

2nd Quarter 2016 Earnings

August 1, 2016



Lynell Walton

Investor Relations



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 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 recently completed mergers 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 (including integrating the recently completed merger with Anchor); 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 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.

Strategic Actions

- ✓ Continue investment in higher growth markets
 - Investing in higher growth markets as a result of the closing of the Anchor Bank partnership on May 1
- ✓ Improve operating leverage
 - Approximately 150 basis point improvement in 2017's efficiency ratio from the sale of Old National Insurance
 - Cost savings of 32% from Anchor Bank partnership should further improve the efficiency ratio
 - Termination of FDIC loss share agreements
- ✓ Prudent use of capital
 - Sold Old National Insurance May 31 removing goodwill and intangibles of \$47.5 million
 - Lower merger and integration charges from Anchor than originally modeled
 - Lower credit marks than originally modeled

2Q16 Highlights

- Net income of \$39.1 million, or \$0.31 per share
 - 49.6% increase in net income and 40.9% increase in EPS Y/Y
 - Notable items in the quarter include gain on the sale of ONB Insurance, merger and integration charges, Foundation funding and community support, branch consolidation expense and severance, netting to a positive impact of \$8.7 million on an after-tax basis
- 11.3% annualized organic loan growth
- Increase in Tangible Book Value Per Share¹ of 5.5% from 1Q16 even after closing on largest partnership in Company history
- Return on Tangible Common Equity¹ of 15.2%
- Growth in fee income businesses

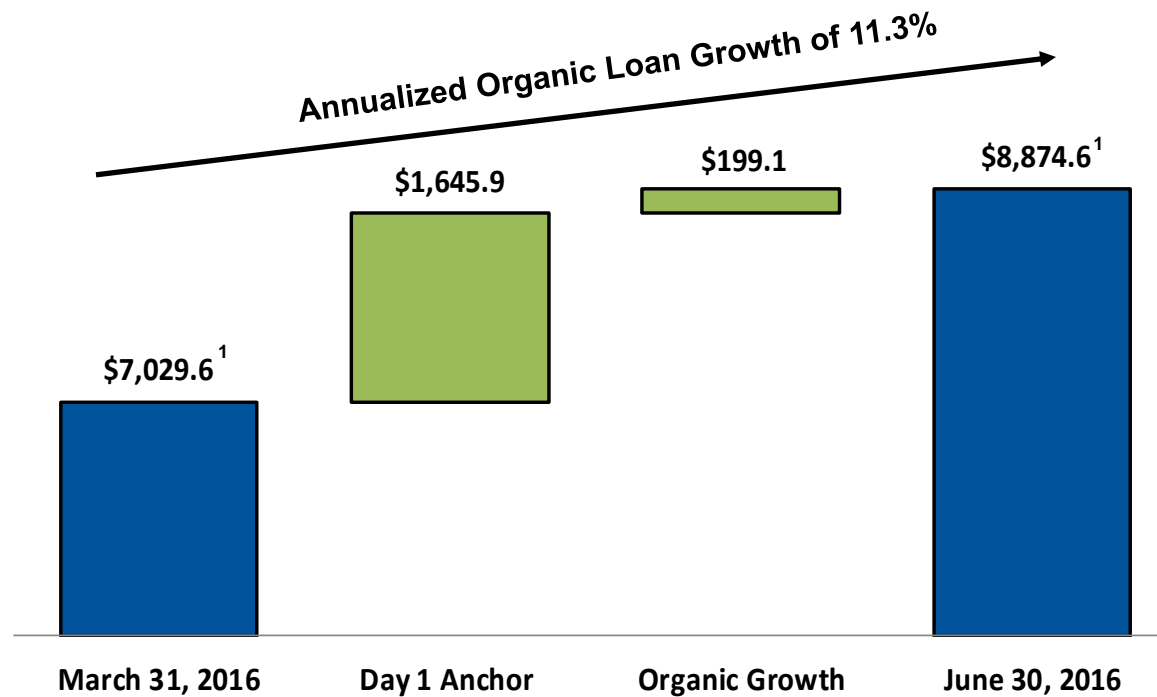
¹ Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

