

# 2018 ANNUAL SHAREHOLDERS' MEETING

APRIL 26, 2018



# WELCOME

BECKY SKILLMAN  
*LEAD DIRECTOR*



**OLD NATIONAL BANCORP<sup>®</sup>**

# ETHICS MESSAGE

JILL SCHOLL  
*VP INFORMATION SECURITY*



# ANNUAL MEETING BUSINESS

BOB JONES  
*CHAIRMAN & CEO*



# Proxy Proposals

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- Board of Directors Nominations
- Non-Binding Advisory Proposal on Executive Compensation
- Crowe Horwath LLP

# Proxy Proposals

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- **Board of Directors Nominations**
- Non-Binding Advisory Proposal on Executive Compensation
- Crowe Horwath LLP

# Directors Nominated

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Alan W. Braun

Andrew E. Goebel

Jerome F. Henry, Jr.

Robert G. Jones

Ryan C. Kitchell

Phelps L. Lambert

Thomas E. Salmon

Randall T. Shepard

Rebecca S. Skillman

Kelly N. Stanley

Derrick J. Stewart

Katherine E. White

Linda E. White

# Proxy Proposals

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- Board of Directors Nominations
- **Non-Binding Advisory Proposal on Executive Compensation**
- Crowe Horwath LLP



# Pay Ratios Relative to Peers

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Annual total CEO compensation

**16<sup>th</sup> percentile**

Median employee total compensation

**43<sup>rd</sup> percentile**

Ratio of CEO to median employee

**9<sup>th</sup> percentile**

# Proxy Proposals

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- Board of Directors Nominations
- Non-Binding Advisory Proposal on Executive Compensation
- **Crowe Horwath LLP**



Crowe Horwath®

# Voting Results

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- Board of Directors
- Non-Binding Advisory Proposal on Executive Compensation
- Crowe Horwath LLP

# Thank You!

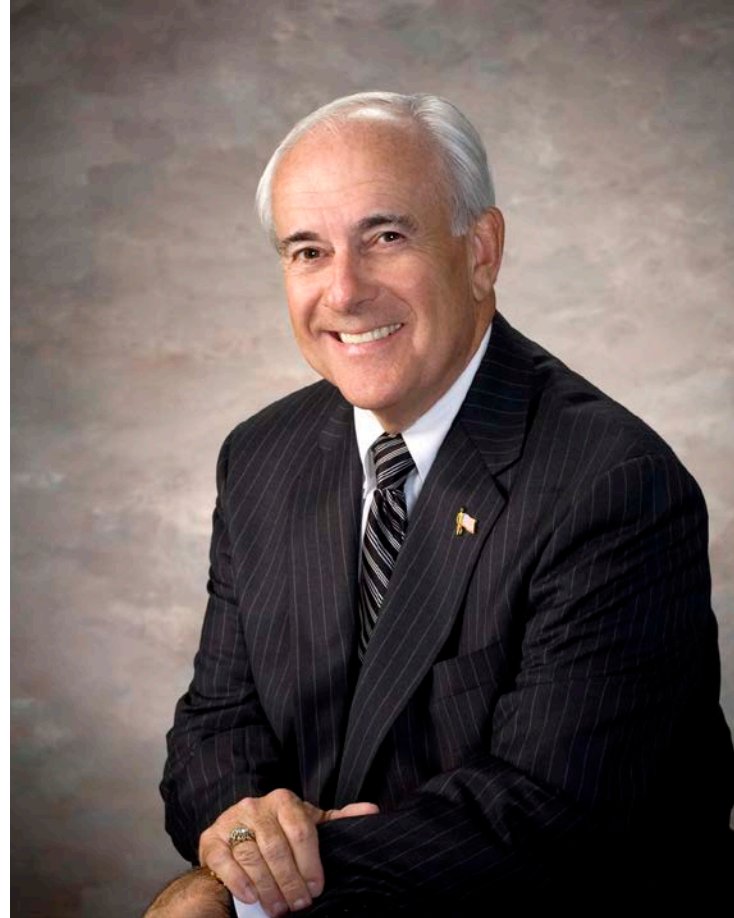
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Niel C. Ellerbrook

# Thank You!

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Arthur H. McElwee, Jr.

