

3rd-Quarter 2019 Financial Review

October 21, 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: 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 the 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, including the impact of the new CECL standard ; 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.

Third-Quarter 2019 Key Performance Indicators

Earnings:

- Record net income increased 36% from a year ago to \$69.8mm, or \$0.41 per diluted share
- Adjusted net income¹ of \$70.5mm, or \$0.41 per diluted share, excludes \$1.3mm in merger charges

Loans and Deposits²:

- Record high commercial production at \$680mm; pipeline at \$2.0bn
- Total loan outstandings impacted by continued payoffs and lower line utilization in commercial
- Credit quality remains strong with positive migration and net charge-offs of 3 basis points
- Total deposits increased \$85.3mm, or 2.4% annualized
 - Low cost of total deposits at 52 bps

Operating Leverage and Expense Management:

- Positive adjusted operating leverage¹ of 624 bps year-over-year
- 17.0% year-over-year increase in adjusted revenue¹
- 10.8% year-over-year increase in adjusted noninterest expense¹
- Adjusted efficiency ratio¹ of 55.26% improved 341 bps from the third quarter of 2018

Return Profile:

- Adjusted return on average assets¹ was 1.40%
- Adjusted return on average tangible common equity¹ was 17.16%

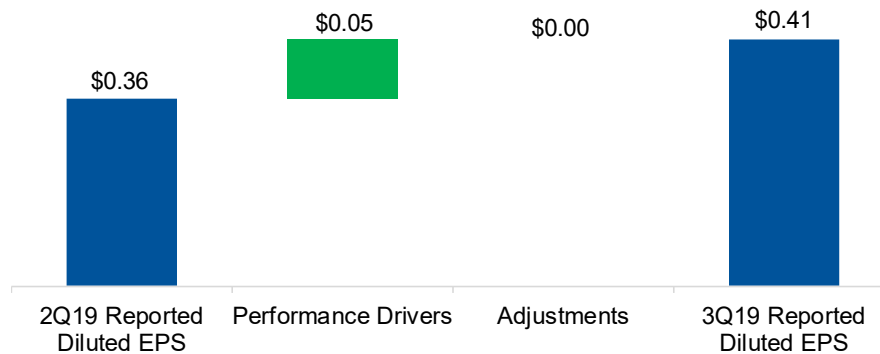
Capital Actions:

- 2.2 million shares repurchased at a weighted average price of \$16.80 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

Third-Quarter 2019 Results

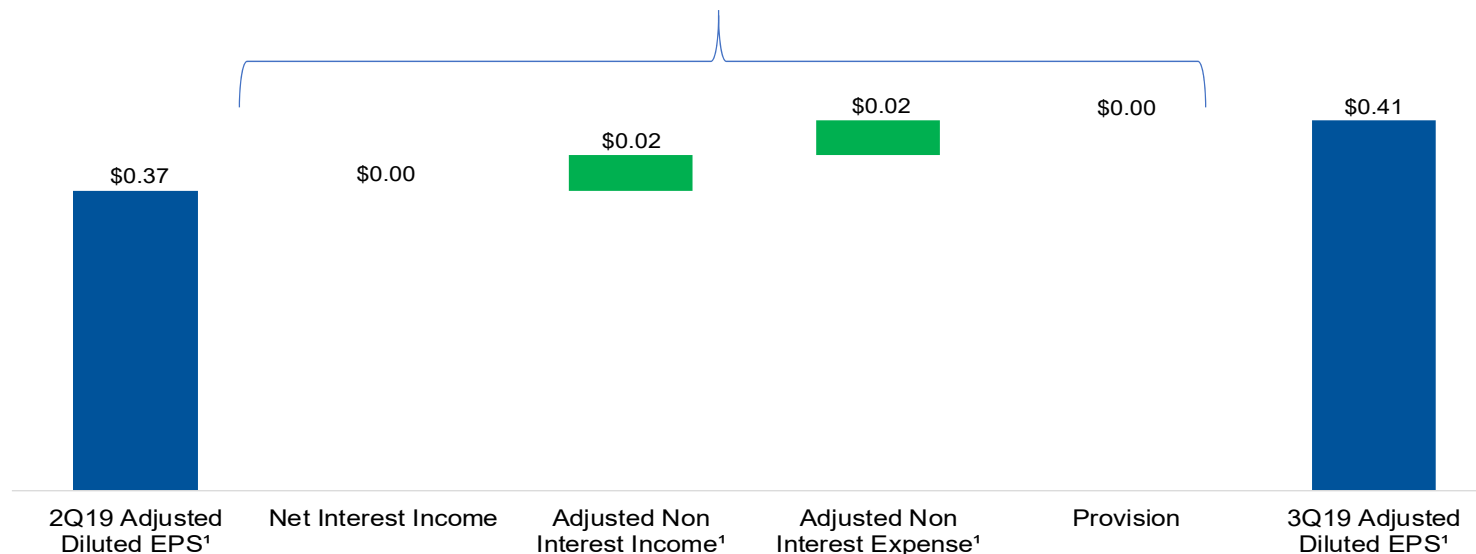
Reported EPS



Performance Drivers

- Net income increase of \$6.8mm vs. 2Q19
- Credit metrics remain strong – net charge-offs of 0.03%
- Reported noninterest expense includes \$1.3mm in merger charges