Jim Sandgren

President, Chief Operating Officer



Loan Growth



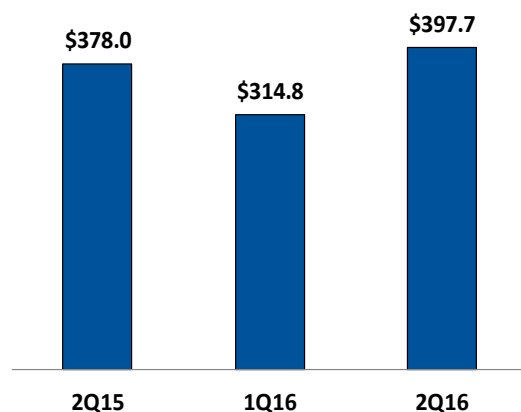
\$ in millions – End of Period Balances

¹ Includes Loans Held for Sale

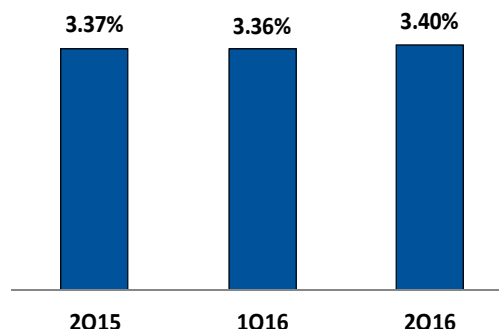
Commercial & Commercial Real Estate



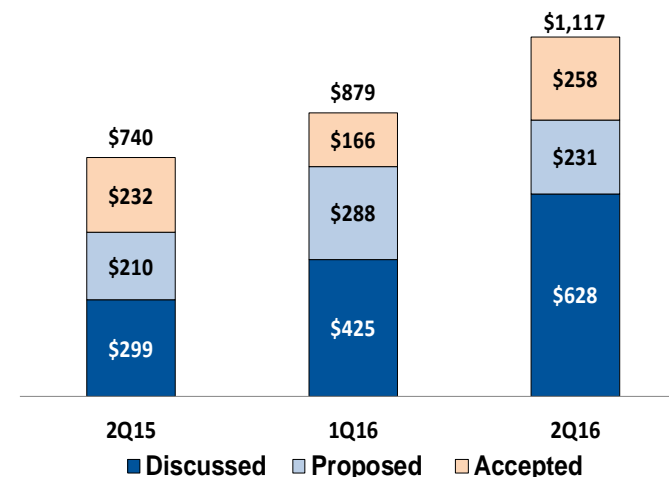
New Quarterly Production¹



Production Yield²



Loan Pipeline



Average loan size of 2Q16 production is less than \$520,000

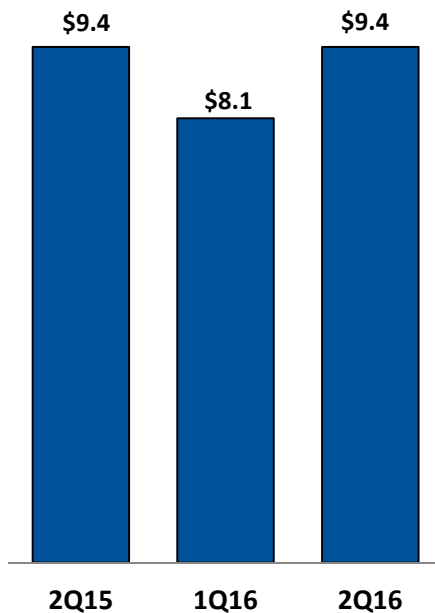
\$ in millions

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

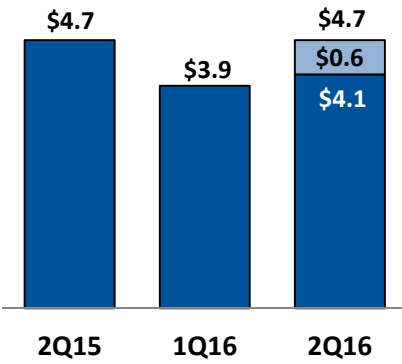
Fee-Based Business Revenue



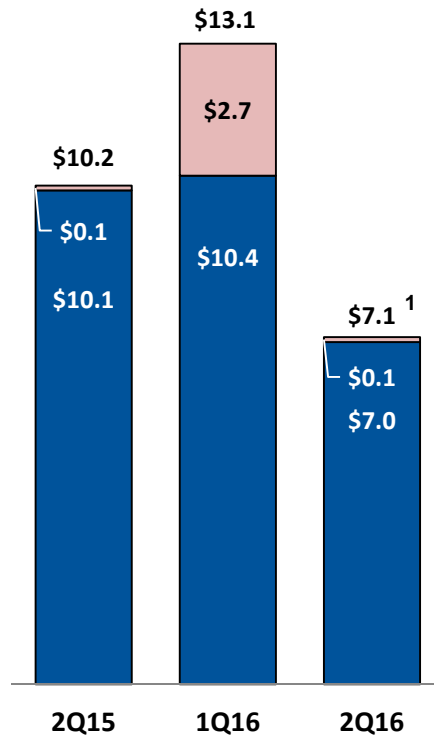
Wealth Management



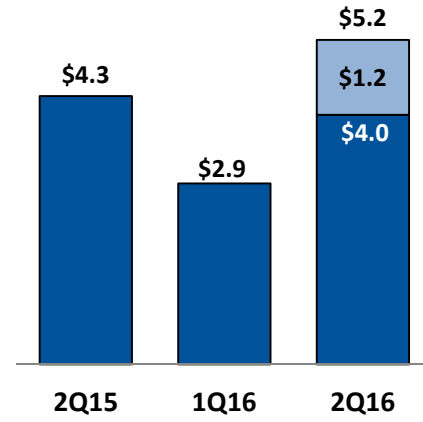
Investments



Insurance



Mortgage Banking



Asset Under Management at
6/30/2016 = \$8,413 million
6/30/2015 = \$8,073 million

■ ONB Excluding Anchor □ Anchor

■ Contingency Revenues

■ ONB Excluding Anchor □ Anchor

\$ in millions

¹ Insurance subsidiary sold as of May 31, 2016

Jim Ryan

Chief Financial Officer



Anchor Partnership – May 1, 2016



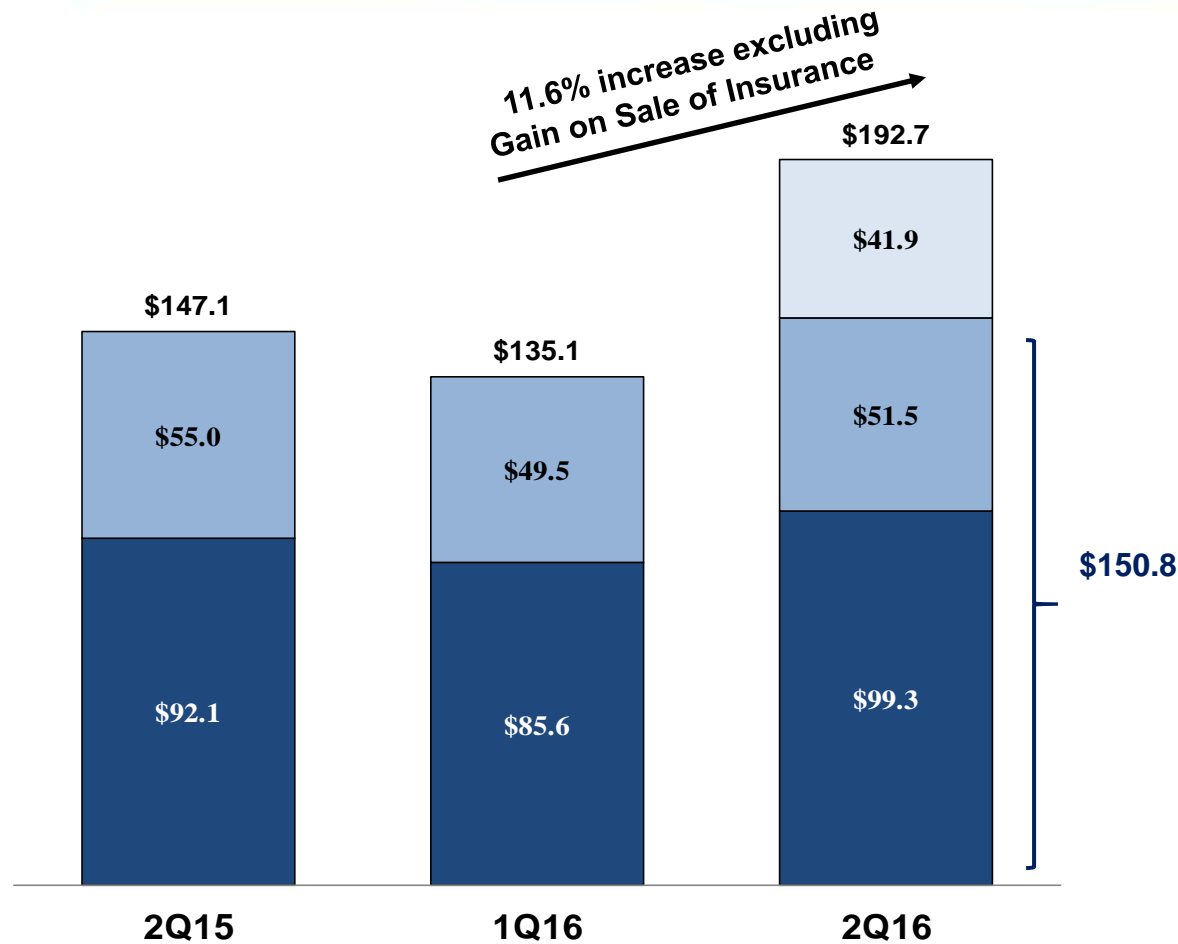
- Day 1 balance sheet
 - Loans (net of discount) of \$1,645.9 million
 - Deposits of \$1,852.7 million
- Loan mark of \$77.3 million, or 4.5%
- Goodwill recorded of \$111.9 million
- Intangibles recorded of \$21.6 million
- Issued 20.4 million shares of common stock
- Conversion set for mid-September

