

# Fourth-Quarter 2015 Earnings

February 1, 2016



# Lynell Walton

Investor Relations



## Additional Information for Shareholders of Anchor Bancorp Wisconsin Inc.

OLD  
NATIONAL

Communications in this document do not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger, Old National Bancorp (“ONB”) will file with the Securities and Exchange Commission (“SEC”) a Registration Statement on Form S-4 that will include a Proxy Statement of Anchor Bancorp Wisconsin Inc. (“Anchor”) and a Prospectus of ONB, as well as other relevant documents concerning the proposed transaction. Shareholders are urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about ONB and Anchor, may be obtained at the SEC’s Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from ONB at [www.oldnational.com](http://www.oldnational.com) under the tab “Investor Relations” and then under the heading “Financial Information” or from Anchor by accessing Anchor’s website at [www.anchorbank.com](http://www.anchorbank.com) under the tab “About Us.”

ONB and Anchor and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Anchor in connection with the proposed merger. Information about the directors and executive officers of ONB is set forth in the proxy statement for ONB’s 2015 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 13, 2015. Information about the directors and executive officers of Anchor is set forth in the proxy statement for Anchor’s 2015 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 27, 2015. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

# 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, statements about the expected timing, completion, financial benefits and other effects of the proposed merger between ONB and Anchor. 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: expected cost savings, synergies and other financial benefits from the proposed merger might not be realized within the expected time frames and costs or difficulties relating to integration matters might be greater than expected; the requisite shareholder and regulatory approvals for the proposed merger might not be obtained; satisfaction of other closing conditions; delay in closing the proposed merger; the reaction to the transaction of the companies’ customers and employees; market, economic, operational, liquidity, credit and interest rate risks associated with ONB’s and Anchor’s businesses; 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 ONB and Anchor to execute their respective business plans (including integrating the ONB and Anchor businesses); 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; other factors identified in ONB’s Annual Report on Form 10-K and other periodic filings with the SEC and other factors identified in this presentation. These forward-looking statements are made only as of the date of this presentation, and neither ONB nor Anchor undertakes an 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 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.

# 4Q15 Highlights

- ✓ Reported net income of \$32.0 million, or \$.27 per share
  - 9.2% increase in net income and 8.0% increase in EPS Y/Y
- ✓ Continue to grow organic revenue
  - 6.0% annualized organic loan growth (\$102.0 million), net of change in covered loans
  - 4.3% increase in total revenues over 4Q14
- ✓ Improve operating leverage
  - 5.3% decline in operational expenses<sup>1</sup> from 3Q15
  - Efficiency Ratio<sup>2</sup> of 66.4%
- ✓ Prudent use of capital
  - 306,000 shares of stock repurchased
  - Tangible Common Equity<sup>2</sup> of 7.66%
  - Increase in Tangible Book Value Per Share<sup>2</sup> of 2.3%
  - Dividend yield of 4.2%<sup>3</sup>

<sup>1</sup> See slide 17 for definition of operational expenses    <sup>2</sup> Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation    <sup>3</sup> Based on ONB stock price of \$12.32 at 1-29-2016

# 2015 vs 2014 Highlights

- ✓ Reported net income of \$116.7 million, or \$1.00 per share
  - 12.6% increase in net income and 5.3% increase in EPS
- ✓ Continue to grow organic revenue
  - 5.1% organic loan growth (\$324.1 million), excluding covered, acquired and sold loans
  - 12.3% increase in total revenues (despite \$5.4 million decline from Durbin)
- ✓ Improve operating leverage
  - 1.8% decline in operational expenses from 4Q14
  - Sold non-strategic market (Southern IL) + 5 other branches
  - Implemented successful voluntary early retirement program
  - Consolidated 23 branches
  - Repurchased 14 bank properties
  - Deposits per branch exceeds \$50 million, 30% increase from 2012
- ✓ Prudent use of capital
  - 6.3 million shares of stock repurchased
  - Stable Tangible Book Value Per Share<sup>1</sup> despite partnership activity

