



NYSE: ONB  
oldnational.com

# Old National Bancorp

## Keefe, Bruyette & Woods

Boston Bank Conference

February 27, 2013

**ONB**  
**LISTED**  
**NYSE®**

Bob Jones  
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# Disclosures

## 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. 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 its pending branch transaction with Bank of America) and satisfy the items addressed in Old National's Consent Order with the Office of the Comptroller of the Currency, 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, failure to adhere to or 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)

- \$9.5 billion in total assets at December 31, 2012
- Largest financial services holding company headquartered in Indiana
  - Operates one of the largest independent insurance agencies headquartered in Indiana
  - 180 financial centers<sup>1</sup> throughout Indiana, Western Kentucky and Southern Illinois

<sup>1</sup> As of December 31, 2012

# Old National Strategy

- **Basic Banking**
  - Low-cost core deposit franchise
  - In-market lending
  - Strong in-market fee business
  - Provide long-term value for shareholders
- **Boring<sup>1</sup>**
  - *“dull; repetitious; uninteresting”*

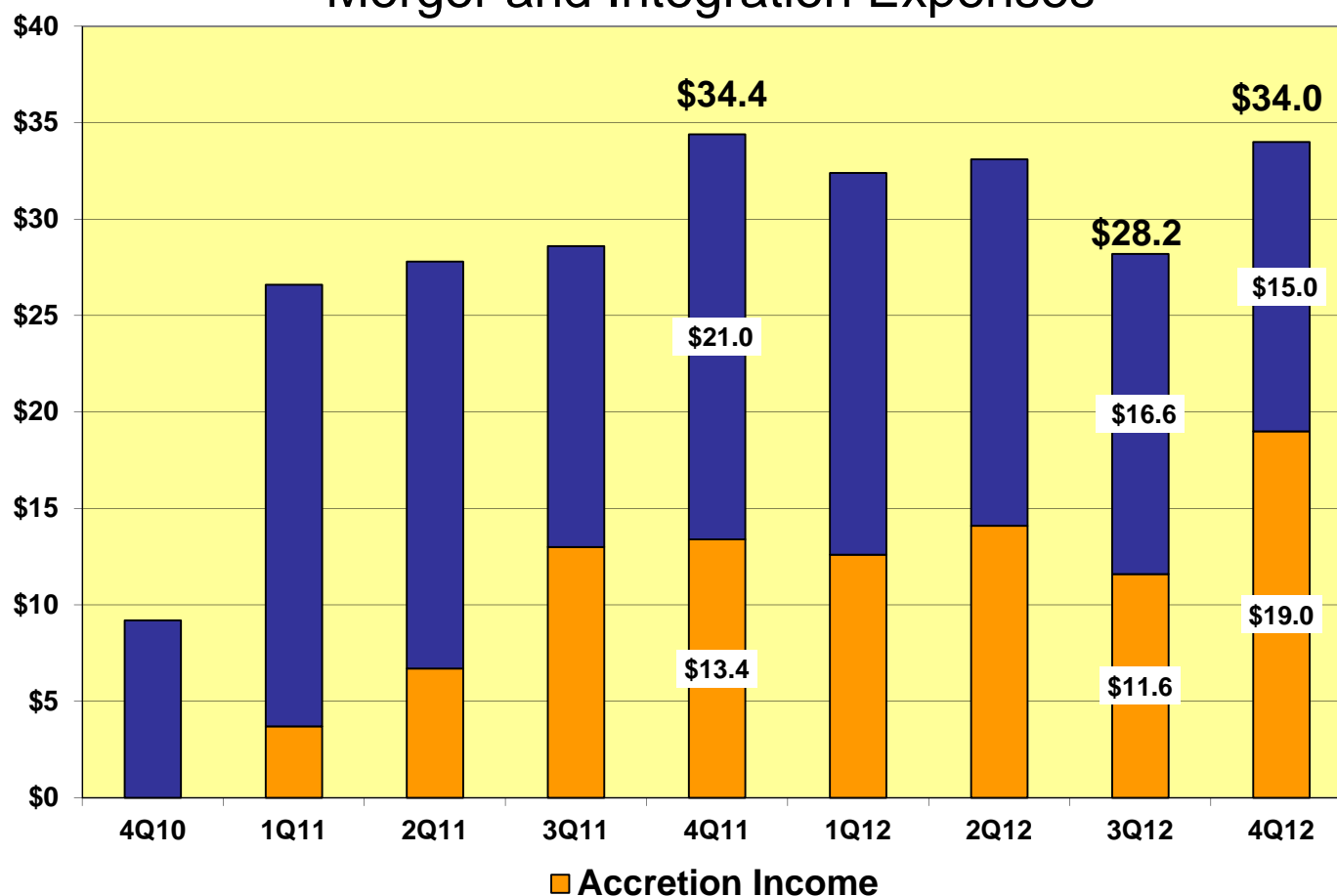
<sup>1</sup> Definition by dictionary.com