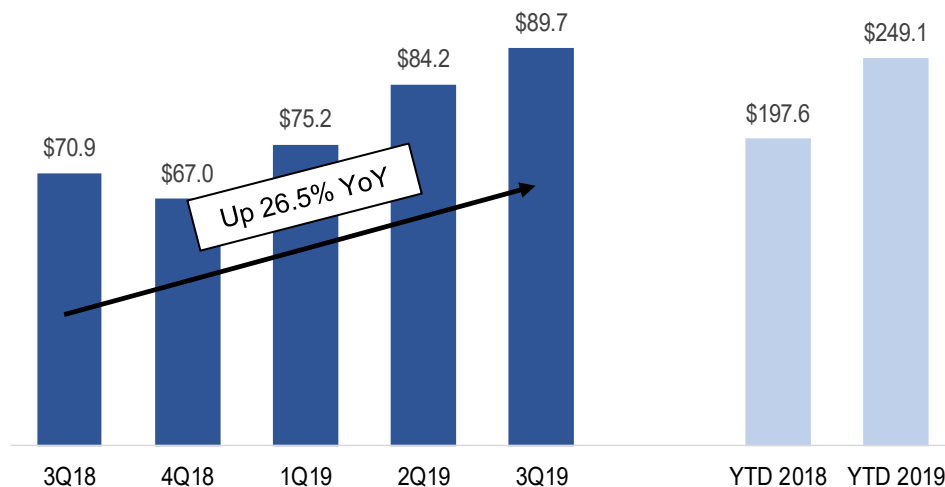
Adjusted EPS¹ Performance Drivers



\$ 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 Difference in “Performance Drivers” due to rounding

Pre-Provision Net Revenue

Adjusted Pre-Provision Net Revenue¹



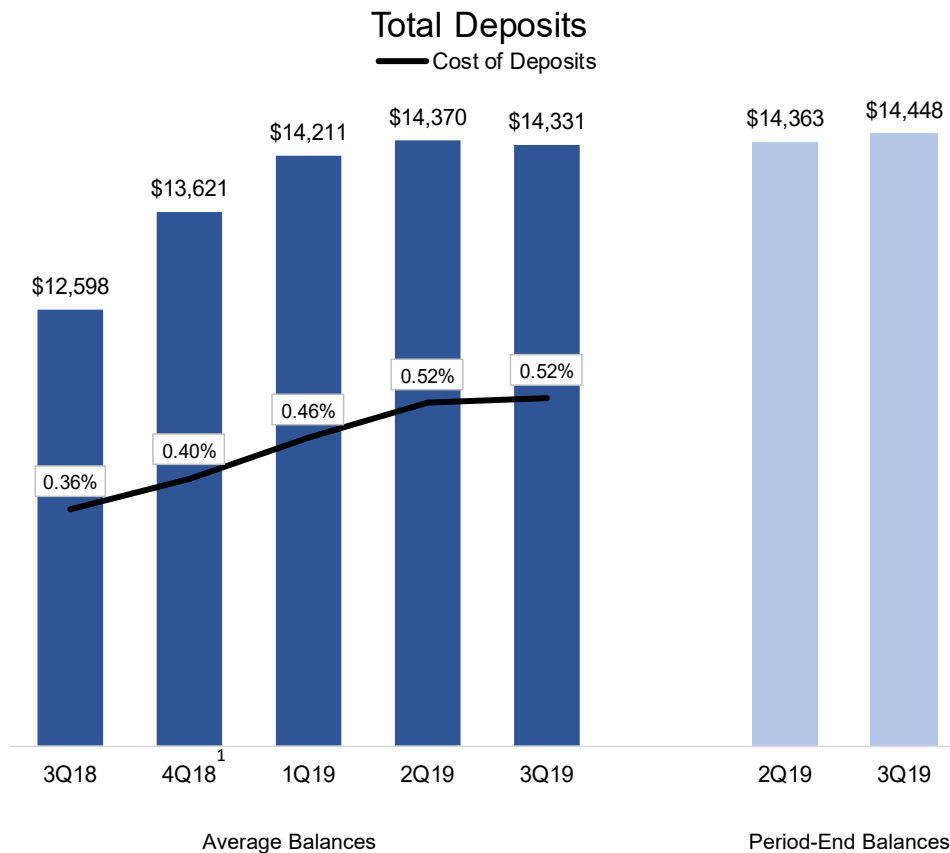
- Adjusted pre-provision net revenue¹ increased 26.5% Y/Y
- Improvement driven by successful execution of our stated strategy
 - Low credit costs
 - Low cost core deposit funding
 - Strong expense management

	3Q18	3Q19
Adjusted total revenue ¹	\$179.3	\$209.8
Adjusted noninterest expense ¹	\$108.4	\$120.1
Basis point change in adj. total revenue		1,703
Basis point change in adj. noninterest exp.		1,079
Adjusted Operating leverage		624

- Positive operating leverage continues
 - 624 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

Stable Funding Costs



3Q19 total deposit costs of 52 bps

September total deposit costs of 49 bps

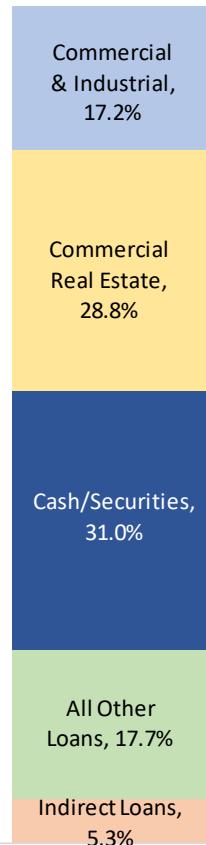
Total Interest-bearing deposit costs were 71 bps, up 1 bp from 2Q19

