.36
Adjustments:			
Less: Debt Securities Gains/Losses	(\$1.5)	\$0.1	(\$1.2)
Less: Gain on Sale of Student Loans	(2.2)	-	-
Add: M&A Charges	2.5	1.2	3.2
Add: Branch Action Charges (Net of Gain)	0.9	-	-
Add: Severance	0.4	-	-
Net Total Adjustments	\$0.1	\$1.3	\$2.0
Tax Effect on Net Total Adjustments	-	0.3	0.5
After-Tax Net Total Adjustments	\$0.1	\$1.0	\$1.5
Adjusted Net Income	\$44.1	\$57.3	\$64.5
Adjusted Earnings Per Diluted Share	\$0.29	\$0.33	\$0.37

\$ in millions, except per share data

Non-GAAP Reconciliations

	2Q18	3Q18	4Q18	1Q19	2Q19	YTD 2018	YTD 2019
As Reported:							
Net Interest Income (FTE)	\$134.8	\$133.6	\$149.3	\$150.2	\$158.5	\$266.1	\$308.7
Add: Fee Income	49.3	46.0	58.2	46.4	51.2	91.2	97.6
Total Revenue (FTE)	\$184.1	\$179.6	\$207.5	\$196.6	\$209.7	\$357.3	\$406.3
Less: Noninterest Expense	130.5	119.4	150.3	123.0	128.1	247.6	251.1
Pre-Provision Net Revenue (PPNR)	\$53.6	\$60.2	\$57.2	\$73.6	\$81.6	\$109.7	\$155.2
Revenue Adjustments:							
Less: Debt Securities Gains/Losses	(\$1.5)	(\$0.1)	\$0.4	\$0.1	(\$1.2)	(\$2.3)	(\$1.1)
Less: Gain on Sale of Student Loans	(2.2)	-	-	-	-	(\$2.2)	-
Less: Gain on Branch Actions	(0.3)	(0.2)	(14.0)	-	-	(0.3)	-
Adjusted Total Revenue	\$180.1	\$179.3	\$193.9	\$196.7	\$208.5	\$352.5	\$405.2
Expense Adjustments:							
Less: M&A Charges	(\$2.5)	(\$1.7)	(\$14.8)	(\$1.2)	(\$3.2)	(\$4.8)	(\$4.4)
Less: Branch Action Charges	(1.2)	(0.1)	-	-	-	(\$4.0)	-
Less: Severance	(0.4)	-	-	-	-	(\$0.4)	-
Less: Foundation Funding	-	-	(7.5)	-	-	-	-
Less: Amortization of Tax Credit Investments	(11.9)	(9.2)	(1.1)	(0.3)	(0.6)	(12.6)	(0.9)
Adjusted Noninterest Expense	\$114.5	\$108.4	\$126.9	\$121.5	\$124.3	\$225.8	\$245.8
Adjusted Pre-Provision Net Revenue (PPNR)	\$65.6	\$70.9	\$67.0	\$75.2	\$84.2	\$126.7	\$159.4
Average assets	\$17,417.7	\$17,433.6	\$18,853.5	\$19,808.3	\$19,953.6	\$17,430.7	\$19,881.4
Pre-Provision Net Revenue to Average Assets	1.23%	1.38%	1.21%	1.49%	1.64%	1.26%	1.56%
Adjusted Pre-Provision Net Revenue to Average Assets	1.51%	1.62%	1.42%	1.52%	1.69%	1.45%	1.60%
Accretion Income	\$11.5	\$7.3	\$11.3	\$8.9	\$11.8	\$22.5	\$20.7
Accretion Income as a % of Total Revenue	6.2%	4.1%	5.4%	4.5%	5.6%	6.3%	5.1%
Accretion Income as a % of Adjusted Total Revenue	6.4%	4.1%	5.8%	4.5%	5.7%	6.4%	5.1%