# Strategic Imperatives

- Strengthen the risk profile
- Enhance management discipline
- Achieve consistent quality earnings

# Pre-Tax, Pre-Provision Income<sup>1</sup>

Pre-Tax, Pre-Provision Income, Net of Securities Gains and Merger and Integration Expenses<sup>1</sup>



Accretion income is defined as the amortization/accretion of the discounted carry value of acquired assets and liabilities (excludes contractual interest).

\$ in millions

<sup>1</sup> Non-GAAP financial measure management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

# Questions you might be asking

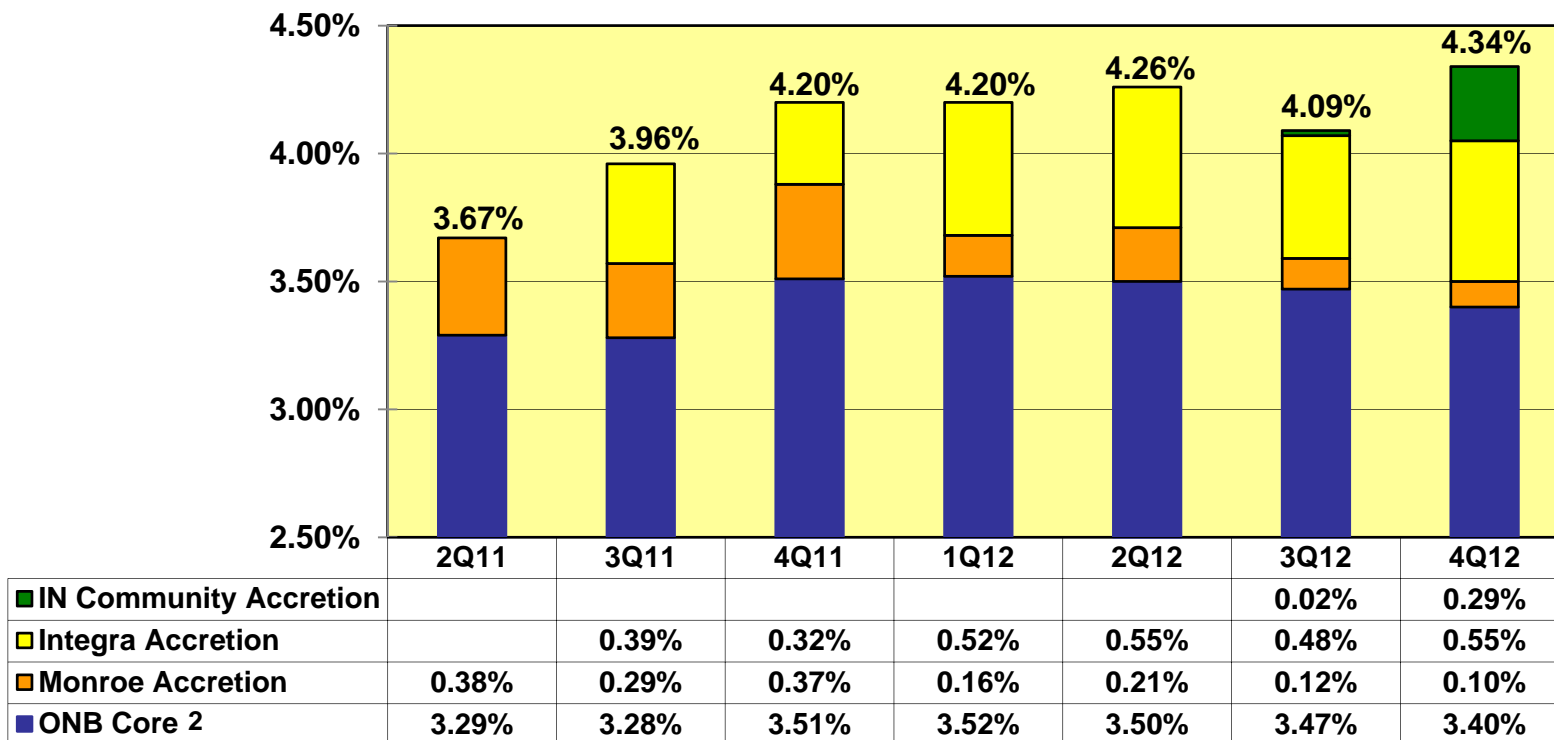
- Are you able to maintain your core net interest margin in a continued low interest rate environment?
- What can you tell me about the pending Bank of America branch acquisition?
- What is Old National's capital strategy?
- What is your perception of the current M&A environment?
- What is Old National's focus over the next 12 months?