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

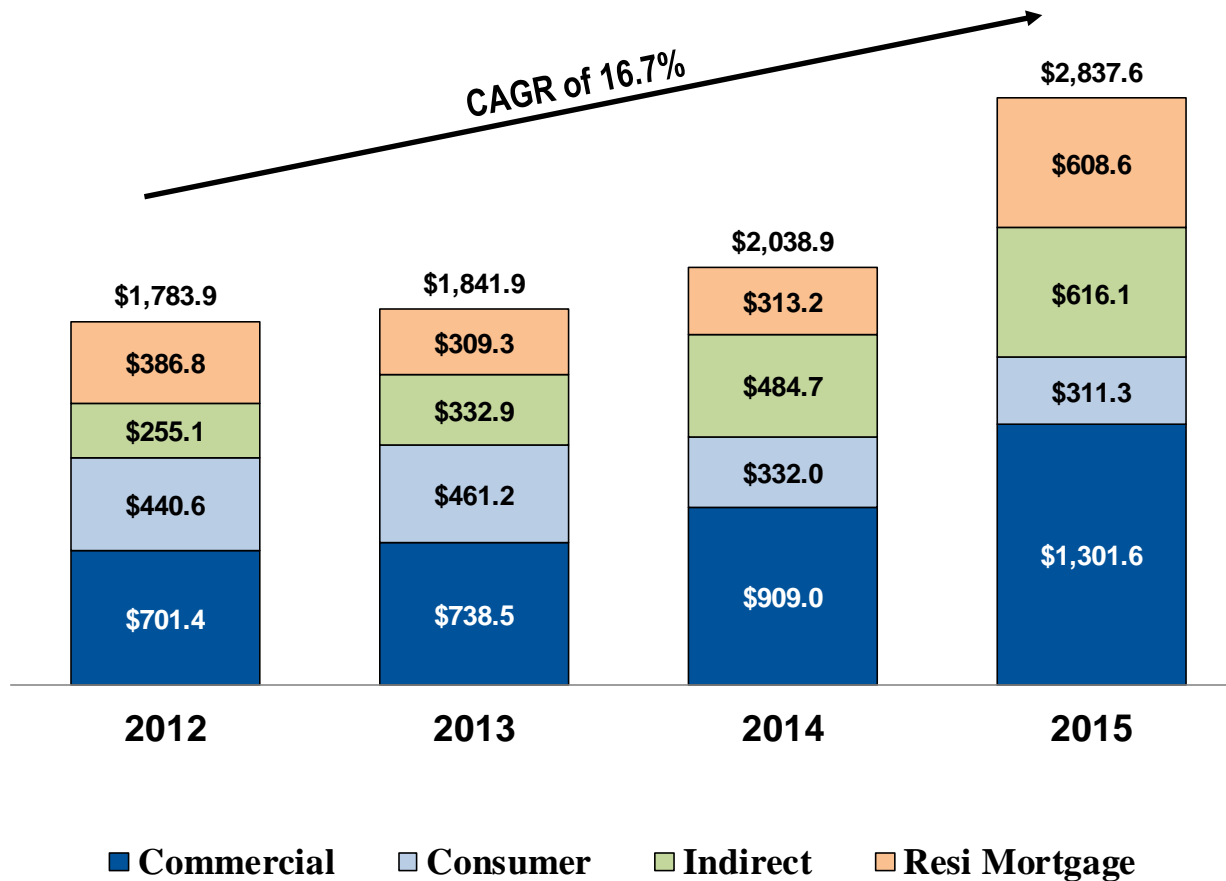
# Jim Sandgren

Chief Banking Officer





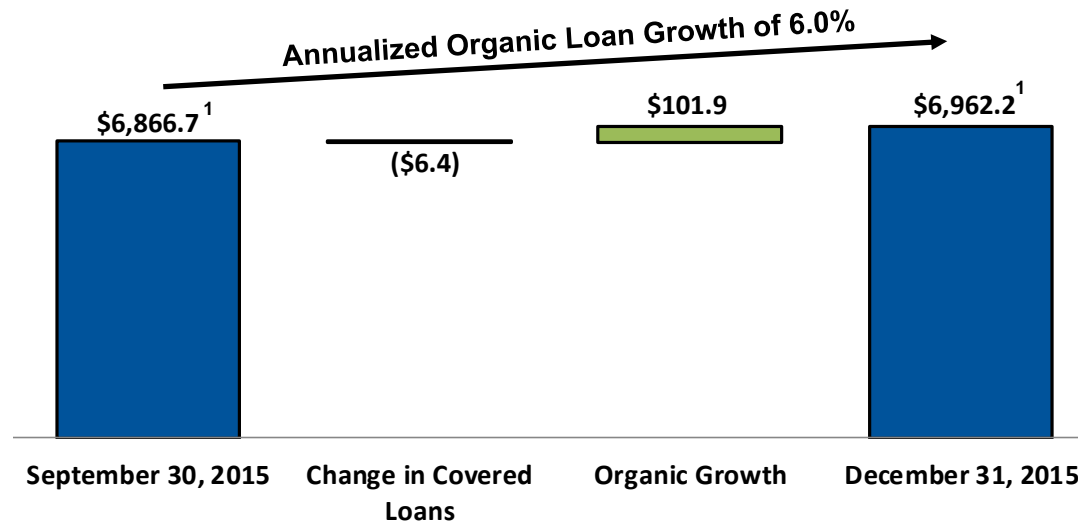
# Loan Production



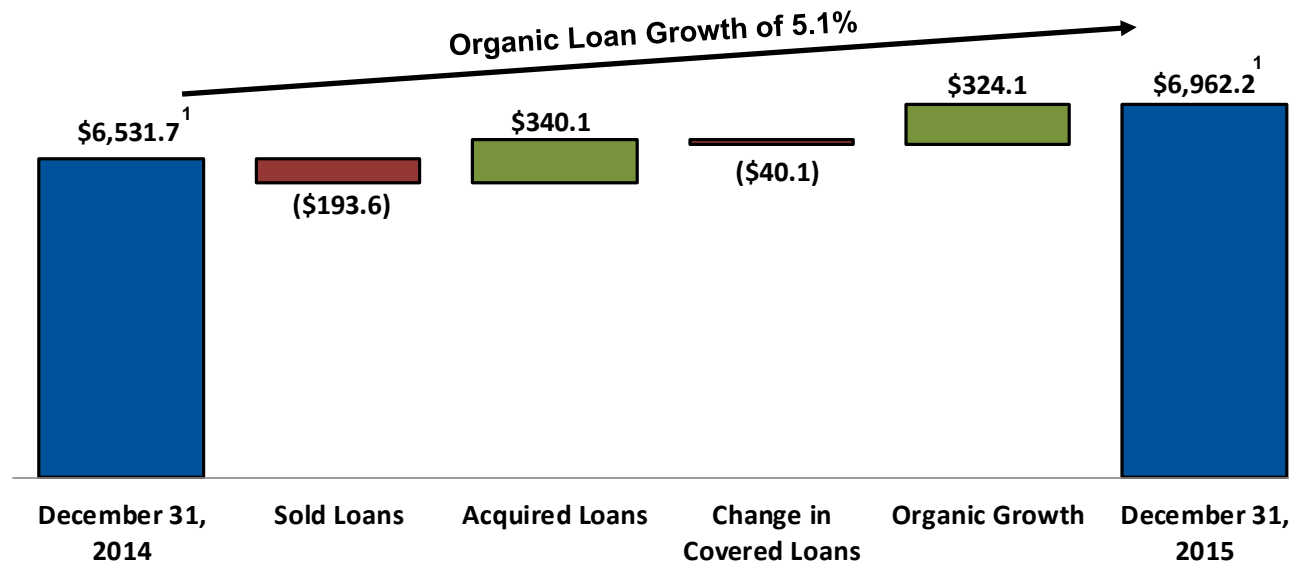
Loan Production includes 50% credit for line of credit unfunded commitments  
\$ in millions

# Loan Growth

3Q15  
VS.  
4Q15



2014  
VS.  
2015



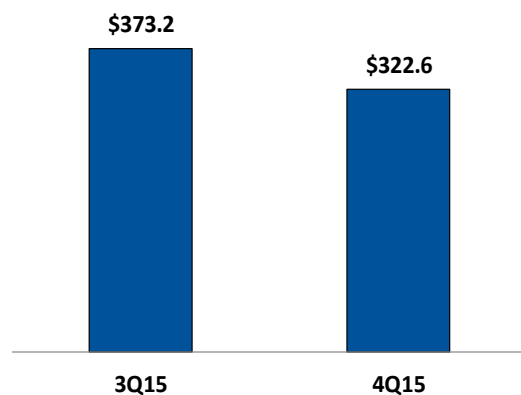
\$ in millions – End of Period

<sup>1</sup> Includes Loans Held for Sale and Covered Loans

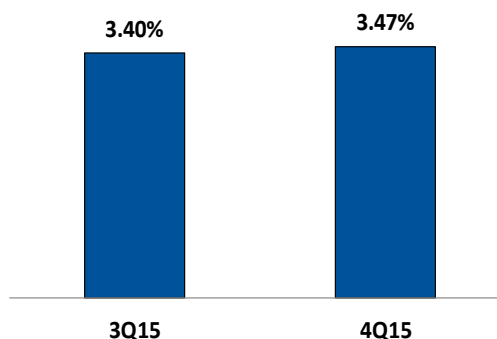
# Commercial & Commercial Real Estate



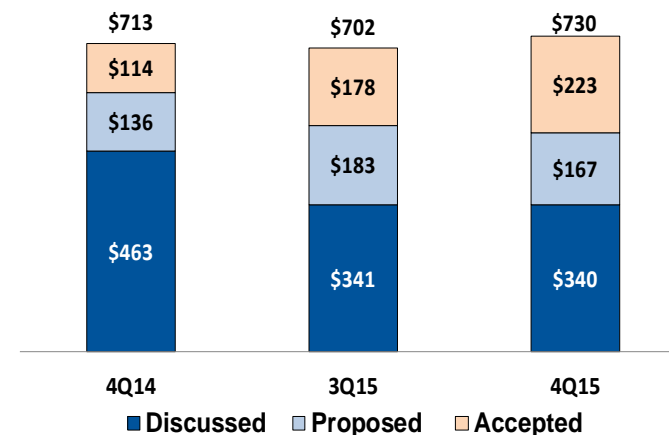
**New Quarterly Production<sup>1</sup>**



**Production Yield<sup>2</sup>**



**Loan Pipeline**



***Average loan size of 4Q15 production is less than \$440,000***

\$ in millions

<sup>1</sup>New Quarterly Production includes 50% credit for line of credit unfunded commitments <sup>2</sup>Yield is based on funded balances only

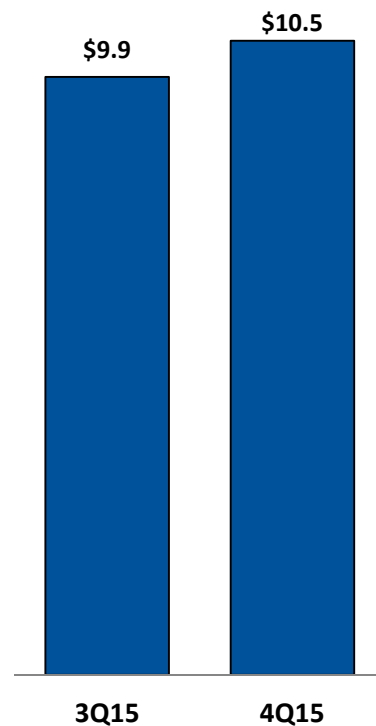
# Fee-Based Business Revenue – Quarterly