Low loan to deposit ratio of 83.6%

\$ in millions ¹ Reflects closing of Klein

Average Balance Sheet Mix

Earning Assets



3Q19

Loans



3Q18



3Q19

Loans

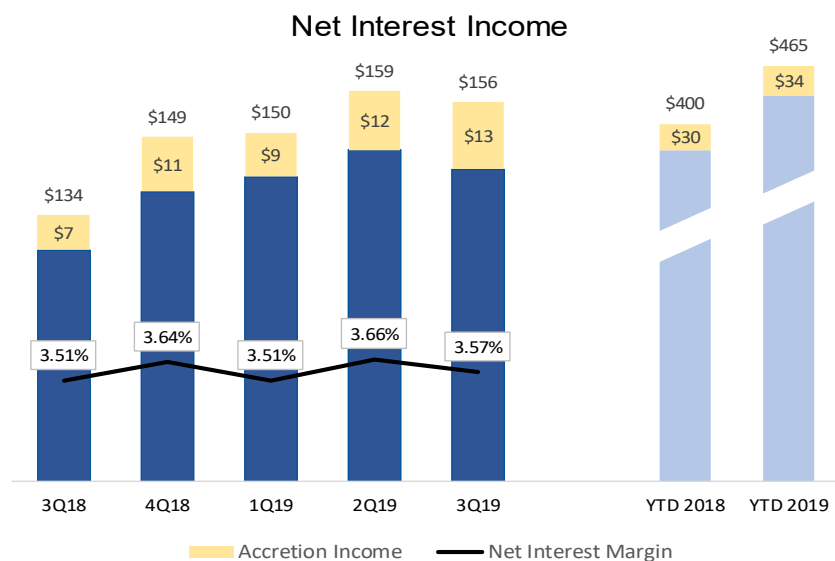
- Total commercial loans: 66.7% of total loans, up 1.3% Y/Y
- Indirect auto: 5.3% of earning assets, down 1.4% Y/Y

Securities

- Duration of 3.04 vs. 3.34 in 2Q19
- 3Q19 yield was 2.82%
- 3Q19 new money yield was 2.61%
- Estimated NTM cash flows of \$1,272mm
- Net unrealized pre-tax gain of \$82.4mm¹
- Net unamortized premium of \$59.5mm

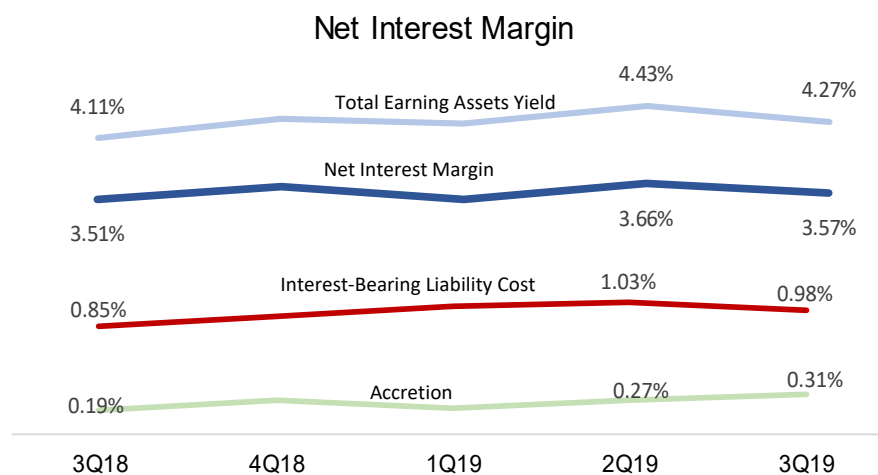
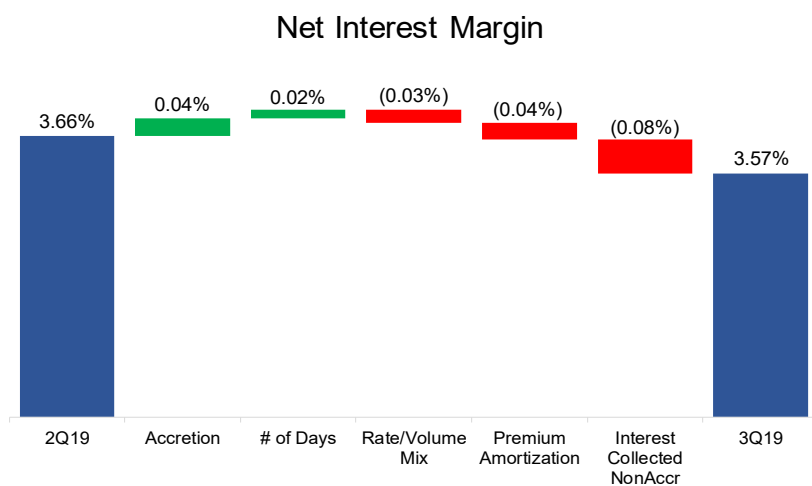
\$ in millions ¹ On the available-for-sale (AFS) portfolio