# Questions you might be asking

**Are you able to maintain your core net interest margin in a continued low interest rate environment?**

# Net Interest Margin<sup>1</sup>



Earning assets reflect purchased assets, net of discount

<sup>1</sup> Fully taxable equivalent basis

<sup>2</sup> ONB Core includes contractual interest income of Monroe, Integra and IN Community loans

# Net Interest Margin

- Redeploy a portion of investment portfolio cash flows into higher yielding loans
- Continue to reduce higher-rate wholesale funding
  - Retired \$50 million of FHLB advances in 4Q12
- Capitalize on M&A opportunities
- Continued repricing of higher-rate CDs

# Questions you might be asking

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**What can you tell me about the pending Bank of America branch acquisition?**

# Acquisition of Bank of America Branches

- Positive feedback from future associates and new communities
- Will be adding headcount for indirect lending, wealth management and commercial lending
- Transaction anticipated to close/convert early 3Q13

# Questions you might be asking

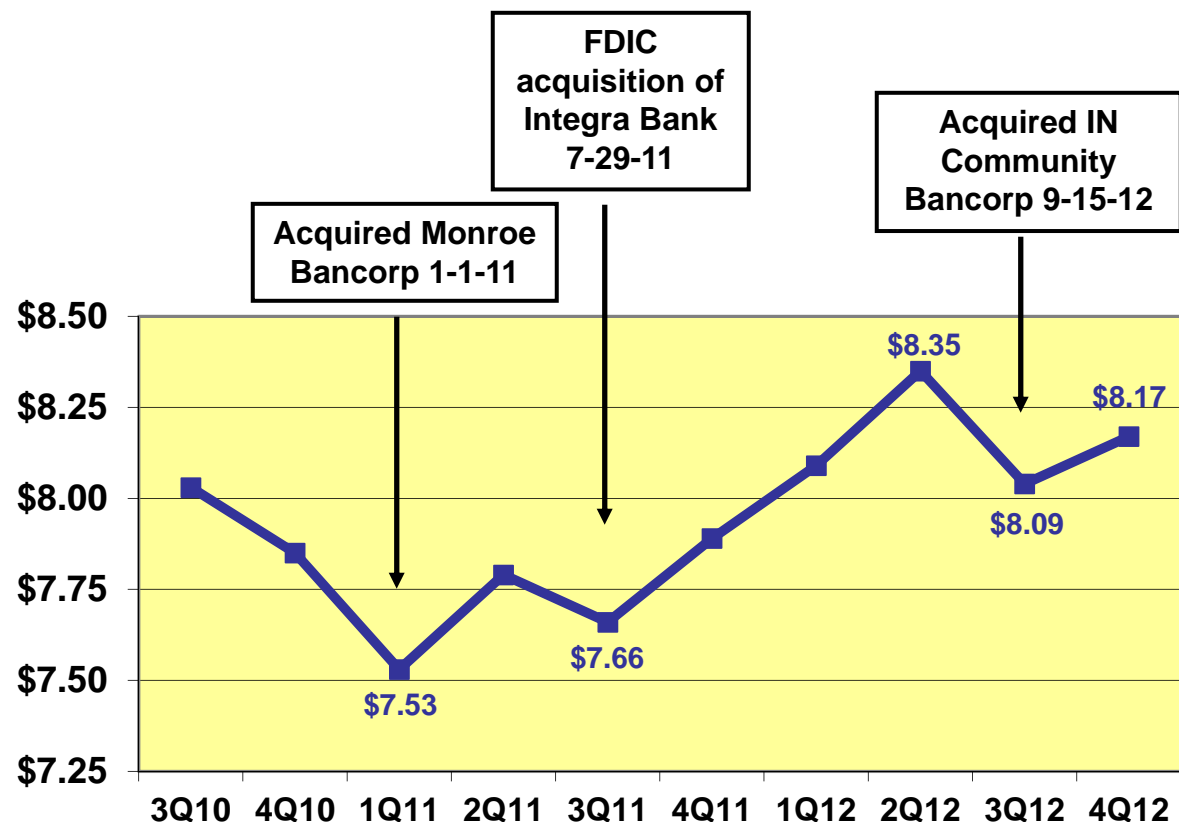
What is Old National's capital strategy?

# Capital Strategy



# Tangible Common Book Value<sup>1</sup>

- January 24, 2013 actions
  - Board approved 11.1% increase in quarterly cash dividend to \$.10 per share
  - Board approved authorization to repurchase up to 2.0 million shares for the period ending January 31, 2014
- Repurchased 250,000 shares of stock during 4Q12



<sup>1</sup> Non-GAAP financial measure management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation



# Questions you might be asking

**What is your perception of the current  
M&A Environment?**

# Current M&A Environment

- Activity has increased slightly
  - TARP repayment in question
  - Basel III capital requirements
  - Cost of compliance
- Slight disconnect between seller and buyer expectations