# Thank You!

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James T. Morris

# OPERATING UPDATE

BOB JONES  
*CHAIRMAN & CEO*





# Forward-Looking Statements; Use of Non-GAAP Financial Measures

## Forward Looking Information:

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 merger with Anchor Minnesota 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.

## Use of 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.

# 2017 Associate Recognition

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## Award winners

- Wayne Henning Volunteer of the Year
  - Debbie Greenwell
- Larry Dunigan Leader of the Year
  - Joel Vaneldereren
- One Vision CEO Winner
  - Mark Potter
- Community Team Winner
  - IT Community Helpers

# 2017 Highlights

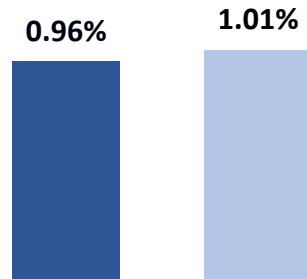
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- Adjusted net income<sup>1</sup> of \$147.1 million, or \$1.06 per share
- 10.1% organic commercial and commercial real estate loan growth<sup>2</sup>
- Adjusted operating leverage improved over 370 basis points
- Strong credit with net charge-offs of 0.03%

<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 <sup>2</sup> On an annualized basis - excludes acquired loans

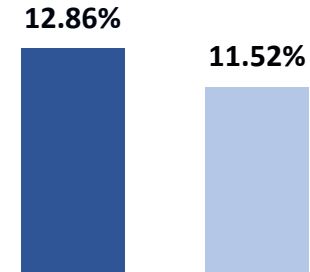
# 2017 Financial Performance Vs. Peers

## Return on Average Assets<sup>1</sup>



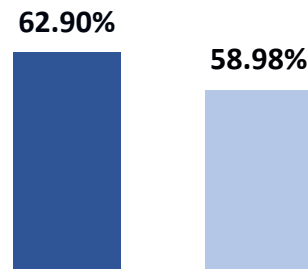
■ Adjusted ONB ■ Peer Group Median

## Return on Average Tangible Common Equity<sup>1</sup>



■ Adjusted ONB ■ Peer Group Median

## Efficiency Ratio<sup>1</sup>

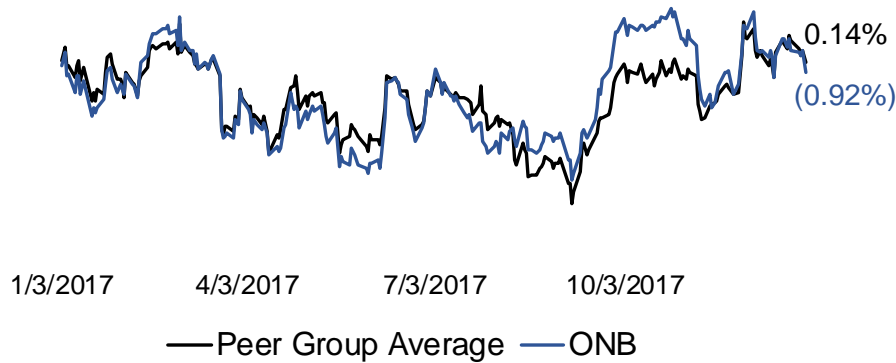


■ Adjusted ONB ■ Peer Group Median