Sale of Insurance Subsidiary – May 31, 2016

Cash Proceeds	\$91.8
Less: Book Value	(50.3)
Less: Costs of Sale/Misc	(2.4)
Plus: Deferred Gain on Sale Leaseback	2.8
Book Gain (Pre-Tax)	\$41.9
Less: Tax on Book Gain	(16.0)
Less: Tax on Non-Deductible Goodwill	(8.3)
Book Gain (After Tax)	\$17.6

Removed \$47.5 million in goodwill and intangibles from the Balance Sheet

Total Revenue

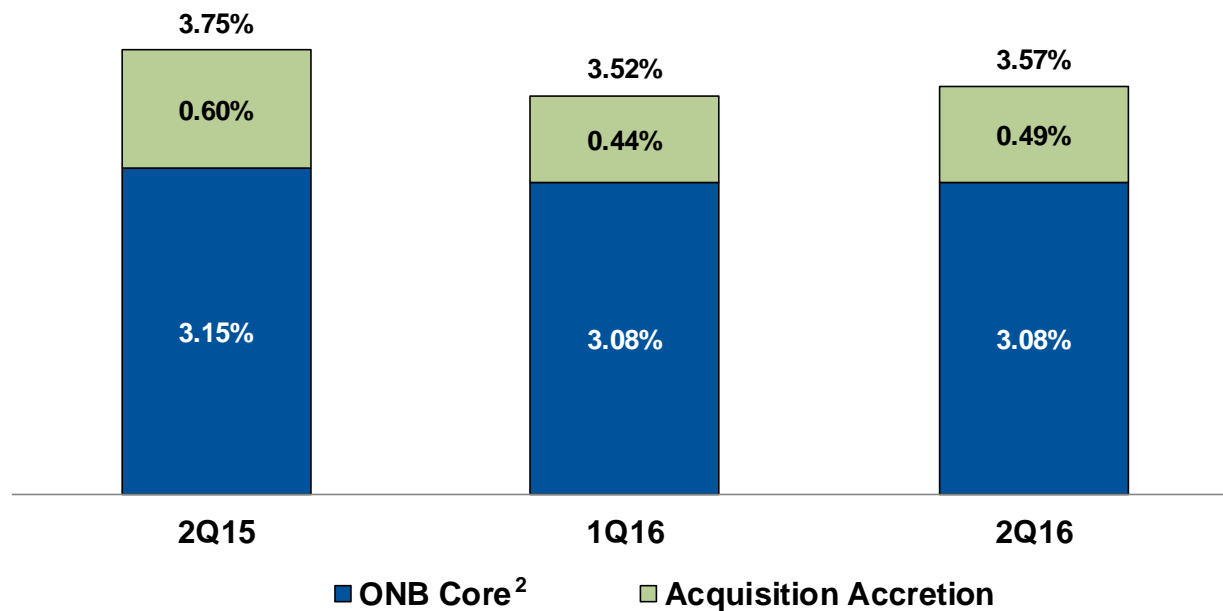


- The Durbin Amendment reduced 1Q16 and 2Q16 interchange income each by \$2.7 million and \$2.9 million, respectively

- Gain on Sale of Insurance Group
- Fees, Service Charges, Security Gains & Other Rev.
- Net Interest Income

\$ in millions

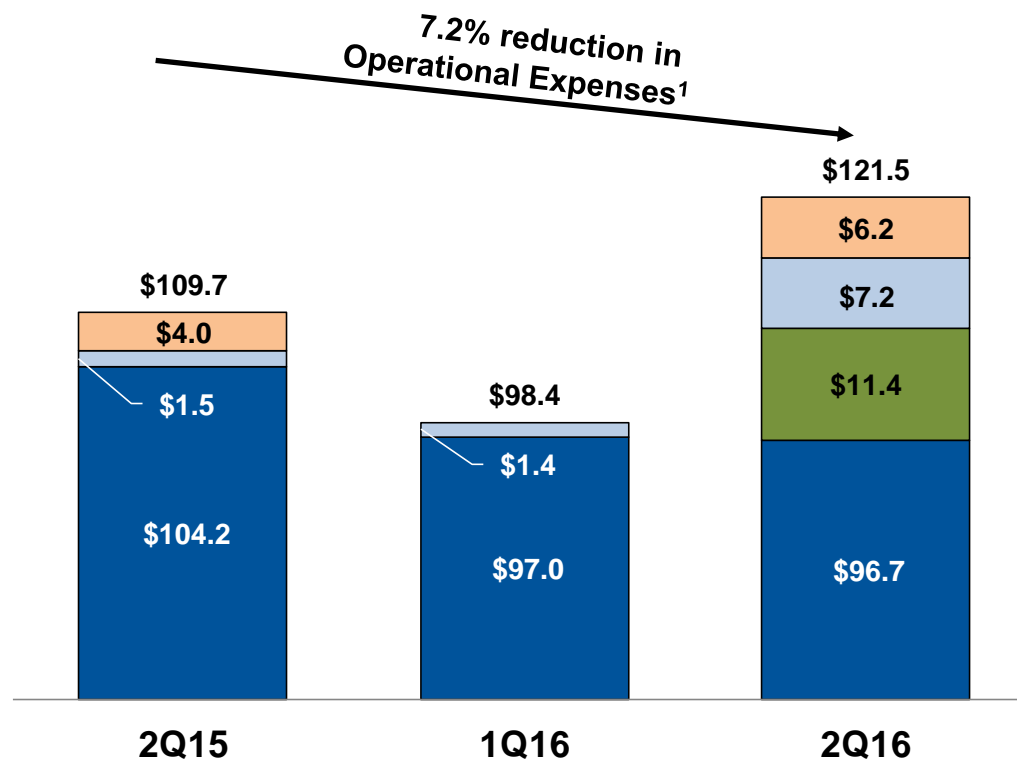
Net Interest Margin¹



¹ 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

² ONB Core includes contractual interest income of prior acquisitions

Noninterest Expense



- 2Q16 includes annual merit increases of approximately \$1.0 million
- Anticipate Operational Expenses (including Anchor) to be \$106 million to \$108 million in 3Q16 and \$100 million to \$102 million in 4Q16

- Foundation/Community Support, Branch Consolidations & Severance
- Merger/Integration Costs
- Anchor Operating Expense
- Operational Expenses

\$ in millions

¹Operational expenses = total noninterest expense less Anchor operating expense, merger/integration costs, Foundation/Community Support, Branch Consolidations and severance

Pre-Tax, Pre-Provision Income¹

	1Q16	2Q16
Net Interest Income (FTE Basis)	\$90,843	\$104,607
Noninterest Income	49,451	93,385
Noninterest Expense	(98,355)	(121,472)
Pre-Tax, Pre-Provision Income	\$41,939	\$76,520
Gain on Sale of Insurance Subsidiary	-	(41,864)
Merger and Integration Charges	1,390	7,159
Foundation Funding/Community Support	400	4,900
Branch Consolidation Expense	121	1,108
Severance	217	583
Adjusted Pre-Tax, Pre-Provision Income	\$44,067	\$48,406