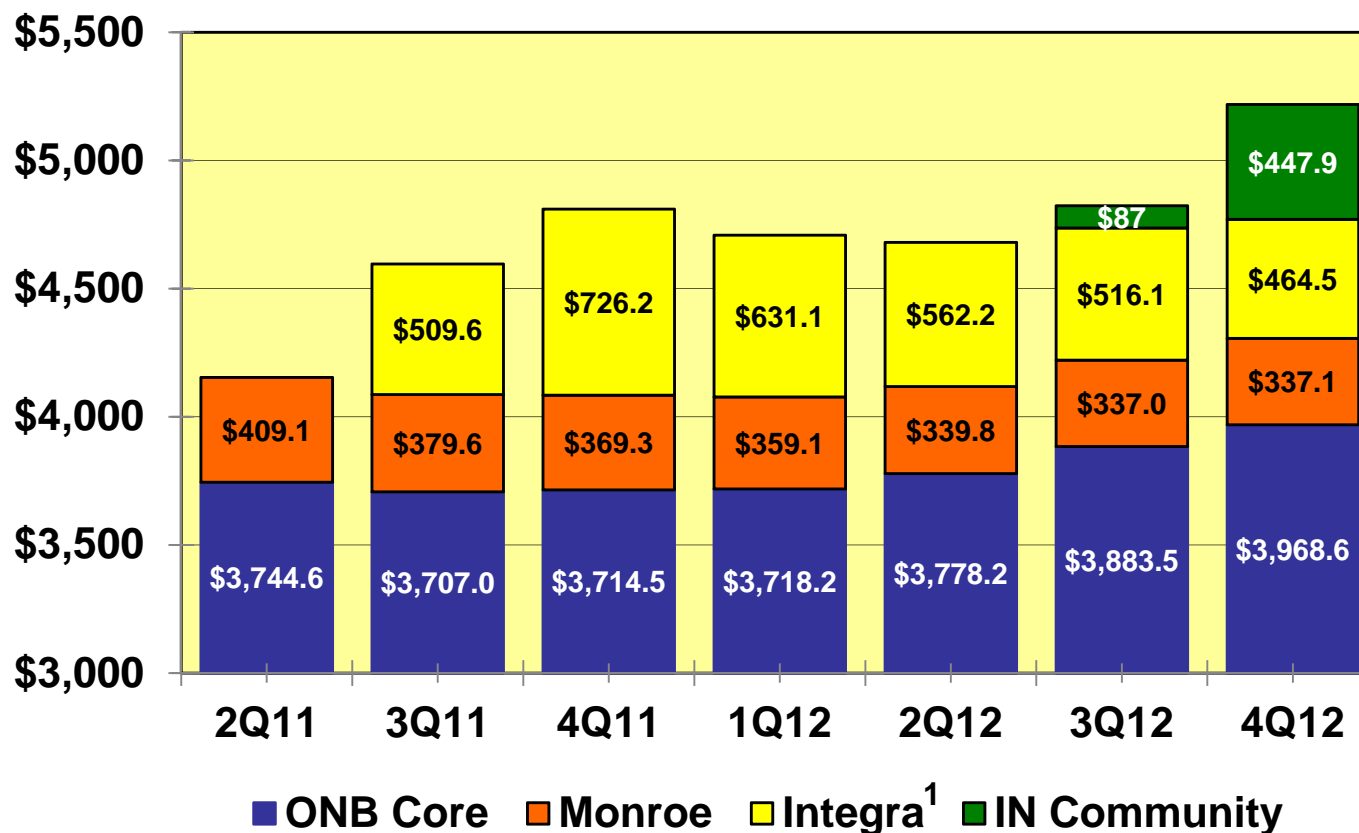
# Questions you might be asking

**What is Old National's focus over the next 12 months?**

# Old National's Focus

- Volatility and decreasing benefit from accretion
- Driving core net income
  - Revenue
    - Market share and increased sales efforts
    - Fee-based businesses
  - Expense management
    - Cultural vs. programmatic
- Mergers and acquisitions
  - Core competency
  - Tangible book value payback

# Average Loan Trends



<sup>1</sup> Includes both covered and non-covered loans

\$ in millions – Quarterly averages – excludes residential loans and leases held for sale

# Expense Initiatives

- Branch optimization
  - 19 consolidations in 4Q12
  - 9 sales completed in 1Q13
  - Annualized impact when fully implemented (pre-tax)
    - Estimated noninterest expense savings of \$6.5 to \$7.5 million
    - Estimated net benefit to income statement \$3.0 to \$4.0 million
- Procurement initiatives
- Operational scorecards

# Why Old National?

- Focused on long-term shareholder value
- Focused on driving core net income
- Continued strong credit quality
- Continued opportunity on expenses
- Established acquisition integration as core competency
- Strong capital position
- Strong market share