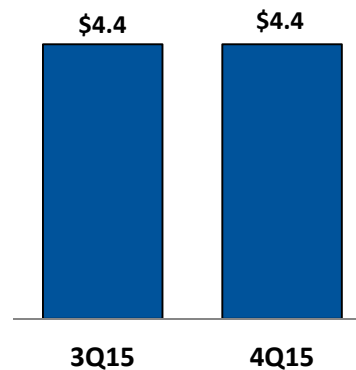
## Wealth Management



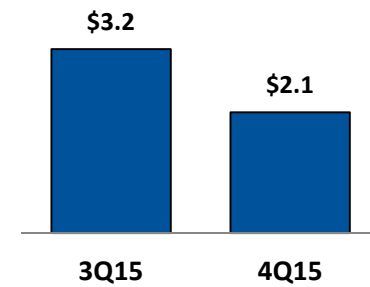
## Insurance



## Investments



## Mortgage Banking

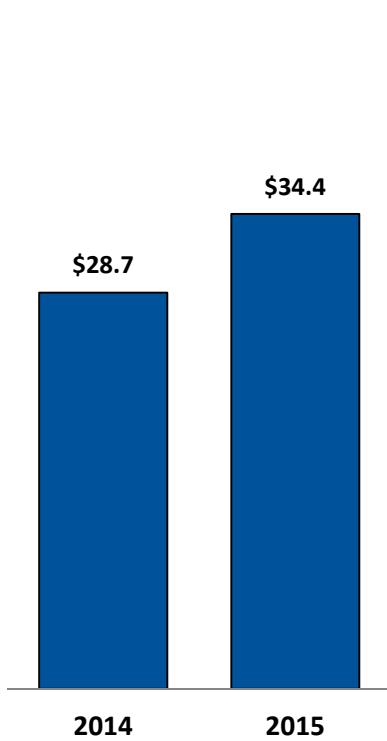


\$ in millions

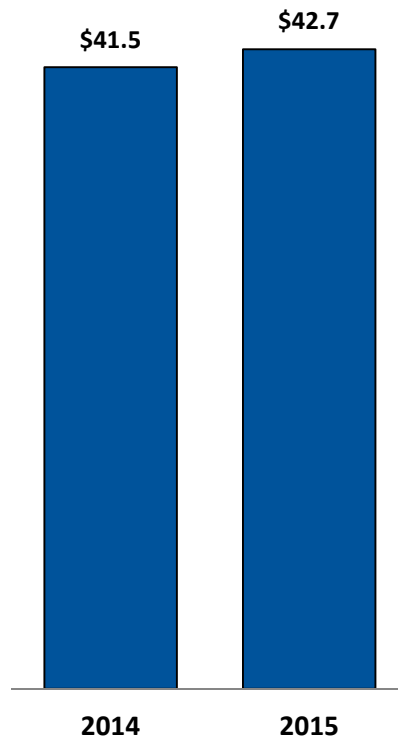
# Fee-Based Business Revenue – Annual



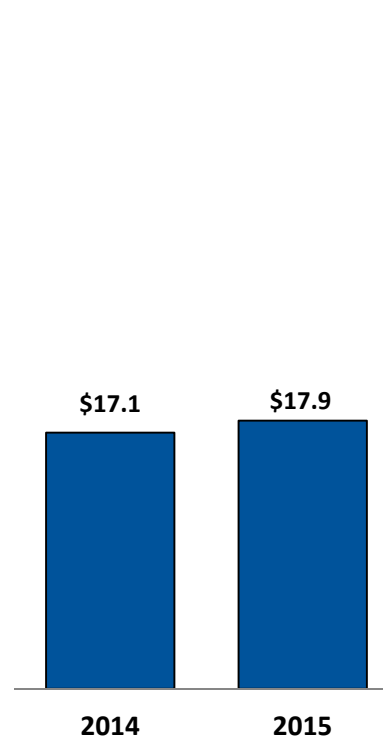
## Wealth Management



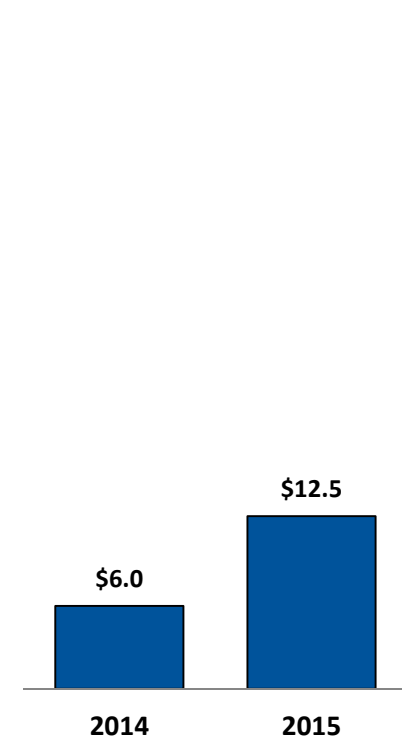
## Insurance



## Investments



## Mortgage Banking



Annual production	
2014	\$313.2
2015	\$608.6

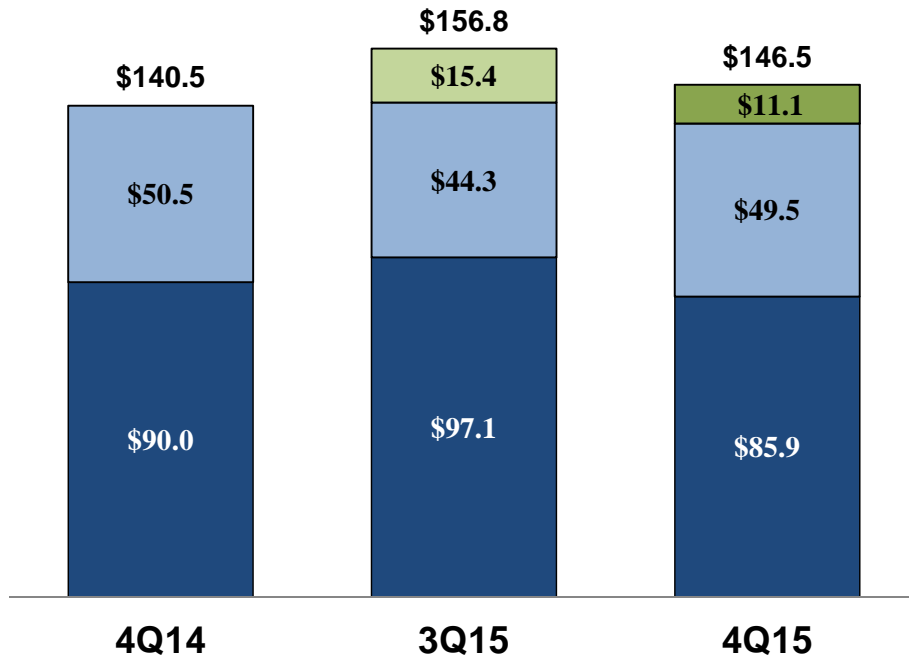
\$ in millions

# Chris Wolking

Chief Financial Officer



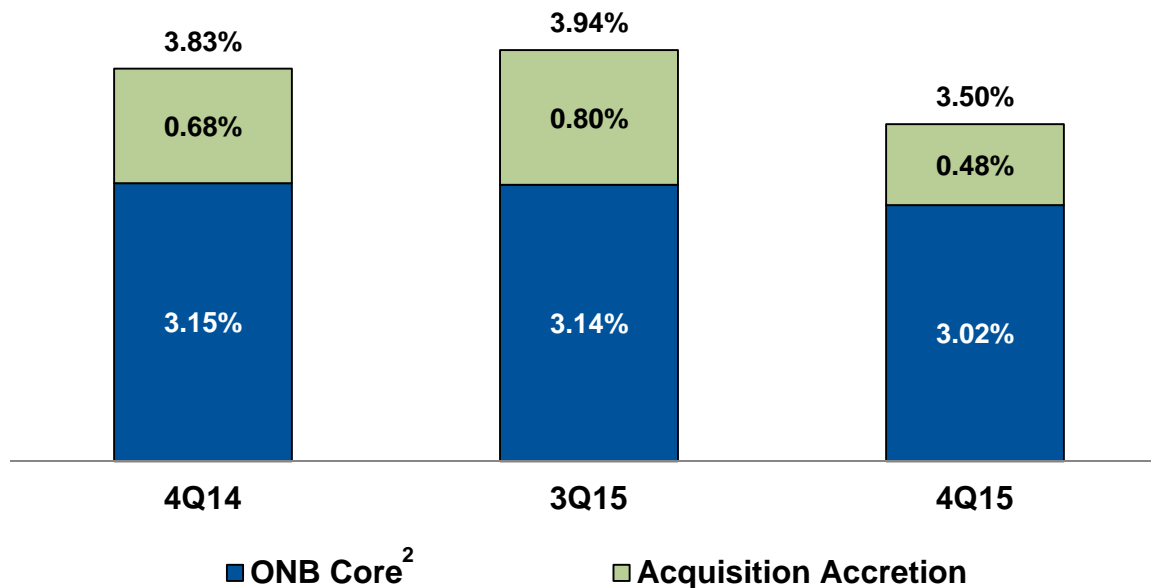
# Total Revenue



- Branch Buy Back Gains and Other Adjustments
- Branch Sale Gains
- Fees, Service Charges, Security Gains & Other Rev.
- Net Interest Income