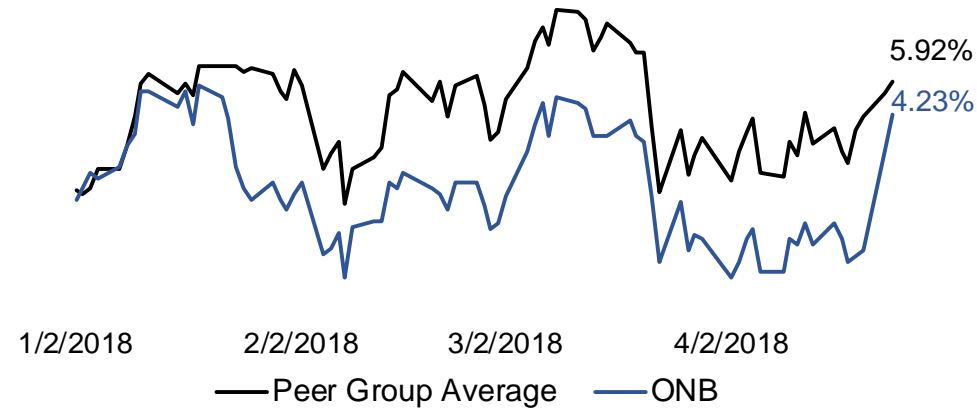
<sup>1</sup> Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation Peer Group data per SNL Financial – See Appendix for definition of Peer Group

# ONB Stock Performance Vs. Peers

Full-Year 2017



YTD 4-24-2018



# 1Q18 Highlights

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- Record net income of \$48.0 million
- Adjusted net income<sup>1</sup> of \$51.2 million
- 10.7% annualized commercial and commercial real estate loan growth
- Adjusted operating leverage improved over 180 basis points from 1Q17
- Strong credit with net charge-offs of 0.01%

<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

# Franchise Evolution Built a Better Bank

	2007	2012	2017	% Change 2012 to 2017	
Franchise	Number of Branches	115	180	191	6%
	Core Deposits/Branch	47	40	65	63%
	Total Assets	\$7,846	\$9,544	\$17,518	84%
	Total FTE	2,494	2,684	2,801	4%
	Assets/FTE	\$3.15	\$3.56	\$6.25	76%
	Median Household Income	\$48,673	\$49,221	\$57,541	17%
	Projected Population Growth (2018-2023)	1.1%	1.4%	2.1%	50%
	MSAs with Population > 500k	2	2	7	250%
Top 5 Markets (Rank)		Evansville, IN (#1)	Evansville, IN (#1)	Evansville, IN (#1)	
		Indianapolis, IN (#11)	Indianapolis, IN (#10)	Minneapolis, MN (#6)	
		Terre Haute, IN (#2)	Bloomington, IN (#1)	Indianapolis, IN (#12)	
		Jasper, IN (#2)	Jasper, IN (#2)	Madison, WI (#6)	
		Vincennes, IN (#1)	Terre Haute, IN (#2)	Bloomington, IN (#2)	
Businesses	Total Businesses in All MSAs (000s)	193	215	712	231%
	Total C&I Businesses in All MSAs (000s)	36	40	137	243%
	Total Sales in All MSAs (\$Billions)	\$521	\$579	\$1,798	211%
	GDP (\$Billions)	274	295	1,098	272%