\$ in millions

Non-GAAP Reconciliations

	2Q18	2Q19
Noninterest Expense As Reported	\$130.5	\$128.1
Less: Merger and Integration Charges	(2.5)	(\$3.2)
Less: Branch Action Charges & Severance	(1.6)	-
Noninterest Expense less Charges	\$126.4	\$124.9
Less: Amortization of Tax Credit Investments	(11.9)	(\$0.6)
Adjusted Noninterest Expense	\$114.5	\$124.3
Less: Intangible Amortization	(3.4)	(\$4.3)
Adjusted Noninterest Expense Less Intangible Amortization	\$111.1	\$120.0
Net Interest Income As Reported	\$132.0	\$155.2
Add: FTE Adjustment	2.8	\$3.3
Net Interest Income (FTE)	\$134.8	\$158.5
Noninterest Income As Reported	\$49.3	\$51.2
Total Revenue (FTE)	\$184.1	\$209.7
Less: Debt Securities Gains/Losses	(1.5)	(\$1.2)
Less: Gain on Student Loan Sale	(2.2)	-
Less: Gain on Branch Actions	(0.3)	-
Adjusted Total Revenue (FTE)	\$180.1	\$208.5
Reported Efficiency Ratio	69.58%	59.35%
Adjusted Efficiency Ratio	61.68%	57.52%
Operating Leverage¹ (basis points)		1,574
Adjusted Operating Leverage² (basis points)		724

\$ in millions ¹ Year-over-year basis point change in noninterest expense plus change in total revenue ² Year-over-year basis point change in adjusted noninterest expense plus change in adjusted total revenue

Non-GAAP Reconciliations

	4Q18	1Q19	2Q19
Net Interest Income As Reported	\$146.2	\$147.0	\$155.2
FTE Adjustment	3.1	3.2	3.3
Net Interest Income (FTE)	149.3	150.2	158.5
Average Earning Assets	\$16,398.3	\$17,143.6	\$17,302.7
Net Interest Margin	3.57%	3.43%	3.59%
Net Interest Margin (FTE)	3.64%	3.51%	3.66%

	2Q18	3Q18	4Q18	1Q19	2Q19
Noninterest Income As Reported	\$49.3	\$46.0	\$58.2	\$46.4	\$51.2
Less: Securities Gains/Losses	(1.5)	(0.1)	0.4	0.1	(1.2)
Less: Gain on Sale of Student Loans	(2.2)	-	-	-	-
Less: Gain on Branch Actions	(0.3)	(0.2)	(14.0)	-	-
Adjusted Noninterest Income	\$45.3	\$45.7	\$44.6	\$46.5	\$50.0

	2Q18	1Q19	2Q19
Shareholders' Equity As Reported	\$2,200.2	\$2,751.9	\$2,803.1
Less: Goodwill and Intangible Assets	(874.2)	(1,108.8)	(1,104.5)
Tangible Common Shareholders' Equity	\$1,326.0	\$1,643.1	\$1,698.6
Common Shares Issued and Outstanding at Period End	152.4	174.0	172.2
Tangible Common Book Value	\$8.70	\$9.44	\$9.86

\$ in millions, except per-share data

Peer Group

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

Associated Banc-Corp	ASB
BancorpSouth Bank	BXS
Bank of Hawaii Corporation	BOH
Bank OZK	OZK
Chemical Financial Corporation	CHFC
Commerce Bancshares, Inc.	CBSH
Cullen/Frost Bankers, Inc.	CFR
F.N.B. Corporation	FNB
First Midwest Bancorp, Inc.	FMBI
Fulton Financial Corporation	FULT
Great Western Bancorp, Inc.	GWB
Hancock Whitney Corporation	HWC
IBERIABANK Corporation	IBKC
International Bancshares Corporation	IBOC
Prosperity Bancshares, Inc.	PB
TCF Financial Corporation	TCF
Trustmark Corporation	TRMK
UMB Financial Corporation	UMBF
United Bankshares, Inc.	UBSI
Valley National Bancorp	VLY
Western Alliance Bancorporation	WAL
Wintrust Financial Corporation	WTFC