Net Interest Income & Net Interest Margin¹



Key Performance Drivers

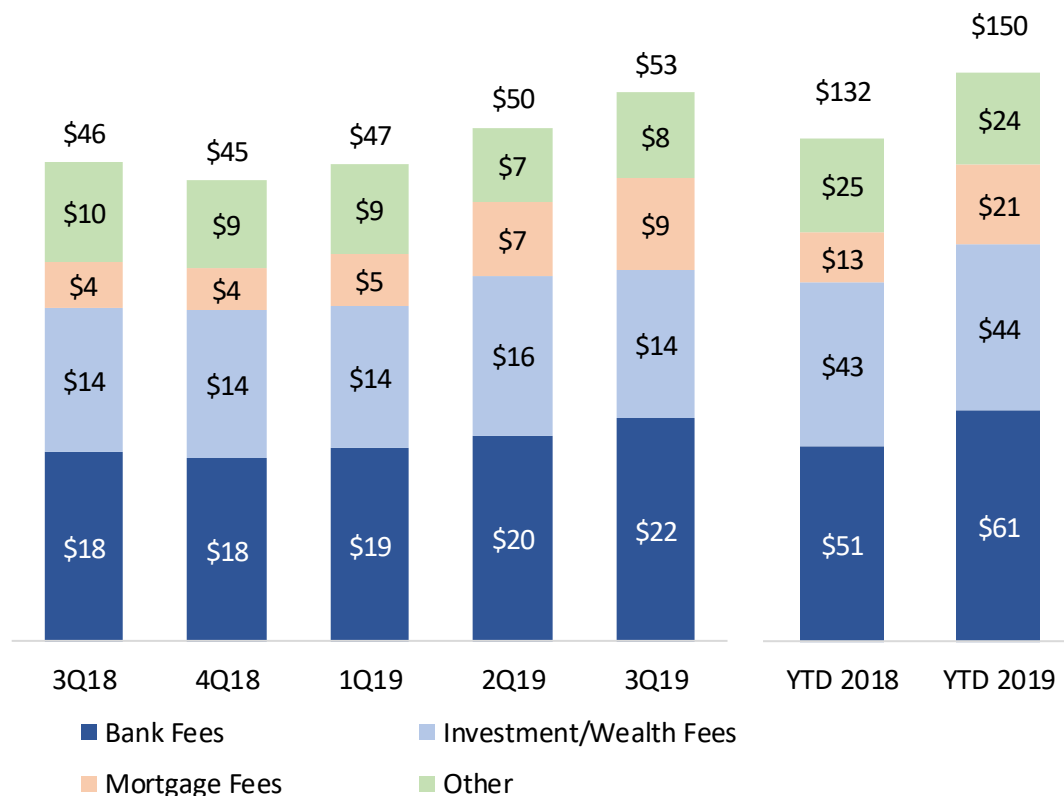
- NIM decreased 9 bps vs. 2Q19
 - + 4 bps accretion
 - + 2 bps change due to # of days
 - - 3 bps rate/volume/mix
 - - 4 bps premium amortization
 - - 8 bps interest collected on nonaccruals



\$ 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



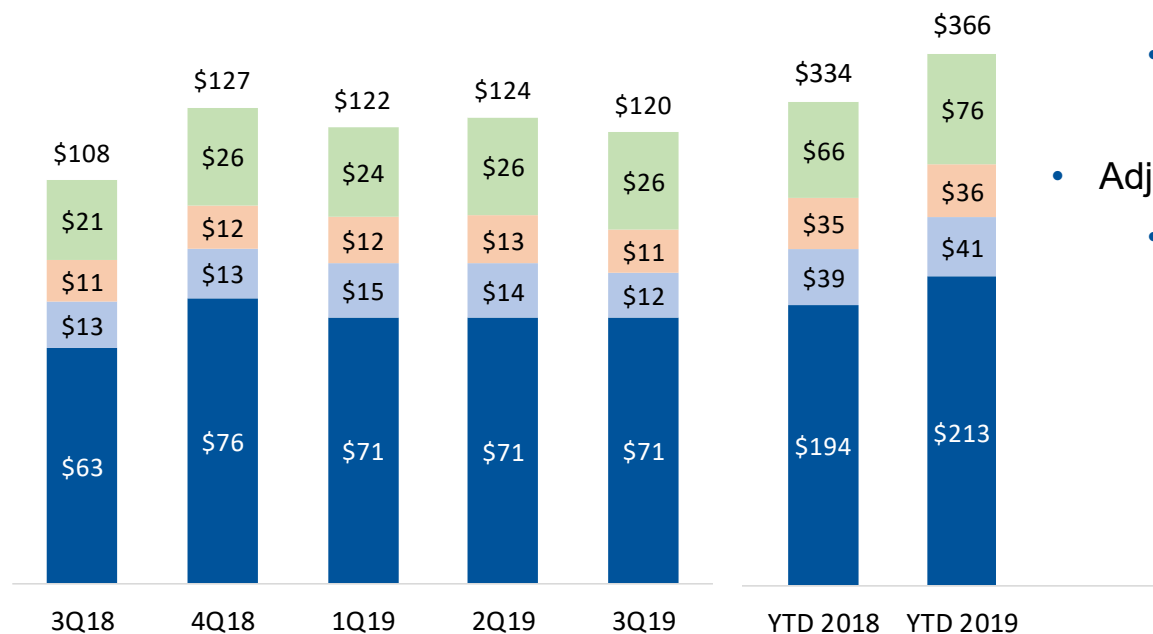
Key Performance Drivers

- Adjusted noninterest income¹
 - \$1.7mm increase in mortgage banking revenue
 - \$1.4mm increase in capital markets income
- Mortgage revenue
 - 3Q19 net gains on sales and fees was \$6.8mm and net servicing income was \$2.1mm
 - 3Q19 production was \$453.6mm
 - 55% purchase / 45% refi
 - 62% sold in secondary market
 - Quarter-end pipeline at \$291mm