# Growth Opportunities in the Midwest

## Minneapolis, Minnesota

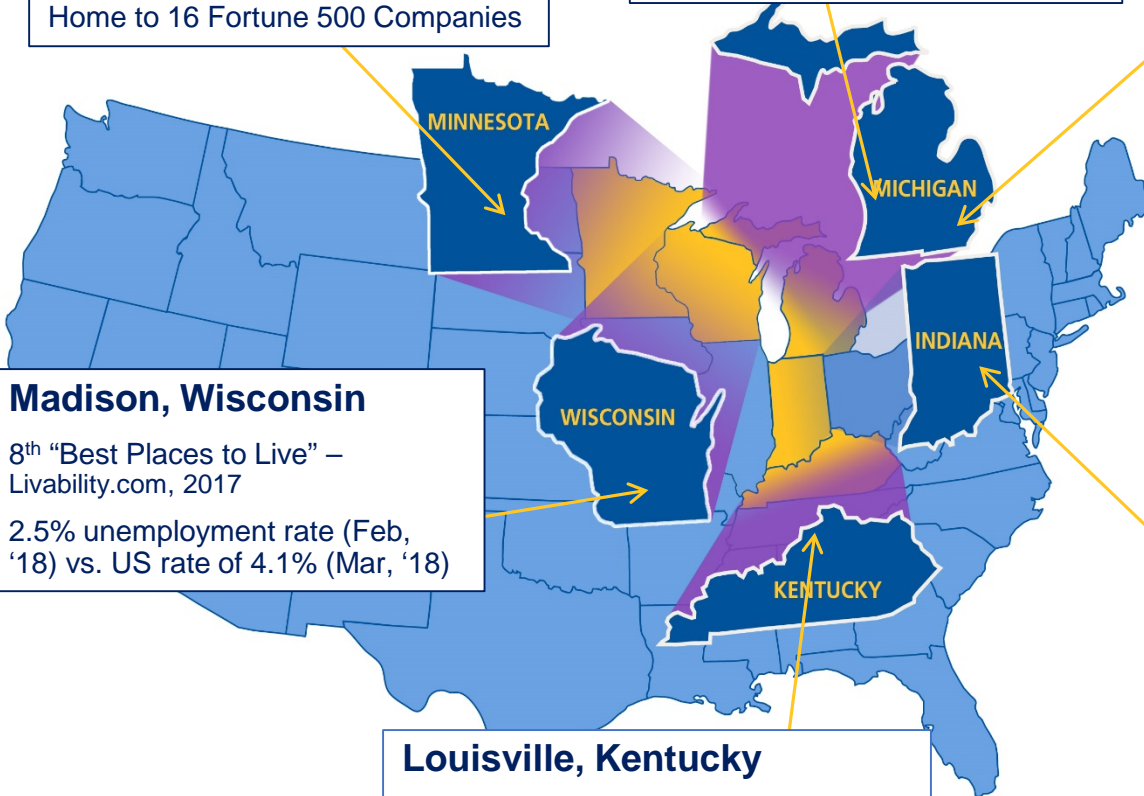
3<sup>rd</sup> largest MSA in the Midwest  
3.3% unemployment rate (Feb, '18)  
vs U.S. rate of 4.1% (Mar, '18)  
Home to 16 Fortune 500 Companies

## Grand Rapids, Michigan

2<sup>nd</sup> best large city to start a  
business – Wallet Hub, 2016  
7<sup>th</sup> “Best Places to Live” – U.S.  
News and World Report, 2016

## Ann Arbor, Michigan

Highest median household  
income MSA in Michigan  
3.6% unemployment  
rate(Feb, '18) vs. US rate of  
4.1% (Mar, '18)  
3<sup>rd</sup> “Best Places to Live” –  
Livability.com, 2017



## Madison, Wisconsin

8<sup>th</sup> “Best Places to Live” –  
Livability.com, 2017  
2.5% unemployment rate (Feb,  
'18) vs. US rate of 4.1% (Mar, '18)

## Louisville, Kentucky

Highest population MSA and highest  
median household income MSA in  
Kentucky

## Indianapolis, Indiana

Highest population and one  
of the highest median  
household income MSAs in  
Indiana  
Best Place to do Business  
in the Midwest and 5<sup>th</sup> best  
nationwide – Chief Executive  
Magazine, 2017



# Our Strategy

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It is our strategy to be a top quartile Basic Bank

- Focus on profitable, organic growth
- Focus on small-to-medium-size businesses
- Strong organic growth of low-cost deposits to fund asset growth
- Low ratio of loans to core deposits
- Higher ROAs and NIMs
- Low variability in charge-offs
- Loans to in-market customers

# Strategy to Drive Long-Term Shareholder Value

Basic Bank...Broader Reach

Larger balance sheet capabilities with a strong product offering, delivered in-market with unequalled client care – “Out-product Community Banks, Out-service Large Regionals”

M&A Repositioned Franchise with Better Growth Dynamics...