- The Durbin Amendment to the Dodd-Frank Act became effective for Old National beginning July 1, 2015, reducing 3Q15 and 4Q15 interchange income by a combined \$5.4 million

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



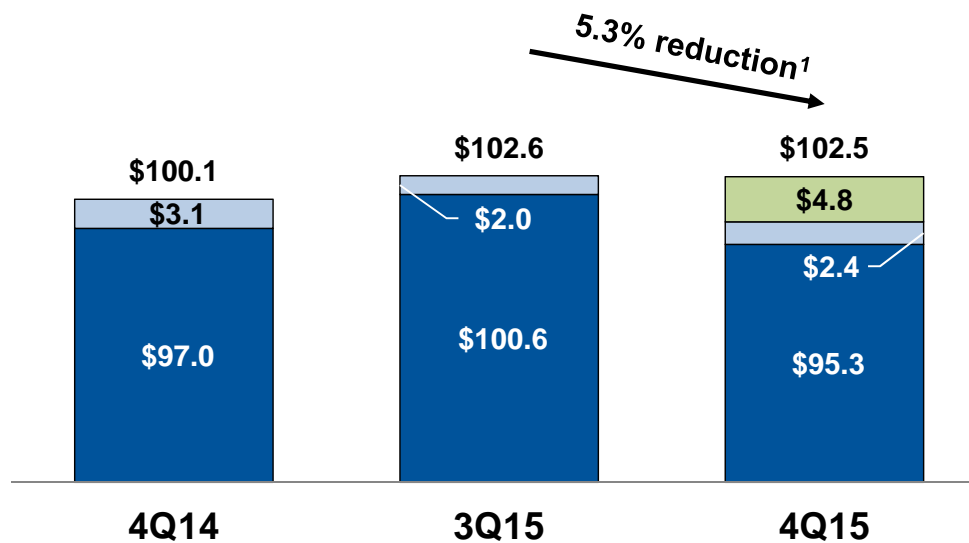
- 4Q15 core margin impacted by lower nonaccrual recoveries and change in the mix of nonearning assets
- Expect 1Q16 core margin of 3.07% to 3.09%

<sup>1</sup> Fully taxable 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

<sup>2</sup> ONB Core includes contractual interest income of recent acquisitions



# Noninterest Expense



- FTE reduction of 286 (10%) from 4Q14
- Branch reduction of 35 (18%) from 4Q14
- Full-year 2016 incentive Efficiency Ratio target of 63.0%

- Litigation Reserve
- Merger/Integration Costs & Efficiency Program Charges
- Operational Expenses

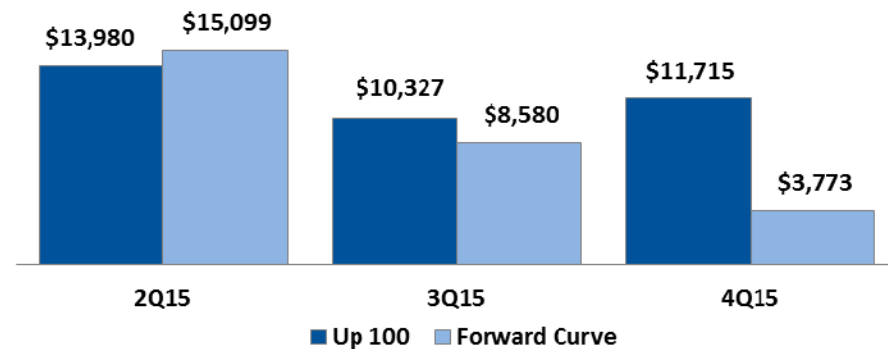
\$ in millions

<sup>1</sup>Operational expenses = total noninterest expense less merger/integration costs, efficiency program charges and litigation reserve – includes ongoing operating costs associated with recent acquisitions

# Modeled Interest Rate Sensitivity

- Total non-maturity, interest-bearing accounts increase from 0.06% to 0.30% in the “Up 100 bps” scenario
- 22% of total non-interest bearing DDA are considered rate sensitive
- 41% of C&I and CRE loans reprice within one year
- 15% of loans have floors; less than 1% of these loans are currently below their floor rates
- Investment portfolio duration of 3.99 at 12/31/15, down from 4.03 at 09/30/15

Two Year Projected Change to  
Net Interest Income  
*(Historical)*



\$ in thousands

Change to Net Interest Income based on a one year time horizon

Refer to slide 30 for rate curves

# Tangible Common Equity

		Shares	TBV/Share
<b>Tangible Common Equity – 3Q15</b>	\$853.2	114.5	7.45
Tangible Net Income	34.5		
Changes in OCI – Securities	(4.2)		
4Q15 Dividend	(13.7)		
4Q15 Share Repurchase	(4.5)		
Other	5.9		
<b>Tangible Common Equity – 4Q15</b>	<b>\$871.2</b>	<b>114.3</b>	<b>7.62</b>

- **306,000 shares of stock repurchased at an average price of \$13.97 during 4Q15**