\$ 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 Residential mortgage production includes quick home refinance product

Noninterest Expense

Adjusted Noninterest Expense¹



- Other
- Data Processing/Communication
- Occupancy
- Salary & Employee Benefits

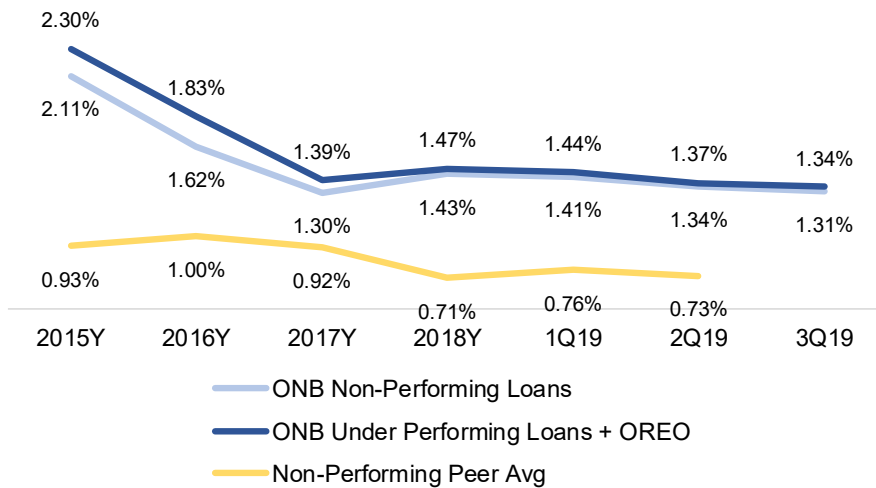
Key Performance Drivers

- Adjusted noninterest expense¹
 - Reflects ongoing focus on disciplined expense management
- Adjusted Efficiency Ratio¹ of 55.26%
 - 341 bps improvement from third quarter of 2018

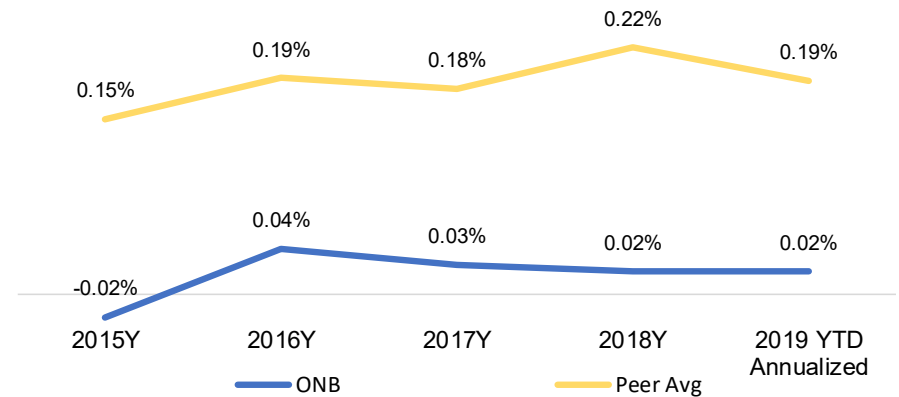
\$ in millions ¹Non-GAAP financial measure which management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