Positioned in faster-growth Midwestern markets with expanded client base and higher commercial density – MSAs where the business model works well and there is a service gap between the large regionals and the community banks

... and Embedded Operating Leverage

350bps+ positive operating leverage in 2017 vs. 2016; Expect adjusted expenses to hold flat in 1H18 and then drop in 2H18; Continued branch rationalization and process improvement while reducing low-return businesses and lower growth markets (insurance sale, exit Southern IL, sold and/or consolidated 181 branches since 2010)

Quality Low-Cost Deposit Base

Below peer cost of deposits (20bps) and deposit betas (5% since 3Q15)

Granular & Diversified Loan Portfolio

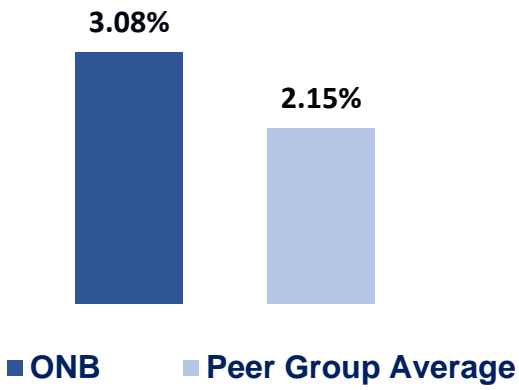
Small average loan size with no significant industry concentrations

Strong Credit Culture and Lower Risk Model

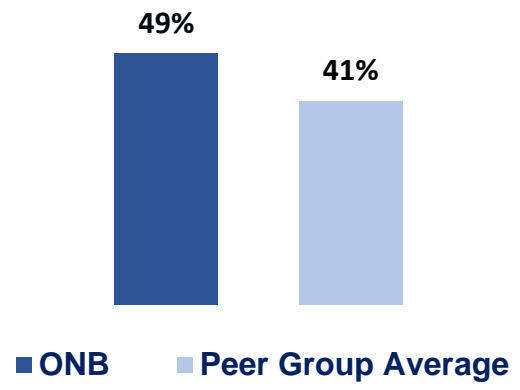
Conservative credit culture with below peer net charge-offs and lower-than-peer RWA/Assets; Lower volatility model by design

# Dividend

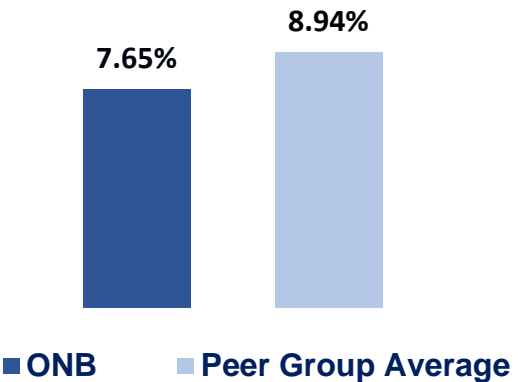
Dividend Yield



2017 Adjusted Dividend Payout Ratio<sup>1</sup>



4Q17 Tangible Common Equity to Tangible Assets<sup>1</sup>



<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 Peer Group data per SNL Financial – See Appendix for definition of Peer Group

# Questions?

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- Raise your hand and a microphone will be handed to you
- Please stand and state your name before asking your question

**THANK YOU**



# APPENDIX



# Non-GAAP Reconciliations

(\$ and shares in million, except per-share data)	2017	Adjustments <sup>1</sup>	Adjusted 2017
Total Revenues (FTE Basis)	\$643.6	(\$9.1)	\$634.5
Less: Provision for Loan Losses	(3.1)	-	(3.1)
Less: Noninterest Expenses	(448.8)	26.3	(422.5)
Income before Income Taxes (FTE)	\$191.7	\$17.2	\$208.9
Income Taxes	(96.0)	34.2	(61.8)
Net Income (Loss)	\$95.7	\$51.4	\$147.1
Average Shares Outstanding	138.5	-	138.5
Earnings (Loss) Per Share	\$0.69	\$0.37	\$1.06
Cash Dividends Paid (per share)	\$0.52		\$0.52
Dividend Payout Ratio (Cash Dividends Paid/Earnings Per Share)	75%		49%