9.8% increase

\$ in thousands

¹ Pre-Tax, Pre-Provision Income is a non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company

Notable Items Impacting Earnings

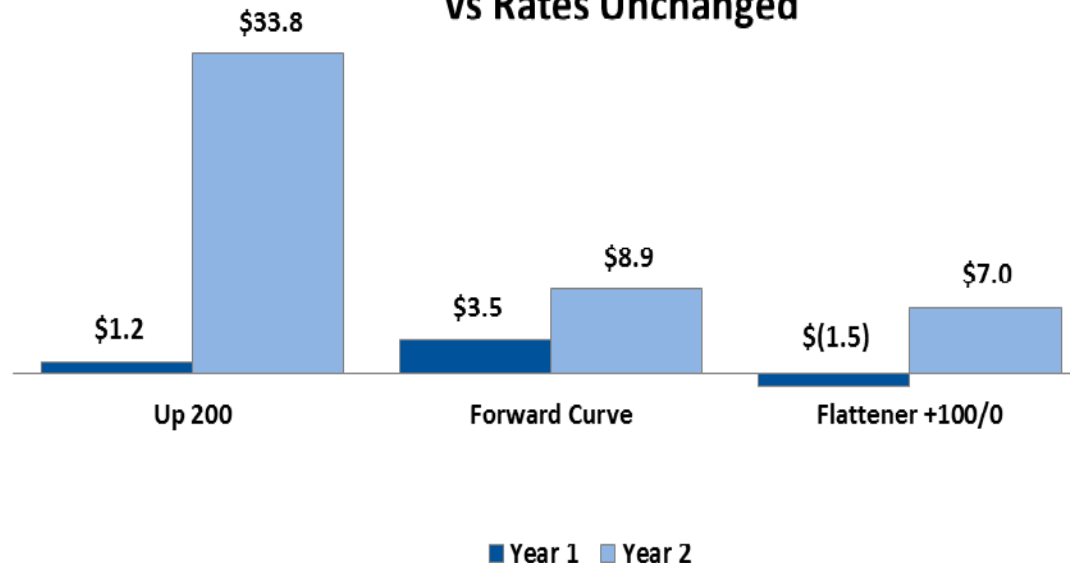
Items shown net of taxes	2Q16 Actual	3Q16 Estimate	4Q16 Estimate
Gain on Sale of Insurance Subsidiary	\$17.6	-	-
Anchor Merger and Integration Charges	(4.6)	(2.2)	(1.9)
ONB Foundation/Community Support Expenses	(3.2)	-	-
Branch Consolidation Expenses	(0.7)	-	-
Severance	(0.4)	-	-
Pension Termination Expenses	-	-	(8.5)

Total Anchor merger and integration charges are estimated to be \$37 million on a pre-tax basis – \$9.5 million less than originally estimated

- 2Q16 impacted by an \$8.3 million tax charge relating to nondeductible goodwill on the sale of Old National Insurance
- Expect second-half 2016 tax rates as follows
 - Approximately 24% on a GAAP basis
 - Approximately 35% on an FTE basis

Modeled Interest Rate Sensitivity

Projected Net Interest Income Differential vs Rates Unchanged



- Total non-maturity, interest-bearing accounts increase from 0.08% to 0.35% in the “Up 100 bps” scenario
- 18.8% of total non-interest bearing DDA are considered rate sensitive
- Investment portfolio duration of 3.59 at 6/30/16, down from 3.80 at 3/31/16.
- 44% of C&I and CRE loans repriced within one year
- 13% of loans have floors; less than 1% of these loans are currently below their floor rates

\$ in millions

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

Refer to slide 31 for rate curves

Tangible Common Equity



		Shares	TBV/Share
Tangible Common Equity - 1Q16	\$891.6	114.4	7.80
Tangible Net Income	42.3		
Changes in OCI - Securities	7.3		
Issuance of Shares from Acquisition	273.6		
Increase in Goodwill & Intangibles	(85.9)		
2Q16 Dividend	(17.5)		
Tangible Common Equity - 2Q16	\$1,111.4	135.0	8.23

There is currently no authorized share repurchase plan in place.

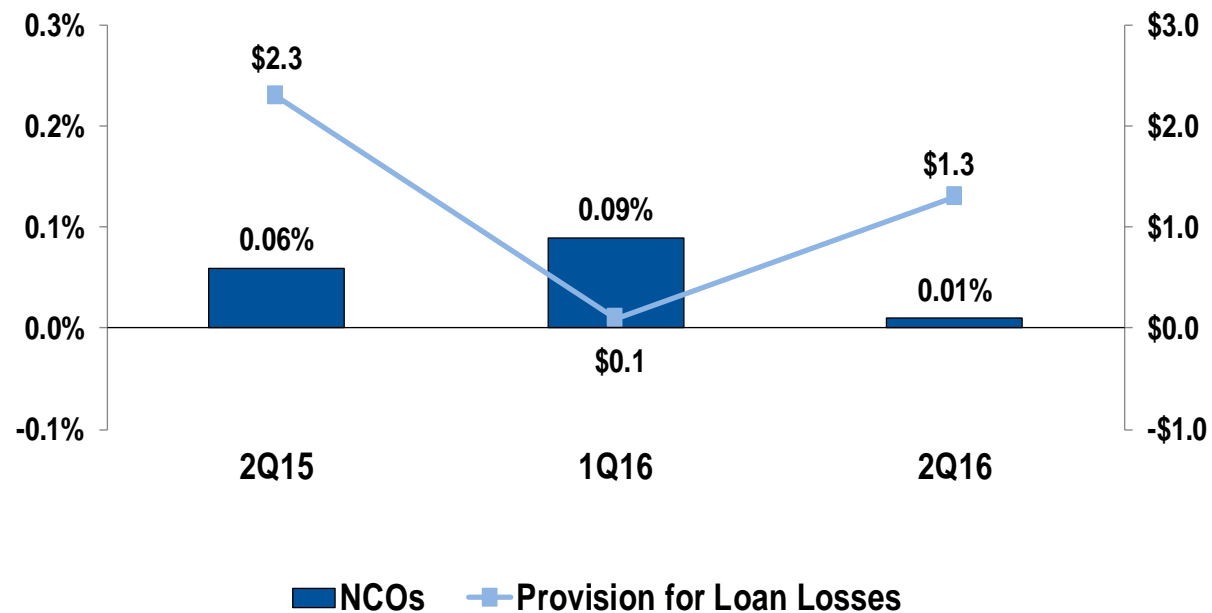
Daryl Moore

Chief Credit Officer



Net Charge-Offs / Provision

Net Charge-Offs / Provision



2Q16 allowance to pre-discount end of period loans = 0.58%
2Q16 allowance + discount to pre-discount end of period loans = 2.35%¹