# Daryl Moore

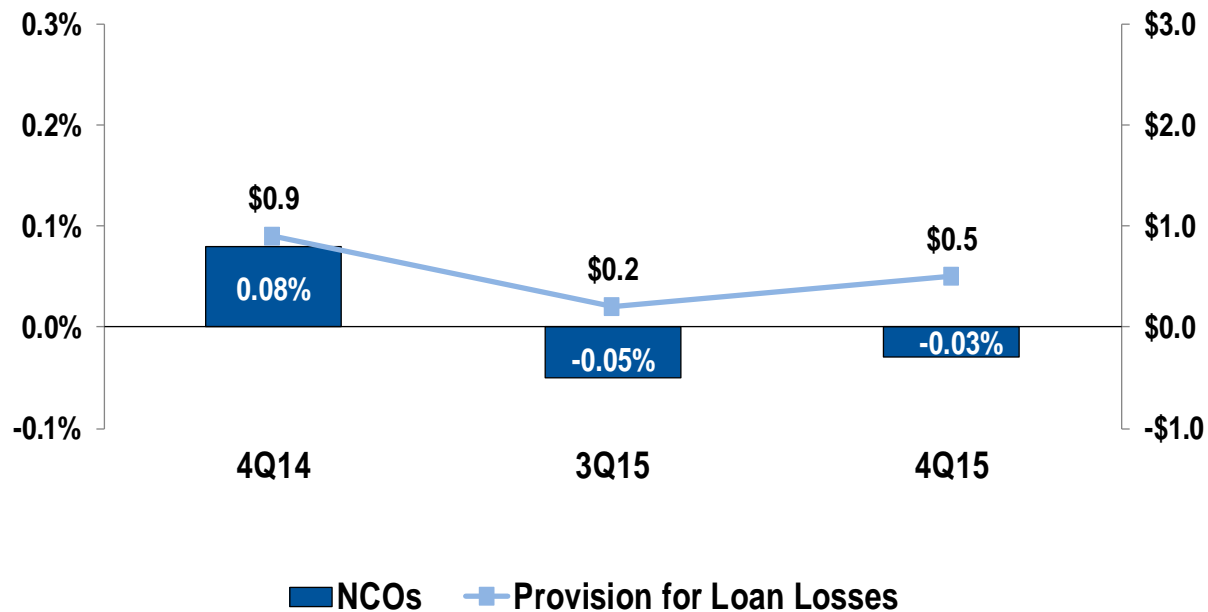
Chief Credit Officer



# Net Charge-Offs / Provision

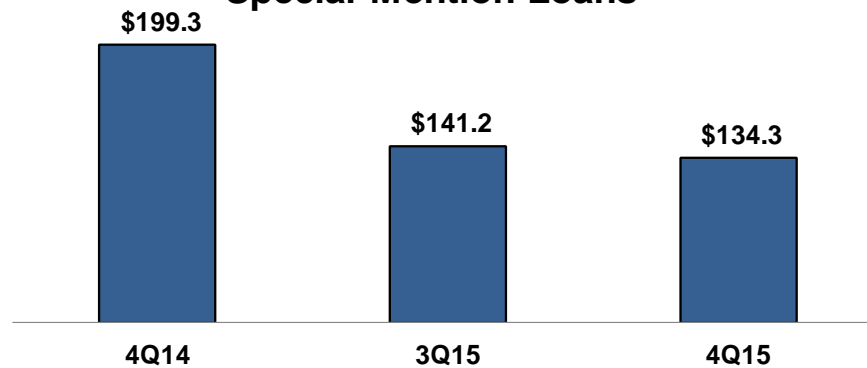


Net Charge-Offs / Provision

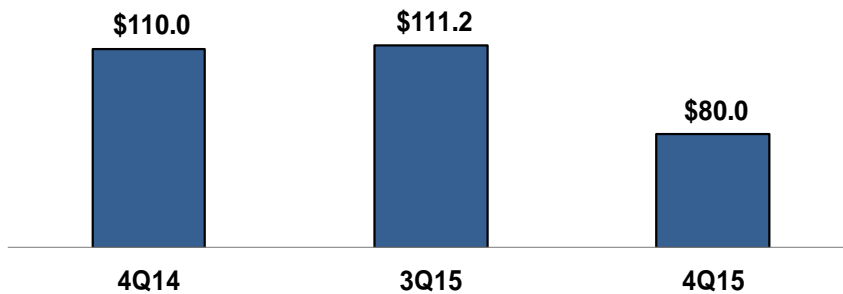


- YTD net recoveries of \$1.5 million & YTD provision expense of \$2.9 million

## Special Mention Loans



## Substandard Accruing Loans



## Substandard Nonaccruing + Doubtful Loans



# Bob Jones

Chief Executive Officer



- **A quick look back at 2015**
  - The “Pause” was timely
  - Strengthened foundation through execution
  - Credit quality and capital remained strong
- **Economic speed bumps vs. road blocks?**
  - Clients vote speed bumps
  - Market appears to like the latter
- **A look ahead to 2016**
  - Anchor partnership is off to a great start
  - Groundhog Day



# A Look Ahead to 2016

	2016 Outlook <sup>1</sup>
Balance Sheet	
Loans	Mid single digit growth consistent with last half of 2015
Deposits	Low single digit growth despite increased competition and pricing discipline
Income Statement	
Core Net Interest Margin	Stable assuming no further rate increases
Fee-Based Businesses	Stable to slightly down depending on market conditions
Noninterest Expense	Low single digit decrease in operational expenses (excludes merger/integration & efficiency charges)
Asset Quality	
Provision	Yes – modest increase to reflect loan growth
Net Charge-Offs	Move from net recoveries to net charge-offs of .05% to .15%
Nonperforming Assets	Continued trend downward
Delinquencies	Stable – continued below peer levels
Capital	
Dividend	Increased 8.3% on January 28, 2016
Stock Buyback	None authorized – future buy backs dependent on M&A environment
Taxes	
Effective Tax Rate	GAAP rate of 26.3% – Fully taxable equivalent rate of 35.5%

Pending Anchor Partnership – election of 3.5505 common shares of ONB or \$48.50 (fixed) in cash for each share of Anchor – 40% of Anchor shares receive cash – 4% accretive to 2016 EPS street estimates, excluding transaction-related expenses