# Thank You

## Q&A





# Old National Bancorp

## Appendix



# Non-GAAP Reconciliations

(\$ in millions)	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Total Revenues	\$96.2	\$104.2	\$105.9	\$119.9	\$125.7	\$123.4	\$124.5	\$115.0	\$135.6
Less: Provision for Loan Losses	(7.1)	(3.3)	(3.2)	.1	(1.0)	(2.1)	(.4)	(.4)	(2.2)
Less: Noninterest Expense	(83.3)	(79.9)	(79.8)	(95.2)	(93.7)	(91.3)	(86.0)	(89.0)	(99.4)
Pre-tax Income	\$5.8	\$21.0	\$22.9	\$24.8	\$31.0	\$30.1	38.1	25.6	34.0
Add: Provision for Loan Losses	7.1	3.3	3.2	(.1)	1.0	2.1	.4	.4	2.2
Pre-Tax, Pre-Provision Income <sup>1</sup>	\$12.9	\$24.3	\$26.1	\$24.7	\$32.0	32.1	38.5	26.0	36.2
Less: Securities Gains/Losses	(3.7)	(1.2)	(.5)	(2.9)	(2.8)	(.5)	(6.2)	(2.7)	(4.2)
Add: Merger and Integration Expenses	-0-	3.5	2.2	6.8	5.2	.8	.8	4.9	2.0
Pre-Tax, Pre-Provision Income, Net of Securities Gains and Merger and Integration Expenses <sup>1</sup>	\$9.2	\$26.6	\$27.8	\$28.6	\$34.4	\$32.4	\$33.1	\$28.2	\$34.0

7.9%

17.9%

20.6%

(1.2%)

Non-GAAP financial measures management believes is useful in evaluating the financial results of the Company

# Non-GAAP Reconciliations

(end of period balances- \$ in millions)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Total Shareholders' Equity	\$855.5	\$874.7	\$895.7	\$878.8	\$984.0	\$1,008.3	\$1,027.7	\$1,033.6	\$1,050.4	\$1,073.7	\$1,186.8	\$1,194.6
Deduct: Goodwill and Intangible Assets	(198.6)	(197.1)	(195.6)	(194.1)	(271.0)	(270.4)	(302.3)	(286.8)	(284.8)	(283.4)	(371.2)	(368.0)
Tangible Shareholders' Equity	657.0	677.7	700.1	684.7	713.0	737.8	725.4	746.8	765.6	790.3	815.6	826.5
Deduct: Preferred Stock	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Tangible Common Shareholders' Equity	\$657.0	\$677.7	\$700.1	\$684.7	\$713.0	\$737.8	\$725.4	\$746.8	\$765.6	\$790.3	\$815.6	\$826.5
Total Assets	\$7,818.3	\$7,701.1	\$7,506.1	\$7,263.9	\$8,085.3	\$8,018.8	\$8,932.7	\$8,609.7	\$8,581.1	\$8,689.6	\$9,383.0	\$9,543.6
Add: Trust Overdrafts	.3	.1	.1	.5	.1	.4	.4	.6	.1	.1	1.7	.1
Deduct: Goodwill and Intangible Assets	(198.6)	(197.1)	(195.6)	(194.1)	(271.0)	(270.4)	(302.3)	(286.8)	(284.8)	(283.4)	(371.2)	(368.0)
Tangible Assets	\$7,620.0	\$7,504.1	\$7,310.6	\$7,070.3	\$7,814.4	\$7,748.8	\$8,630.8	\$8,323.5	\$8,296.4	\$8,406.2	\$9,013.6	\$9,175.7
Tangible Equity to Tangible Assets	8.62%	9.03%	9.58%	9.68%	9.12%	9.52%	8.40%	8.97%	9.23%	9.40%	9.05%	9.01%
Tangible Common Equity to Tangible Assets	8.62%	9.03%	9.58%	9.68%	9.12%	9.52%	8.40%	8.97%	9.23%	9.40%	9.05%	9.01%

Non-GAAP financial measures management believes is useful in evaluating the financial results of the Company

# ONB's 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.	PB
Cullen/Frost Bankers, Inc.	CFR	Renasant Corp.	RNST
F.N.B. Corporation	FNB	S&T Bancorp, Inc.	STBA
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	VLY
FirstMerit Corporation	FMER	WesBanco, Inc.	WSBC
Fulton Financial	FULT	Wintrust Financial Corporation	WTFC
Glacier Bancorp, Inc.	GBCI		

# NYSE: ONB Investor Information

Additional information for  
Old National Bancorp can be found on the  
Investor Relations web pages at  
[oldnational.com](http://oldnational.com)

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