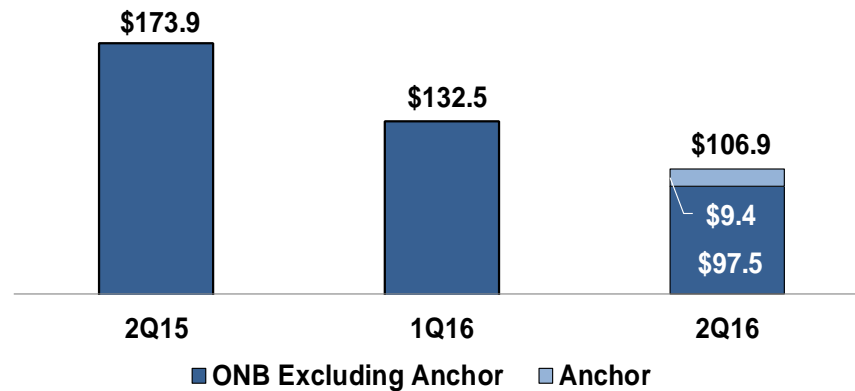
\$ in millions

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

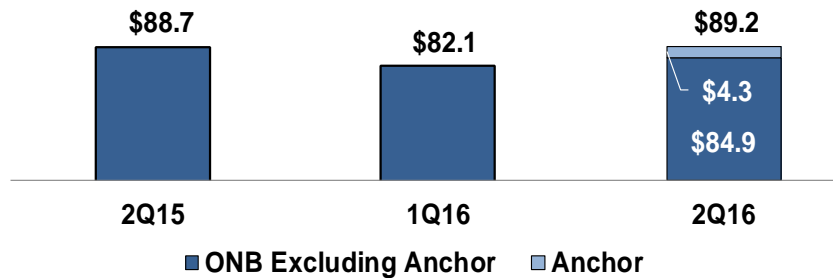
Credit Quality Trends



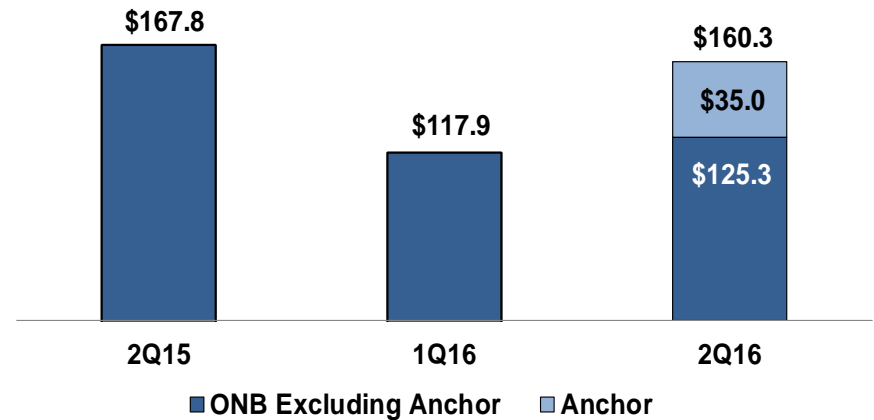
Special Mention Loans



Substandard Accruing Loans



Substandard Nonaccruing + Doubtful Loans



\$ in millions

Bob Jones

Chief Executive Officer



- Strengths

- Strong underlying fundamentals
- Strong organic loan growth
- Stable credit metrics with declining criticized/classified loans and low net charge-offs
- Tangible book value growth
- Stable core net interest margin
- Growth in fee-based businesses

- Opportunities

- Synergies post Anchor conversion
- Continued focus on efficiencies
- Current higher equity market values

- Risks

- No short-term rate increases/flattening yield curve
- Lower deposit service charges
- Volatility in equity market values and corresponding impact on wealth management and investments

2nd Quarter Key Highlights



- Returned 42% of earnings to shareholders through dividends
- Grew tangible book value¹ by almost 15% year-over-year, even after closing on largest partnership in Company history
- Grew tangible common equity¹ by 24.7%
- Dividend yield² of 4.0%
- Current price² / 2017 Consensus earnings of 12.7X

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 ONB closing stock price of \$13.16 at 7-29-2016