Credit

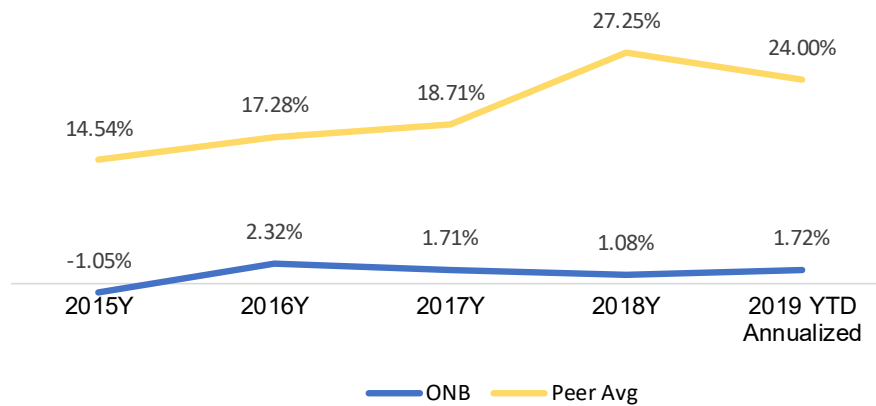
Non-Performing Loans



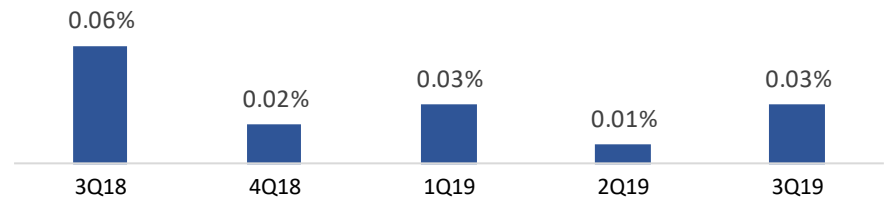
Net Charge-offs



Net Charge-offs / NPL's

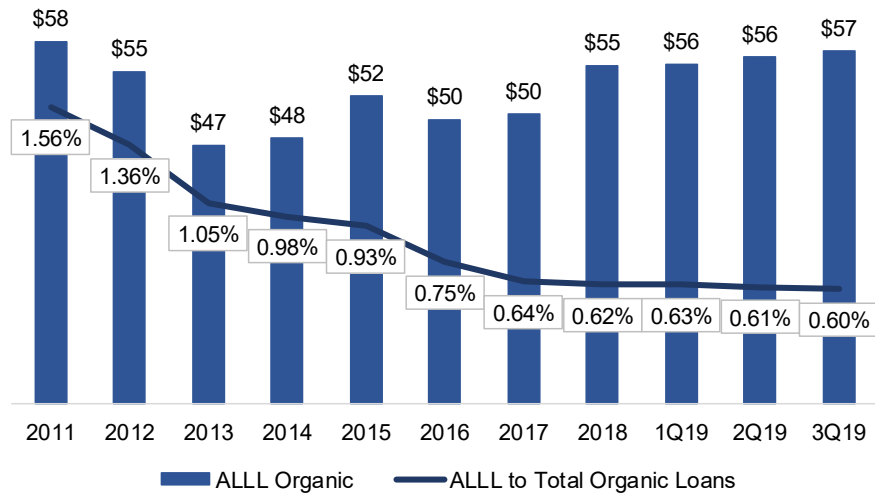


Quarterly Net Charge-Offs



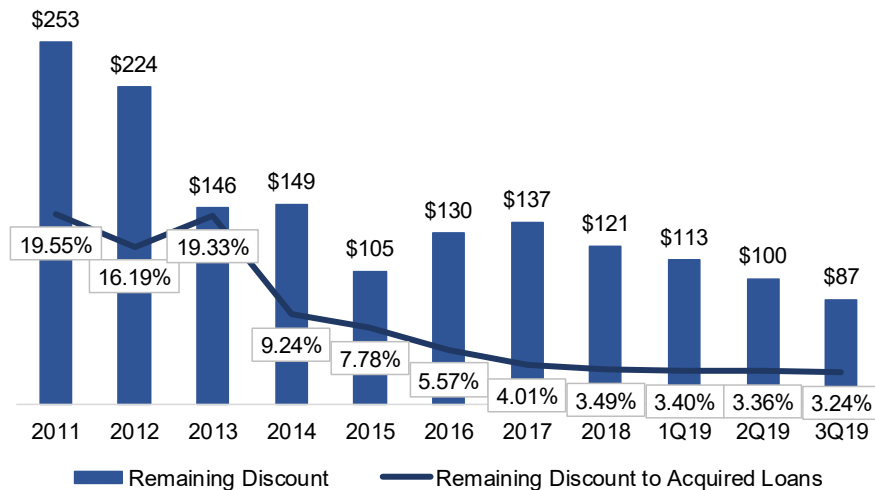
Peer Group data as of 2Q19 and per S&P Global Market Intelligence - See Appendix for definition of Peer Group

Strong Reserve Coverage & CECL



Current Expected Credit Losses (CECL)

- On track for January 1, 2020 implementation
- Estimated day 1 increase to allowance for loan losses of \$35mm to \$45mm
 - Driven largely by the \$2.7bn acquired loan portfolio
 - Modest increase in reserves for the legacy portfolio



\$ in millions

3Q19 Takeaways

Disciplined approach to risk and credit management

- Net charge-offs of just 0.03% and nonperforming loans of 1.31%
- Average commercial new production loan size < \$750,000
- Lower risk model with risk weighted assets/total assets at 68% vs. peers at 79%¹

Improvement in adjusted operating leverage²

- Remain focused on generating revenue growth at rates above expense growth
- Adjusted efficiency ratio improved 341 bps vs 3Q18
- Benefits of franchise evolution and increased scale being realized

Strong commercial loan activity

- Record production of \$680mm

Successfully defended net interest margin

- Net interest margin, excluding accretion income and interest collected on nonaccrual loans, down just 5 bps from 2nd quarter

¹ Peer group data per S&P Global Market Intelligence – See Appendix for definition of peer group – Peer group data as of June 30, 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

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 benefit from Klein cost saves
- Fourth-quarter 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
- CECL on track for 1-1-20 implementation