<sup>1</sup> Excludes the impact of the pending partnership with Anchor Bancorp

Thank You

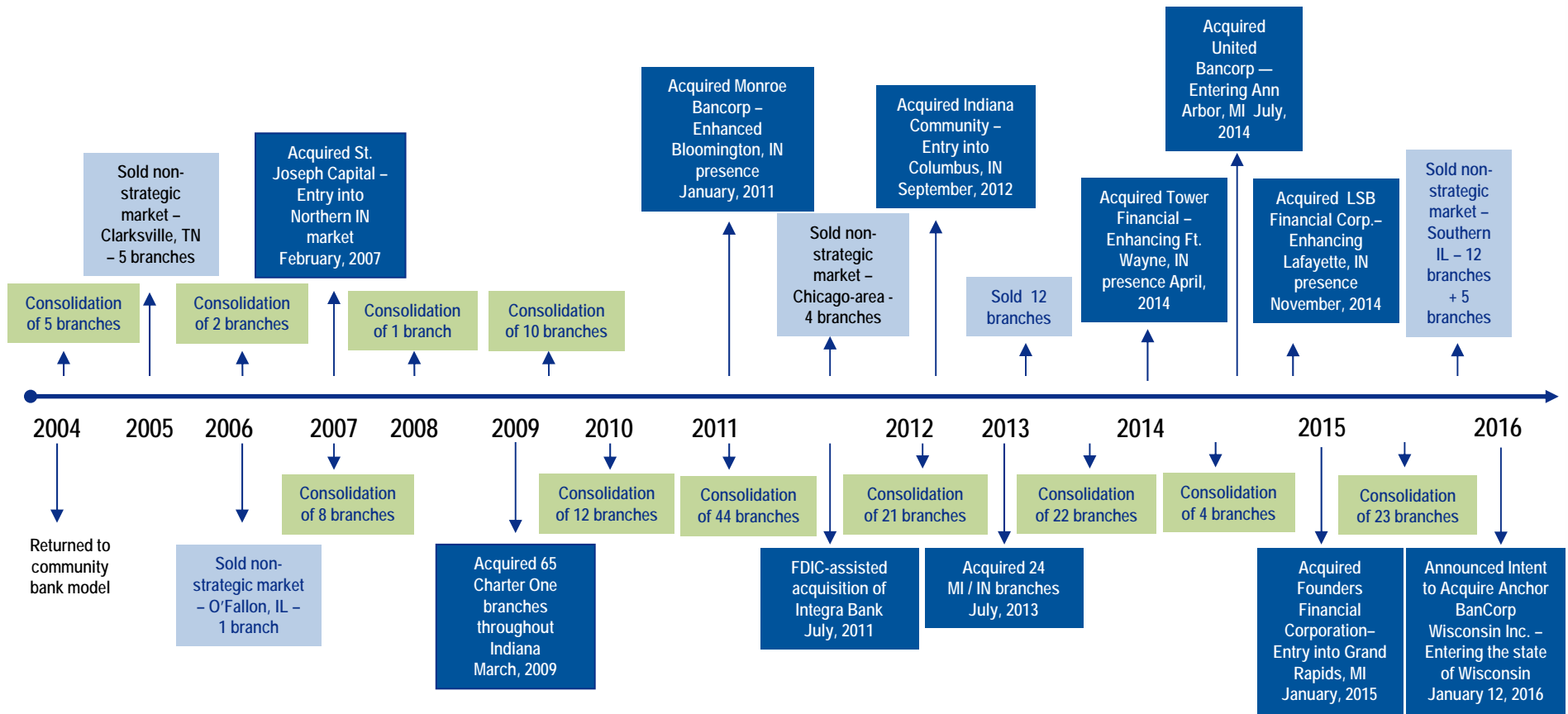
Q&A



# Appendix



# Transforming Old National's Landscape



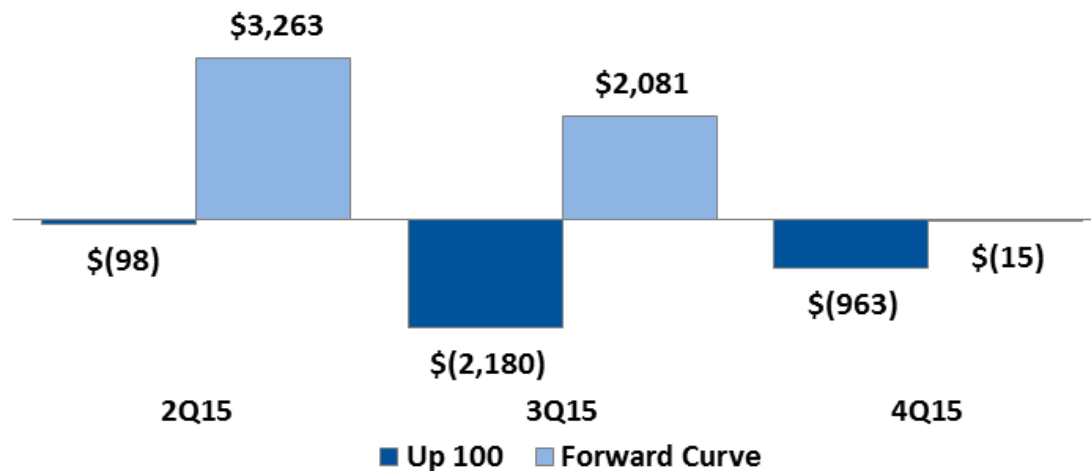
Acquired 209

Sold 39

Consolidated 152

# Modeled Interest Rate Sensitivity

## One Year Projected Change to Net Interest Income *(Historical)*



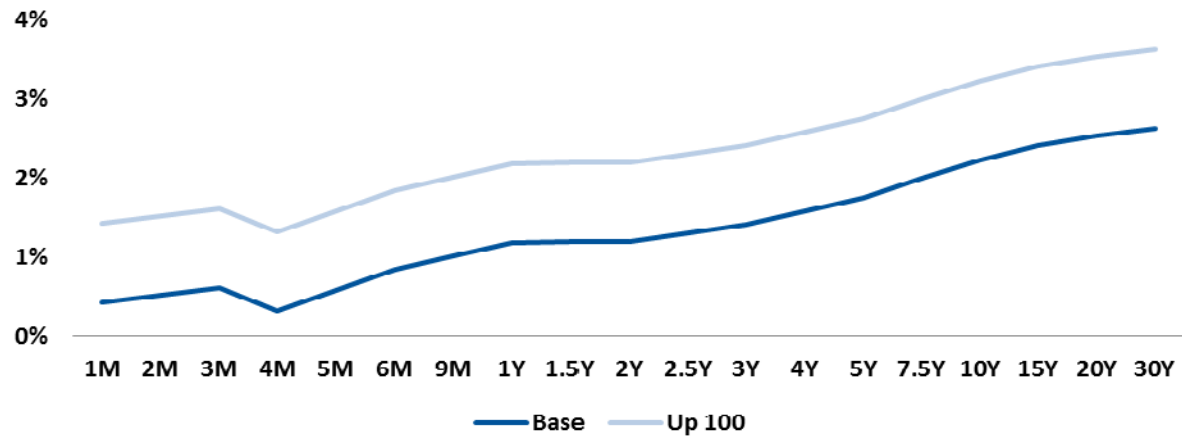
\$ in thousands

Change to Net Interest Income based on a two year time horizon

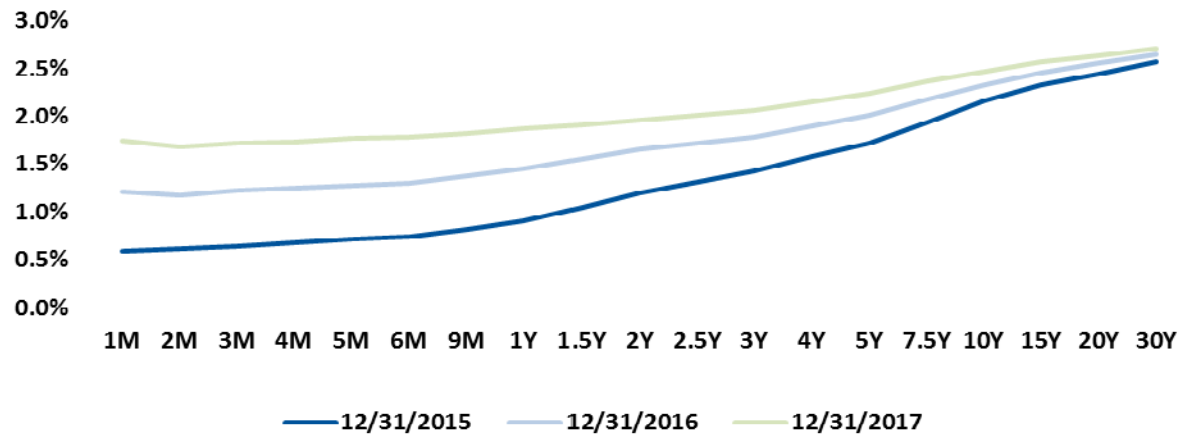
Refer to slide 30 for rate curves

# Interest Rate Curves

### Up 100 vs. Base



### Forward Curves



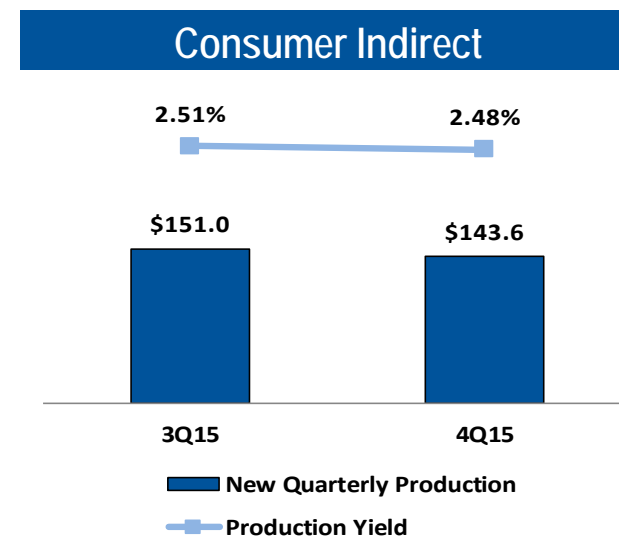
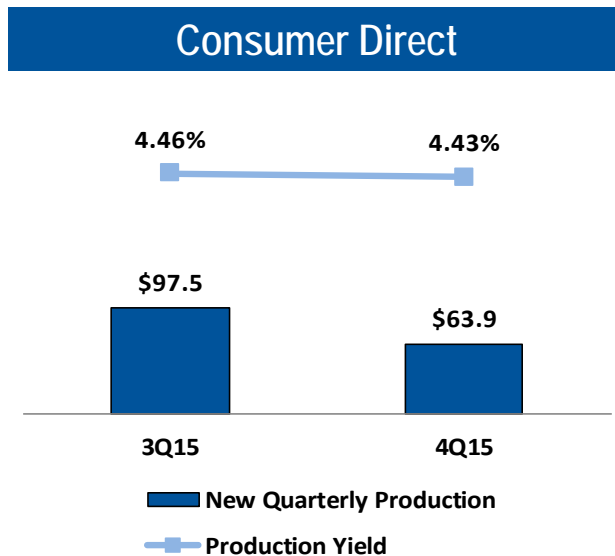
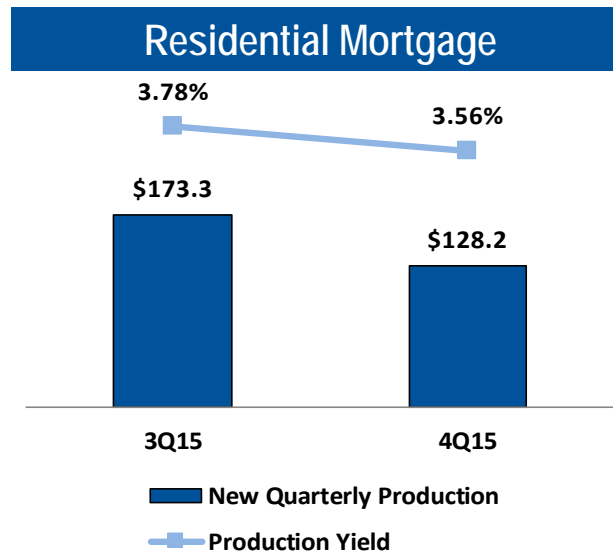
# Investment Portfolio