Thank You

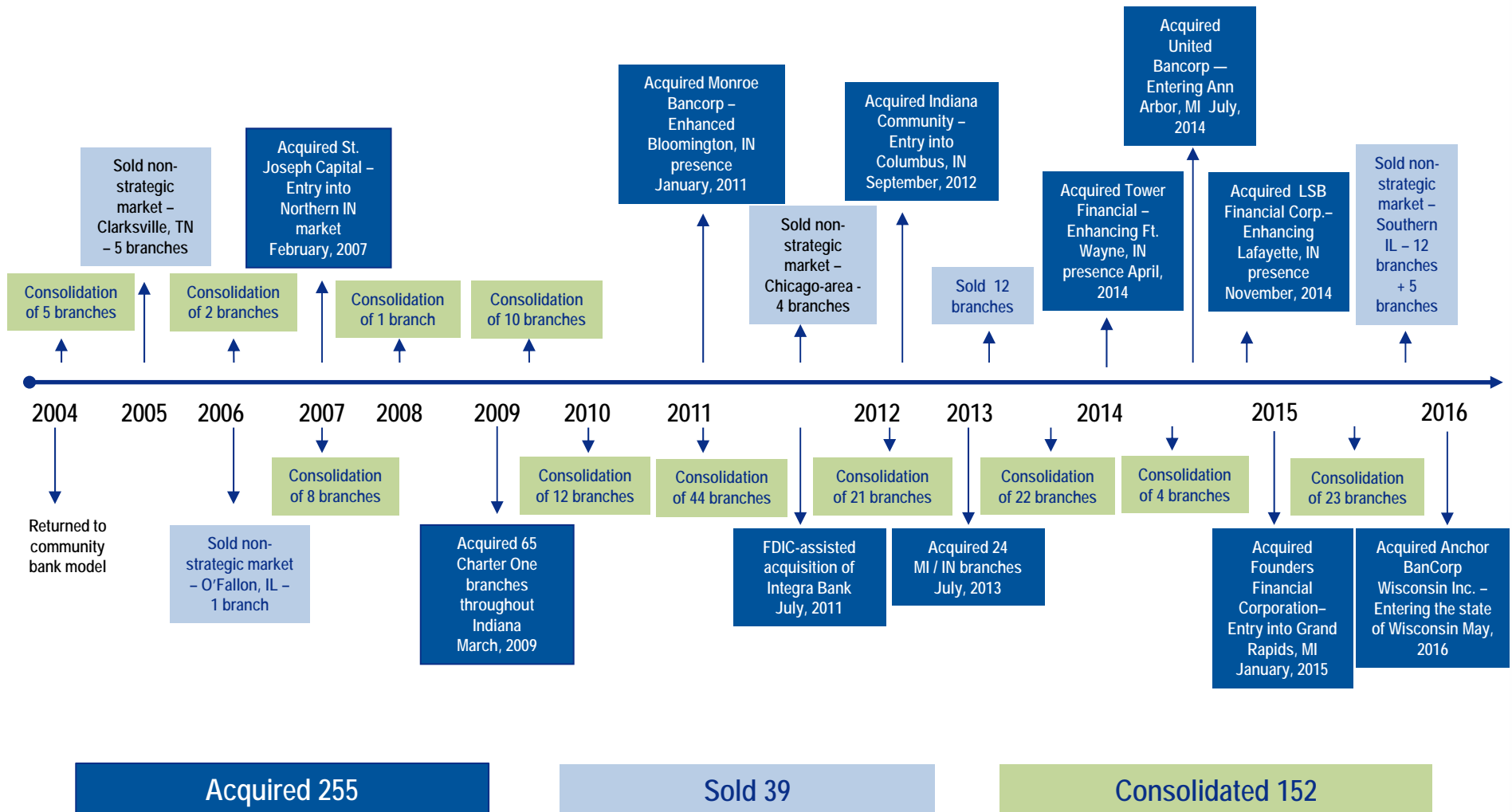
Q&A



Appendix

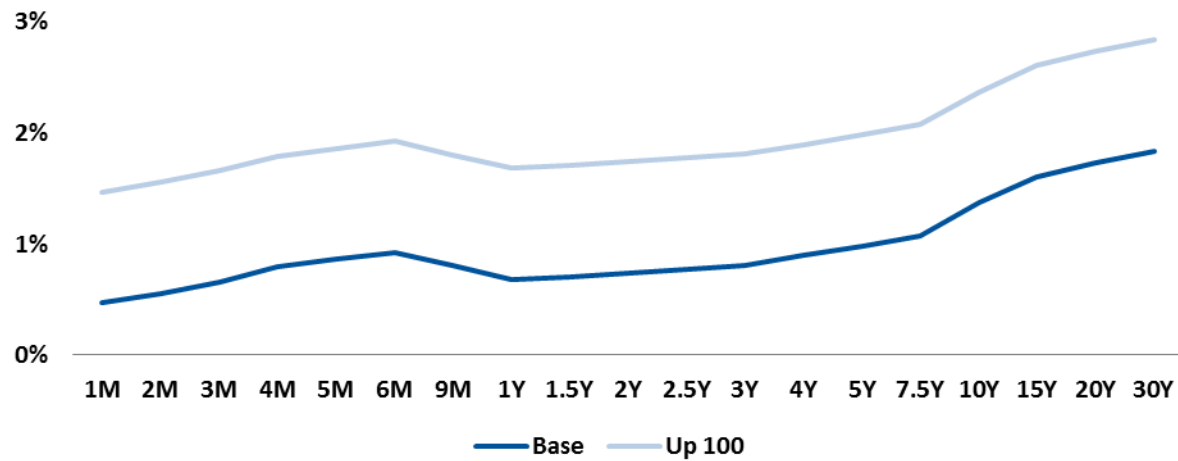


Transforming Old National's Landscape

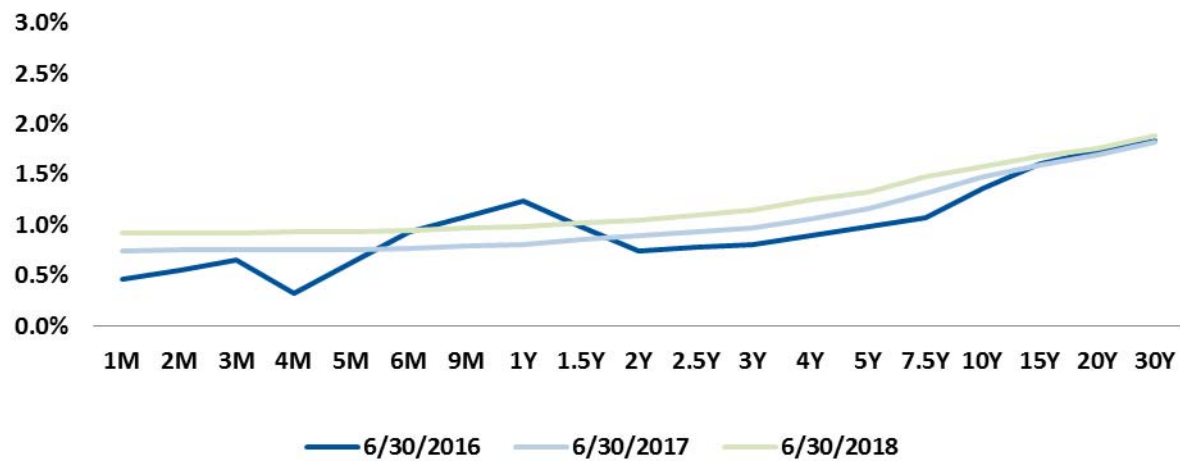


Interest Rate Curves

Up 100 vs. Base



Forward Curves

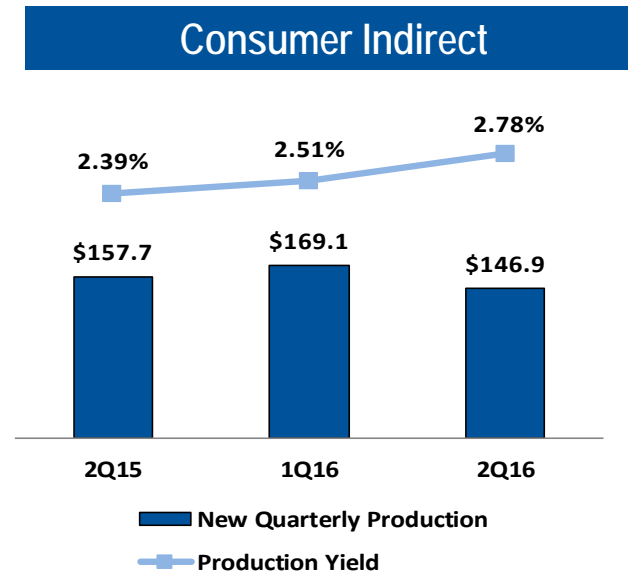
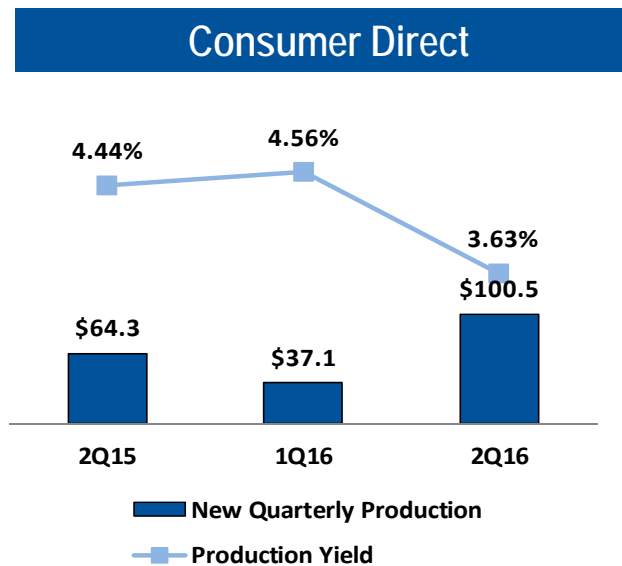
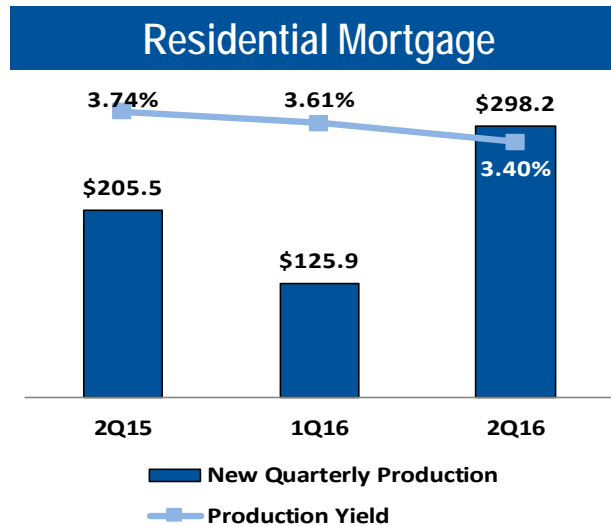