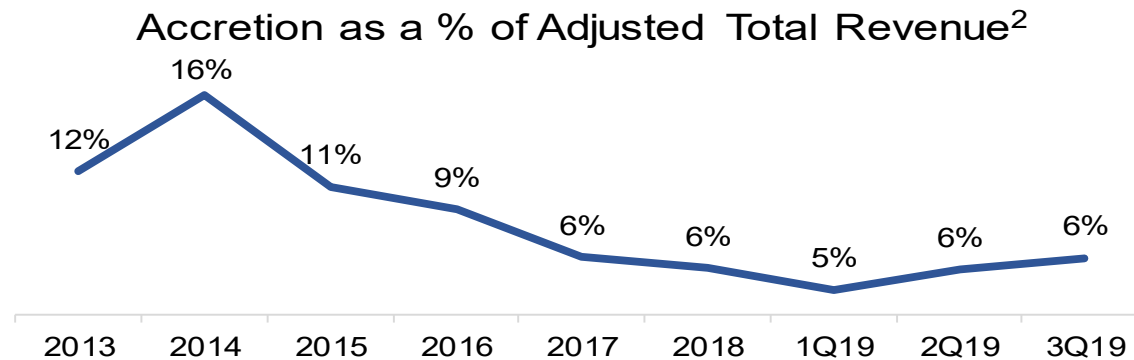
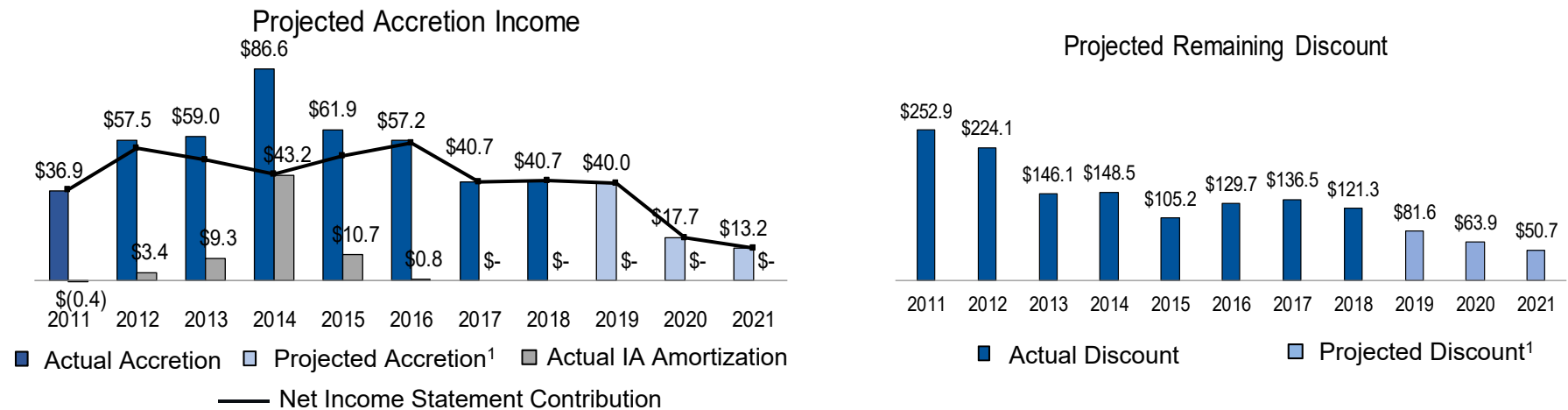
Category	3Q19 Adjusted Results ¹
Commercial Loan Production	Record production of \$680.0mm; pipeline of \$2.0bn
Net Interest Margin	FTE NIM was 3.57%, including 31 bps of accretion income and 5 bps of interest collected on nonaccrual loans
Noninterest Income	\$53.5mm, excluding debt securities gains
Noninterest Expense	\$120.1mm, excluding amortization of tax credit investments and merger charges
Tax Rate/Credits	FTE income tax rate was 19.1% with \$1.2m in tax credit amortization
M&A/Branch Actions	Klein converted April 2019 Client/associate retention as expected; cost saves fully realized
CECL	Anticipated day one increase to the allowance for loan losses of approximately \$35 million to \$45 million

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

Appendix

Projected Purchase Accounting Impact

Manageable declines in purchase accounting impact expected in future periods



\$ 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

	3Q18	2Q19	3Q19
As Reported:			
Net Interest Income (FTE)	\$133.6	\$158.5	\$156.3
Add: Fee Income	46.0	51.2	53.9
Total Revenue (FTE)	\$179.6	\$209.7	\$210.2
Less: Provision	(0.8)	(1.0)	(1.4)
Less: Noninterest Expense	(119.4)	(128.1)	(122.6)
Pre-Tax Income	\$59.4	\$80.6	\$86.2
Less: Income Taxes (FTE)	8.1	17.6	16.4
Net Income	\$51.3	\$63.0	\$69.8
Earnings Per Share	\$0.34	\$0.36	\$0.41
Adjustments:			
Less: Debt Securities Gains/Losses	(\$0.1)	(\$1.2)	(\$0.4)
Add: M&A Charges	1.7	3.2	1.3
Add: Branch Action Charges (Net of Gain)	(0.1)	-	-
Net Total Adjustments	\$1.5	\$2.0	\$0.9
Tax Effect on Net Total Adjustments	0.4	0.5	0.2
After-Tax Net Total Adjustments	\$1.1	\$1.5	\$0.7
Adjusted Net Income	\$52.4	\$64.5	\$70.5
Adjusted Earnings Per Diluted Share	\$0.34	\$0.37	\$0.41