\$ in thousands	Effective Duration Sept 30, 2015	Effective Duration Dec 31, 2015	Book Value Sept 30, 2015	Book Value Dec 31, 2015
Money Market Investments <sup>1</sup>	0.03	0.01	\$11,149	\$125,972
Treasuries	2.81	2.56	11,971	11,968
Agencies	2.56	2.51	786,376	758,441
Pools	2.07	2.20	418,255	361,477
CMOs	3.32	3.45	726,659	720,505
Municipals	6.84	6.45	1,072,576	1,088,876
Corporates	3.12	3.07	139,587	141,993
ABS	1.09	1.03	179,086	177,572
Totals	4.01	3.85	\$3,345,659	\$3,386,804

<sup>1</sup>Money market investments includes balances in the Federal Reserve Bank Account

# Loan Production & Yield Trends



\$ in millions

New quarterly production includes unfunded commitments – Yield is based on funded balances only



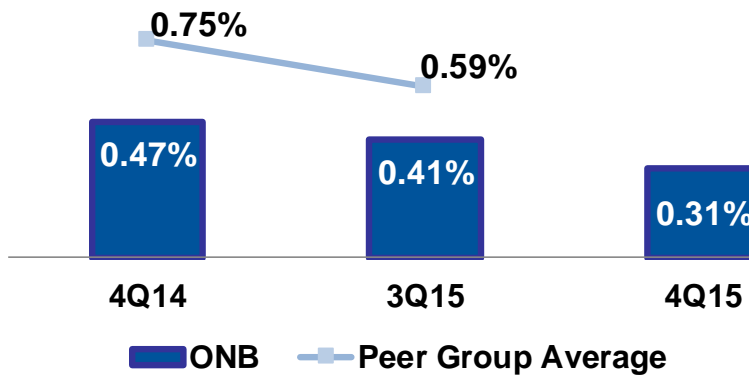
# Auto Loan Portfolio

Auto Loan Portfolio - As of 12/31/2015		
Direct	\$63.4	6.04%
Indirect	\$986.9	93.96%
<b>Total Auto</b>	<b>\$1,050.3</b>	<b>100.00%</b>
New	\$402.8	38.35%
Used	\$647.5	61.65%
<b>Total Auto</b>	<b>\$1,050.3</b>	<b>100.00%</b>

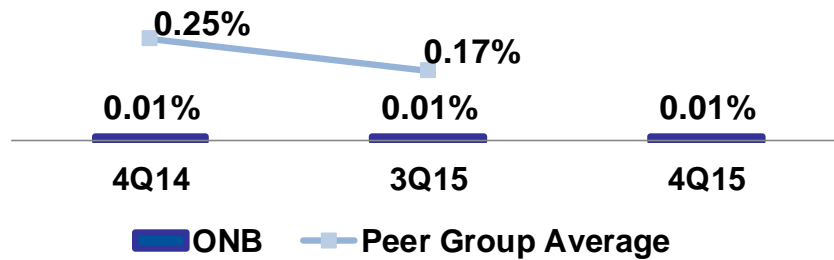
**Loans originated within the ONB footprint**

- **Total portfolio average original loan term of 66 months and weighted average FICO score of 767**
- **Total Portfolio yield of 3.37%**
- **30+ Days Delinquency at 12/31/2015 is 0.45%**

### 30+ Day Delinquent Loans<sup>1</sup>



### 90+ Day Delinquent Loans<sup>1</sup>



<sup>1</sup>As a % of end of period total loans  
Peer Group data per SNL Financial  
See Appendix for definition of Peer Group

# ALLL and Remaining Purchase Discount Summary

At December 31, 2015	ONB Legacy	Monroe	Integra	Indiana Community	Tower	United	Lafayette	Founders	Total
Allowance for Loan Losses (ALLL)	\$50.2	\$0.8	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$52.2
Remaining Loan Discount	N/A	\$4.7	\$20.0	\$17.0	\$13.6	\$22.0	\$15.0	\$12.9	\$105.2
Total ALLL/Remaining Discount	\$50.2	\$5.5	\$21.0	\$17.0	\$13.6	\$22.0	\$15.0	\$13.1	\$157.4
Pre-Discount Loan Balance	\$5,703.9	\$87.3	\$144.0	\$129.4	\$198.2	\$381.9	\$175.1	\$233.8	\$7,053.6
ALLL/Pre-Discount Loan Balance	0.88%	0.91%	0.70%	0.00%	0.00%	0.00%	0.00%	0.07%	0.74%
Mark/Pre-Discount Loan Balance	N/A	5.39%	13.87%	13.12%	6.86%	5.76%	8.60%	5.51%	1.49%
Combined ALLL & Discount/Pre-Discount Loan Balance <sup>1</sup>	0.88%	6.30%	14.57%	13.12%	6.86%	5.76%	8.60%	5.58%	2.23%

\$ in millions

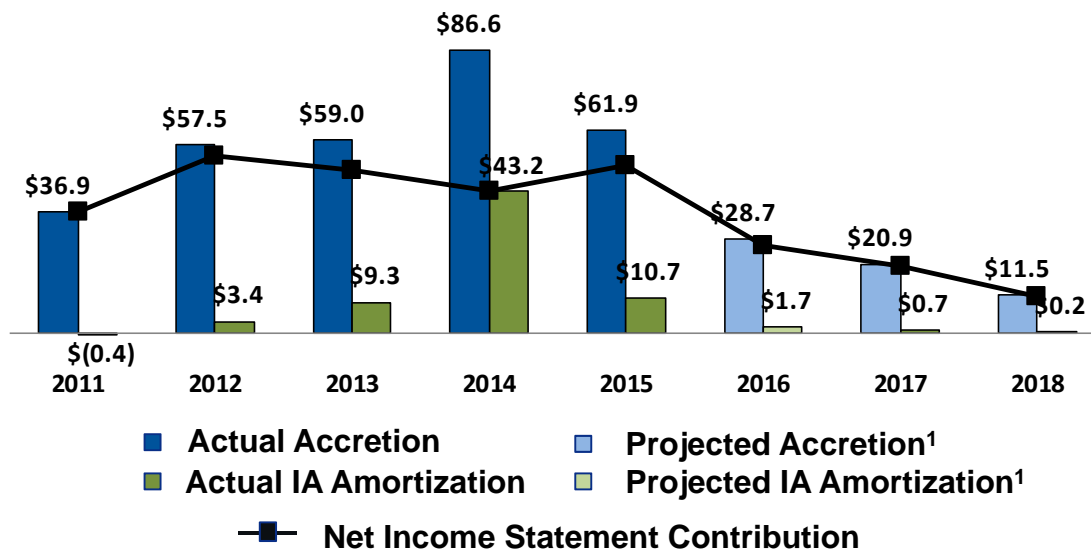
<sup>1</sup> Non-GAAP financial measure which Management believes useful to demonstrate that the remaining discount considers credit risk and should be included as part of total coverage N/A = not applicable

# Projected Purchase Accounting Impact



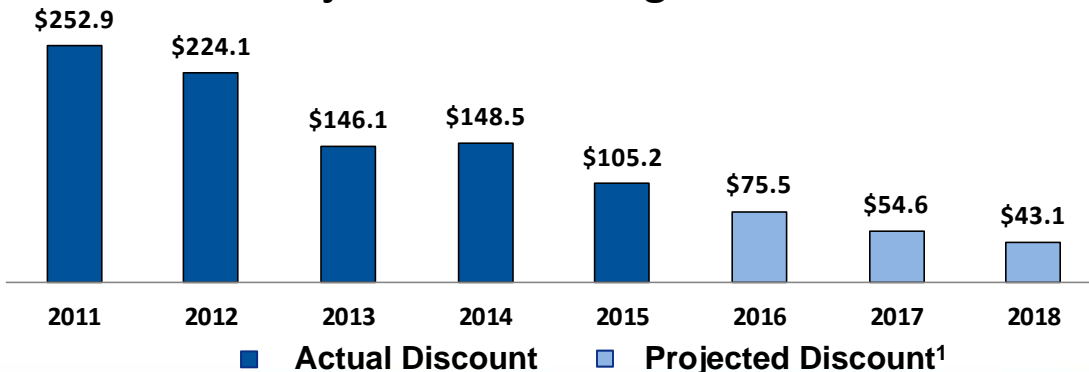
Manageable declines in purchase accounting impact expected in future periods