Investment Portfolio

\$ in thousands	Effective Duration Mar 31, 2016	Effective Duration Jun 30, 2016	Book Value Mar 31, 2016	Book Value Jun 30, 2016
Money Market Investments ¹	0.02	0.01	\$20,764	\$56,681
Treasuries	2.34	2.12	11,966	11,963
Agencies	2.20	2.31	742,983	678,948
Pools	1.86	1.65	311,619	295,937
CMOs	2.86	2.77	683,359	1,040,669
Municipals	6.41	5.95	1,100,279	1,110,264
Corporates	3.17	3.18	143,791	144,960
ABS	0.94	0.97	177,207	174,851
Totals	3.78	3.53	\$3,191,968	\$3,514,273

¹Money market investments includes balances in the Federal Reserve Bank Account

Consumer Loan Production & Yield Trends



\$ in millions

New quarterly production includes unfunded commitments – Yield is based on funded balances only
 Quick Home Refinance (residential mortgage product) is included in the Residential Mortgage graph
 Direct Consumer includes Home Equity Lines of Credit

Auto Loan Portfolio¹

Auto Loan Portfolio - As of 06/30/2016		
Direct	\$61.2	5.4%
Indirect	\$1,081.3	94.6%
Total Auto¹	\$1,142.5	100.0%
New	\$435.6	38.1%
Used	\$706.9	61.9%
Total Auto¹	\$1,142.5	100.0%

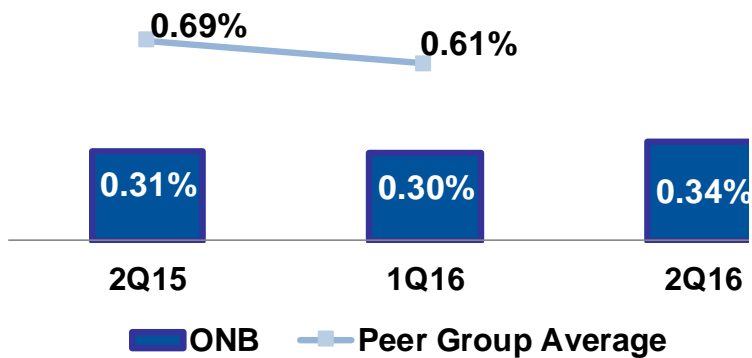
Loans are originated within the ONB footprint

- Total portfolio average original loan term of 70 months and weighted average FICO score of 767
- Total Portfolio yield of 2.65%
- 30+ Days Delinquency at 6/30/2016 is 0.33%

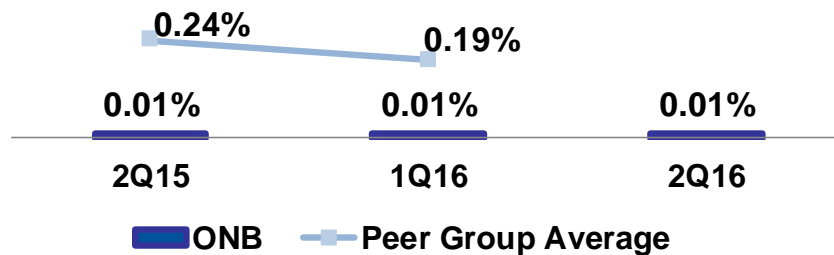
\$ in millions

¹ Excludes \$2.7 million of Anchor auto loans

30+ Day Delinquent Loans¹



90+ Day Delinquent Loans¹



¹As 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 June 30, 2016	ONB Excluding Anchor ¹	Anchor	ONB Consolidated
Allowance for Loan Losses (ALLL)	\$51.8	\$0.0	\$51.8
Remaining Loan Discount	\$86.2	\$73.2	\$159.4
Total ALLL + Remaining Discount	\$138.0	\$73.2	\$211.2
Pre-Discount Loan Balance	\$7,244.1	\$1,745.5	\$8,989.6
ALLL/Pre-Discount Loan Balance	0.72%	0.00%	0.58%
Mark/Pre-Discount Loan Balance	1.18%	4.20%	1.77%
Combined ALLL & Discount/Pre-Discount Loan Balance ²	1.90%	4.20%	2.35%

\$ in millions

¹ Includes discount on loans acquired through previous partnerships

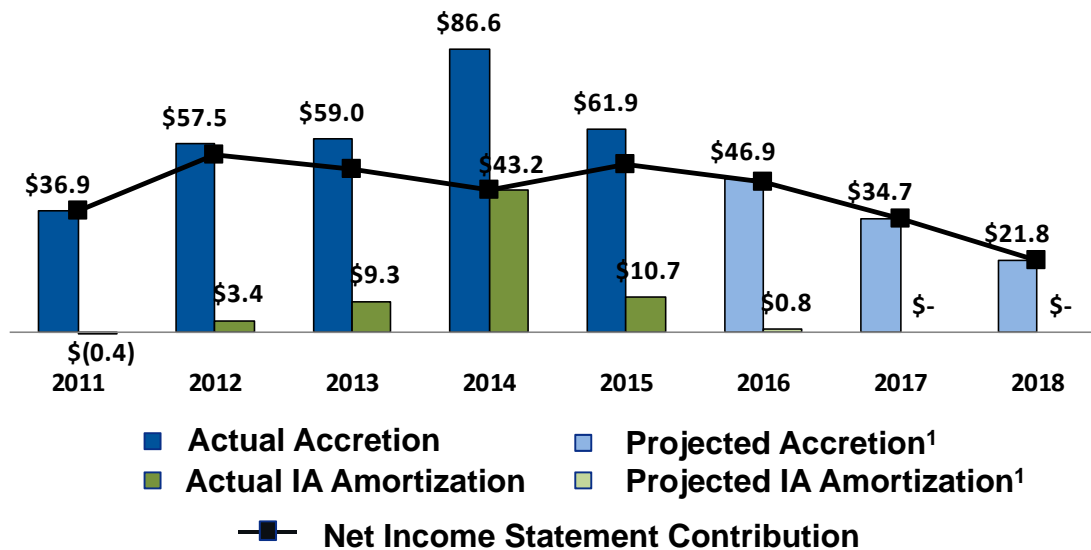
² Non-GAAP financial measure which Management believes useful to demonstrate that the remaining discount considers credit risk and should be included as part of total coverage