\$ in millions, except per share data

Non-GAAP Reconciliations

	3Q18	4Q18	1Q19	2Q19	3Q19	YTD 2018	YTD 2019
As Reported:							
Net Interest Income (FTE)	\$133.6	\$149.3	\$150.2	\$158.5	\$156.3	\$399.7	\$465.0
Add: Fee Income	46.0	58.2	46.4	51.2	53.9	137.2	151.5
Total Revenue (FTE)	\$179.6	\$207.5	\$196.6	\$209.7	\$210.2	\$536.9	\$616.5
Less: Noninterest Expense	119.4	150.3	123.0	128.1	122.6	367.0	373.7
Pre-Provision Net Revenue (PPNR)	\$60.2	\$57.2	\$73.6	\$81.6	\$87.6	\$169.9	\$242.8
Revenue Adjustments:							
Less: Debt Securities Gains/Losses	(\$0.1)	\$0.4	\$0.1	(\$1.2)	(\$0.4)	(\$2.4)	(\$1.5)
Less: Gain on Sale of Student Loans	-	-	-	-	-	(\$2.2)	-
Less: Gain on Branch Actions	(0.2)	(14.0)	-	-	-	(0.5)	-
Adjusted Total Revenue	\$179.3	\$193.9	\$196.7	\$208.5	\$209.8	\$531.8	\$615.0
Expense Adjustments:							
Less: M&A Charges	(\$1.7)	(\$14.8)	(\$1.2)	(\$3.2)	(\$1.3)	(\$6.5)	(\$5.7)
Less: Branch Action Charges	(0.1)	-	-	-	-	(\$4.1)	-
Less: Severance	-	-	-	-	-	(\$0.4)	-
Less: Foundation Funding	-	(7.5)	-	-	-	-	-
Less: Amortization of Tax Credit Investments	(9.2)	(1.1)	(0.3)	(0.6)	(1.2)	(21.8)	(2.1)
Adjusted Noninterest Expense	\$108.4	\$126.9	\$121.5	\$124.3	\$120.1	\$334.2	\$365.9
Adjusted Pre-Provision Net Revenue (PPNR)	\$70.9	\$67.0	\$75.2	\$84.2	\$89.7	\$197.6	\$249.1
Accretion Income	\$7.3	\$11.3	\$8.9	\$11.8	\$13.4	\$29.8	\$34.1
Accretion Income as a % of Total Revenue	4.1%	5.4%	4.5%	5.6%	6.4%	5.6%	5.5%
Accretion Income as a % of Adjusted Total Revenue	4.1%	5.8%	4.5%	5.7%	6.4%	5.6%	5.5%

\$ in millions

Non-GAAP Reconciliations

	3Q18	3Q19
Noninterest Expense As Reported	\$119.4	\$122.6
Less: Merger and Integration Charges	(1.7)	(\$1.3)
Less: Branch Action Charges & Severance	(0.1)	-
Noninterest Expense less Charges	\$117.6	\$121.3
Less: Amortization of Tax Credit Investments	(9.2)	(\$1.2)
Adjusted Noninterest Expense	\$108.4	\$120.1
Less: Intangible Amortization	(3.3)	(\$4.2)
Adjusted Noninterest Expense Less Intangible Amortization	\$105.1	\$115.9
Net Interest Income As Reported	\$130.8	\$153.1
Add: FTE Adjustment	2.8	\$3.2
Net Interest Income (FTE)	\$133.6	\$156.3
Noninterest Income As Reported	\$46.0	\$53.9
Total Revenue (FTE)	\$179.6	\$210.2
Less: Debt Securities Gains/Losses	(0.1)	(\$0.4)
Less: Gain on Branch Actions	(0.2)	-
Adjusted Total Revenue (FTE)	\$179.3	\$209.8
Reported Efficiency Ratio	64.71%	56.44%
Adjusted Efficiency Ratio	58.67%	55.26%
Operating Leverage¹ (basis points)		1,440
Adjusted Operating Leverage² (basis points)		624

\$ 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

	1Q19	2Q19	3Q19
Net Interest Income As Reported	\$147.0	\$155.2	\$153.1
FTE Adjustment	3.2	3.3	3.2
Net Interest Income (FTE)	150.2	158.5	156.3
Average Earning Assets	\$17,143.6	\$17,302.7	\$17,510.5
Net Interest Margin	3.43%	3.59%	3.50%
Net Interest Margin (FTE)	3.51%	3.66%	3.57%

	3Q18	4Q18	1Q19	2Q19	3Q19	YTD 2018	YTD 2019
Noninterest Income As Reported	\$46.0	\$58.2	\$46.4	\$51.2	\$53.9	137.2	151.5
Less: Securities Gains/Losses	(0.1)	0.4	0.1	(1.2)	(0.4)	(2.4)	(1.5)
Less: Gain on Sale of Student Loans	-	-	-	-	-	(2.2)	-
Less: Gain on Branch Actions	(0.2)	(14.0)	-	-	-	(0.5)	-
Adjusted Noninterest Income	\$45.7	\$44.6	\$46.5	\$50.0	\$53.5	\$132.1	\$150.0

	3Q18	2Q19	3Q19
Shareholders' Equity As Reported	\$2,220.7	\$2,803.1	\$2,832.5
Less: Goodwill and Intangible Assets	(870.9)	(1,104.5)	(1,101.0)
Tangible Common Shareholders' Equity	\$1,349.8	\$1,698.6	\$1,731.5
Common Shares Issued and Outstanding at Period End	152.4	172.2	170.0
Tangible Common Book Value	\$8.86	\$9.86	\$10.18

\$ in millions, except per-share data

Non-GAAP Reconciliations

	3Q19
Net Income As Reported	\$69.8
Add: Intangible amortization (net of tax)	3.1
Tangible Net Income	\$72.9
Less: Securities Gains/Losses (net of tax)	(0.3)
Add: M&A Charges (net of tax)	1.0
Adjusted Tangible Net Income (Loss)	\$73.6
Average Total Shareholders' Equity As Reported	\$2,817.5
Less: Average Goodwill	(1,036.3)
Less: Average Intangibles	(66.0)
Average Tangible Shareholders' Equity	\$1,715.2
Return on Average Tangible Common Equity	17.01%
Adjusted Return on Average Tangible Common Equity	17.16%

	3Q19
Net Income As Reported	\$69.8
Less: Securities Gains/Losses (net of tax)	(0.3)
Add: M&A Charges (net of tax)	1.0
Adjusted Net Income	\$70.5
Average Total Assets	\$20,147.2
Return on Average Assets	1.39%
Adjusted Return on Average Assets	1.40%

\$ 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
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