## Projected Accretion Income



- Projections assume no prepayments
- \$105.2 million in remaining discount

## Projected Remaining Discount

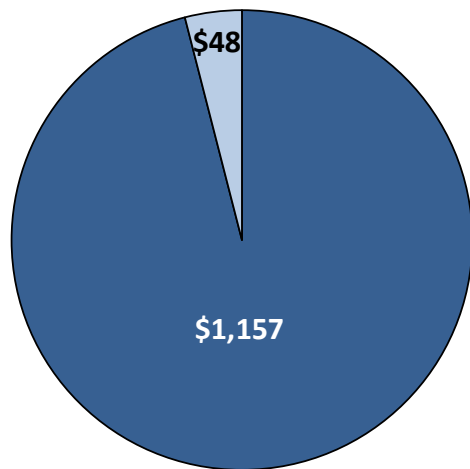


\$ in millions

<sup>1</sup> Updated quarterly – subject to change IA = Indemnification Asset

# Acquired Loans

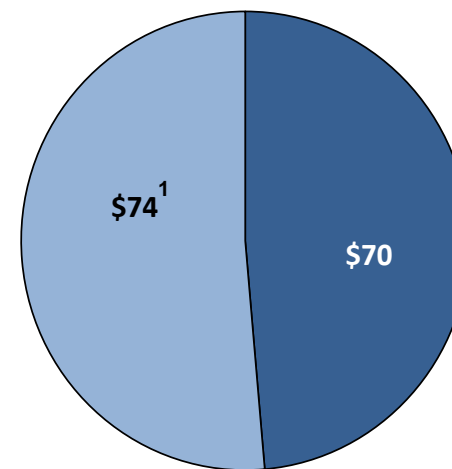
**Acquired Loans Before Discount  
(excluding Integra loans)**



■ Non-PCI ■ PCI

PCI = Purchased Credit Impaired

**Integra Loans Before Discount  
(Covered and Non-Covered)**



■ Non-PCI ■ PCI

Remaining Discount		
Non-PCI	5%	(\$61)
PCI	49%	(\$24)

Remaining Discount		
Non-PCI	3%	(\$2)
PCI	24%	(\$18)

<sup>1</sup>\$10 million is considered nonaccrual

# Non-GAAP Reconciliations

end of period balances	4Q14	3Q15	4Q15
Total Shareholders' Equity	\$1,465.8	\$1,476.0	\$1,491.2
Deduct: Goodwill and Intangible Assets	(569.5)	(622.8)	(619.9)
Tangible Common Shareholders' Equity	\$896.2	\$853.2	\$871.2
Total Assets	\$11,646.1	\$11,913.8	\$11,991.5
Add: Trust Overdrafts	0.2	0.1	0.0
Deduct: Goodwill and Intangible Assets	(569.5)	(622.8)	(619.9)
Tangible Assets	\$11,076.7	\$11,291.2	\$11,371.6
Tangible Equity to Tangible Assets	8.09%	7.56%	7.66%
Tangible Common Equity to Tangible Assets	8.09%	7.56%	7.66%
Net Income	\$29.3	\$37.7	\$32.0
After-Tax Intangible Amortization	2.5	2.6	2.5
Tangible Net Income	\$31.7	\$40.3	\$34.5
ROTCE	14.15%	18.88%	15.85%

# Non-GAAP Reconciliations

end of period balances	4Q14	3Q15	4Q15
Total Shareholders' Equity	\$1,465.8	\$1,476.0	\$1,491.2
Deduct: Goodwill and Intangible Assets	(569.5)	(622.8)	(619.9)
Tangible Common Shareholders' Equity	\$896.2	\$853.2	\$871.2
Risk Weighted Assets	\$7,334.0	\$7,597.3	\$7,718.1
Tangible Common Equity to Risk Weighted Assets	12.22%	11.23%	11.29%

end of period balances	4Q14	1Q15	2Q15	3Q15	4Q15
Total Shareholders' Equity	\$1,465.8	\$1,483.3	\$1,456.7	\$1,476.0	\$1,491.2
Deduct: Goodwill and Intangible Assets	(569.5)	(631.6)	(629.5)	(622.8)	(619.9)
Tangible Common Shareholders' Equity	\$896.2	\$851.6	\$827.3	\$853.2	\$871.2
Common Shares Issued and Outstanding at Period End	116,847	116,983	115,205	114,523	114,297
Tangible Common Book Value	\$7.67	\$7.28	\$7.18	\$7.45	\$7.62

\$ in millions

# Non-GAAP Reconciliations

	4Q14	3Q15	4Q15
Net Interest Income (\$ in 000's)	\$90,043	\$97,104	\$85,922
Taxable Equivalent Adjustment	4,324	4,965	5,163
Net Interest Income – Taxable Equivalent	\$94,367	\$102,069	\$91,085
Average Earning Assets	\$9,858,522	\$10,364,691	\$10,414,823
Net Interest Margin	3.65%	3.75%	3.30%
Net Interest Margin – Fully Taxable Equivalent	3.83%	3.94%	3.50%

	4Q14	3Q15	4Q15
Net Interest Income (\$ in 000's)	\$90,043	\$97,104	\$85,922
Taxable Equivalent Adjustment	4,324	4,965	5,163
Net Interest Income – Taxable Equivalent	\$94,367	\$102,069	\$91,085
Less Accretion	16,642	20,645	12,326
Net Interest Income – Taxable Equivalent Less Accretion	\$77,725	\$81,424	\$78,759
Average Earning Assets	\$9,858,522	\$10,364,691	\$10,414,823
Core Net Interest Margin - Fully Taxable Equivalent	3.15%	3.14%	3.02%



# Non-GAAP Reconciliations

Efficiency Ratio	4Q15
Net Interest Income (FTE) (\$ in millions)	\$91.1
Noninterest Income	60.6
Less Security Gains	1.7
Revenue Less Security Gains	150.0
Noninterest Expense	102.5
Intangible Amortization	2.8
Noninterest Expense Less Intangible Amortization	99.7
Efficiency Ratio	66.42%

# Old National's 2015 Peer Group



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

Associated Banc-Corporation	ASB	IberiaBank Corporation	IBKC
BancFirst Corporation	BANF	MB Financial Inc.	MBFI
BancorpSouth, Inc.	BXS	National Penn Bancshares Inc.	NPBC
Bank of Hawaii Corporation	BOH	Park National Corporation	PRK
Chemical Financial Corporation	CHFC	PrivateBancorp, Inc.	PVTB
Commerce Bancshares, Inc.	CBSH	Prosperity Bancshares Inc.	PB
Cullen/Frost Bankers, Inc.	CFR	Renasant Corporation	RNST
F.N.B. Corporation	FNB	South State Corporation	SSB
First Commonwealth Financial Corporation	FCF	TCF Financial Corporation	TCB
First Finanacial Bancorp.	FFBC	TFS Financial Corporation	TFSL
First Merchants Corporation	FRME	Trustmark Corporation	TRMK
First Midwest Bancorp Inc.	FMBI	UMB Financial Corporation	UMBF
FirstMerit Corporation	FMER	United Bankshares Inc.	UBSI
Flagstar Bancorp Inc.	FBC	Valley National Bancorp	VLY
Fulton Financial Corporation	FULT	WesBanco Inc.	WSBC
Home Bancshares, Inc.	HOMB	Wintrust Financial Corporation	WTFC

# Old National Investor Relations Contact



Additional information can be found on the  
Investor Relations web pages at

[www.oldnational.com](http://www.oldnational.com)



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