Projected Purchase Accounting Impact



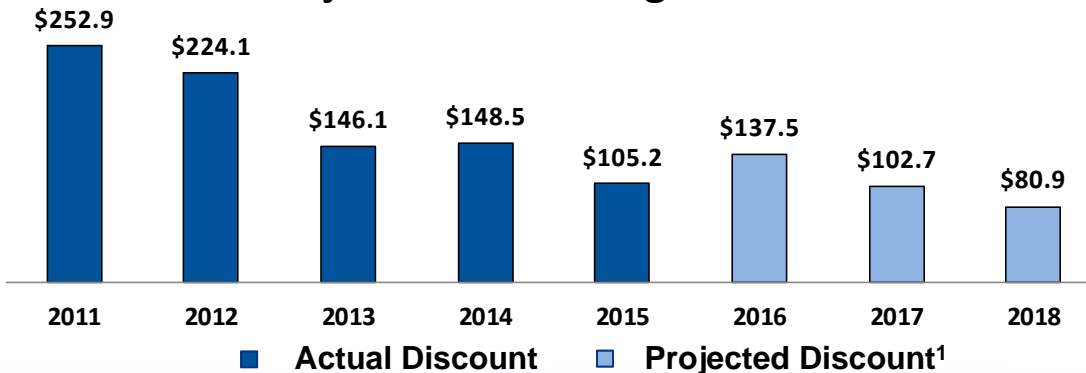
Manageable declines in purchase accounting impact expected in future periods

Projected Accretion Income



- Projections assume no prepayments
- \$159.4 million in remaining discount

Projected Remaining Discount

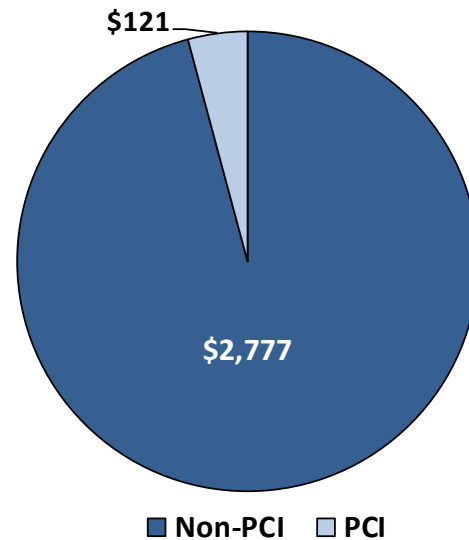


\$ in millions

¹ Updated quarterly – subject to change IA = Indemnification Asset

Acquired Loans

Acquired Loans Before Discount



PCI = Purchased Credit Impaired

Remaining Discount		
Non-PCI	4%	(\$118)
PCI	34%	(\$41)

\$ in millions – as of June 30, 2016

Note: Includes \$1.7 billion of Anchor loans with a remaining discount of \$73 million

Non-GAAP Reconciliations

end of period balances	2Q15	1Q16	2Q16
Total Shareholders' Equity	\$1,456.7	\$1,508.6	\$1,811.1
Deduct: Goodwill and Intangible Assets	(629.5)	(617.1)	(699.8)
Tangible Common Shareholders' Equity	\$827.3	\$891.6	\$1,111.4
Total Assets	\$12,074.4	\$11,932.3	\$14,420.3
Add: Trust Overdrafts	0.1	0.0	0.3
Deduct: Goodwill and Intangible Assets	(629.5)	(617.1)	(699.8)
Tangible Assets	\$11,445.0	\$11,315.3	\$13,720.8
Tangible Equity to Tangible Assets	7.23%	7.88%	8.10%
Tangible Common Equity to Tangible Assets	7.23%	7.88%	8.10%
Net Income	\$26.2	\$27.0	\$39.1
After-Tax Intangible Amortization	2.7	2.4	3.2
Tangible Net Income	\$28.8	\$29.4	\$42.3
ROTCE	13.95%	13.18%	15.22%

\$ in millions

Non-GAAP Reconciliations

end of period balances	2Q15	1Q16	2Q16
Total Shareholders' Equity	\$1,456.7	\$1,508.6	\$1,811.1
Deduct: Goodwill and Intangible Assets	(629.5)	(617.1)	(699.8)
Tangible Common Shareholders' Equity	\$827.3	\$891.6	\$1,111.4
Risk Weighted Assets	\$8,023.9	\$7,795.6	\$9,625.0
Tangible Common Equity to Risk Weighted Assets	10.31%	11.44%	11.55%

end of period balances	2Q15	1Q16	2Q16
Total Shareholders' Equity	\$1,456.7	\$1,508.6	\$1,811.1
Deduct: Goodwill and Intangible Assets	(629.5)	(617.1)	(699.8)
Tangible Common Shareholders' Equity	\$827.3	\$891.6	\$1,111.4
Common Shares Issued and Outstanding at Period End	115,205	114,352	135,005
Tangible Common Book Value	\$7.18	\$7.80	\$8.23

\$ in millions

Shares in thousands

Non-GAAP Reconciliations

	2Q15	1Q16	2Q16
Net Interest Income (\$ in 000's)	\$92,097	\$85,643	\$99,340
Taxable Equivalent Adjustment	4,757	5,200	5,267
Net Interest Income – Taxable Equivalent	\$96,854	\$90,843	\$104,607
Average Earning Assets	\$10,325,938	\$10,331,029	\$11,726,383
Net Interest Margin	3.57%	3.32%	3.39%
Net Interest Margin – Fully Taxable Equivalent	3.75%	3.52%	3.57%

	2Q15	1Q16	2Q16
Net Interest Income (\$ in 000's)	\$92,097	\$85,643	\$99,340
Taxable Equivalent Adjustment	4,757	5,200	5,267
Net Interest Income – Taxable Equivalent	\$96,854	\$90,843	\$104,607
Less Accretion	15,562	11,227	14,184
Net Interest Income – Taxable Equivalent Less Accretion	\$81,292	\$79,616	\$90,423
Average Earning Assets	\$10,325,938	\$10,331,029	\$11,726,383
Core Net Interest Margin - Fully Taxable Equivalent	3.15%	3.08%	3.08%

Old National's 2016 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	Park National Corporation	PRK
Bank of Hawaii Corporation	BOH	PrivateBancorp, Inc.	PVTB
Chemical Financial Corporation	CHFC	Prosperity Bancshares Inc.	PB
Commerce Bancshares, Inc.	CBSH	Renasant Corporation	RNST
Cullen/Frost Bankers, Inc.	CFR	South State Corporation	SSB
F.N.B. Corporation	FNB	TCF Financial Corporation	TCB
First Commonwealth Financial Corporation	FCF	Talmer Bancorp	TLMR
First Finanical Bancorp.	FFBC	Trustmark Corporation	TRMK
First Merchants Corporation	FRME	UMB Financial Corporation	UMBF
First Midwest Bancorp Inc.	FMBI	United Bankshares Inc.	UBSI
FirstMerit Corporation	FMER	Valley National Bancorp	VLY
Fulton Financial Corporation	FULT	WesBanco Inc.	WSBC
Hancock Holding Company	HBHC	Wintrust Financial Corporation	WTFC
Home Bancshares, Inc.	HOMB		

Old National Investor Relations Contact

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