	2017
Net Income (Loss)	\$95.7
Average Total Assets	\$15,302.7
Net Income (Loss)	\$95.7
Deduct: Securities Gains (net of tax)	(6.4)
Add: M&A Charges (net of tax)	8.7
Add: Branch Consolidations, Severance, Foundation Funding, Client Experience Initiative Charges (net of tax)	9.8
Add: Estimated DTA revaluation	39.3
Adjusted Net Income	147.1
Return on Average Assets	0.63%
Adjusted Return on Average Assets	0.96%

# Non-GAAP Reconciliations

	2017
Net Income (Loss)	\$95.7
Add: Intangible amortization (net of tax)	\$7.7
Tangible Net Income (Loss)	\$103.4
Average Total Shareholders' Equity	\$1,923.6
Less: Average Goodwill	(685.7)
Less: Average Intangibles	(34.4)
Average Tangible Shareholders' Equity	\$1,203.5
Return on Average Tangible Common Equity	8.59%
Tangible Net Income (Loss)	\$103.4
Deduct: Securities Gains (net of tax)	(6.4)
Add: M&A Charges (net of tax)	8.7
Add: Branch Consolidations, Severance, Foundation Funding, Client Experience Initiative Charges (net of tax)	9.8
Add: Estimated DTA revaluation	39.3
Adjusted Tangible Net Income (Loss)	154.8
Return on Average Tangible Common Equity	8.59%
Adjusted Return on Average Tangible Common Equity	12.86%

	2017
Total Noninterest Expense	\$448.8
Less: Intangible Amortization	(\$11.8)
Noninterest Expense Less Intangible Amortization	\$437.0
Less: Branch Consolidations/Sales	(\$7.2)
Less: Client Experience Initiative Charges	(\$3.5)
Less: Foundation/Community Support	(\$1.3)
Less: Severance	(\$2.0)
Less: Merger and Integration Charges	(\$12.3)
Less: Amortization of Tax Credit Investments	(\$11.7)
Adjusted Noninterest Expense Excluding Intangible Amortization	\$399.0
Net Interest Income As Reported	\$437.2
FTE Adjustment	23.1
Net Interest Income FTE Basis	\$460.3
Total Noninterest Income As Reported	\$183.4
Less: Securities Gains	(9.1)
Total Noninterest Income Excluding Securities Gains	174.2
Total Revenue Excluding Securities Gains FTE Basis	634.5
Less: Gain on Branch Sales/Consolidations	(0.2)
Adjusted Total Revenue Excluding Securities Gains FTE Basis	\$634.3
Reported Efficiency Ratio	68.87%
Adjusted Efficiency Ratio	62.90%

\$ in millions



# Non-GAAP Reconciliations

	4Q17
Total Shareholders' Equity	\$2,154.4
Deduct: Goodwill and Intangible Assets	(\$881.1)
Tangible Common Shareholders Equity	\$1,273.3
Total Assets	\$17,518.3
Add: Trust Overdrafts	0.1
Deduct: Goodwill and Intangible Assets	(881.1)
Tangible Assets	\$16,637.3
Tangible Common Equity to Tangible Assets	7.65%

(shares in 000s)	1Q18	Adjustments <sup>1</sup>	Adjusted 1Q18
Total Revenues (FTE Basis)	\$173.7	(\$0.8)	\$172.9
Less: Provision for Loan Losses	(0.4)	-	(0.4)
Less: Noninterest Expenses	(117.6)	5.1	(112.5)
Income before Income Taxes (FTE)	\$55.7	\$4.3	\$60.0
Income Taxes	(7.7)	(1.1)	(8.8)
Net Income (Loss)	\$48.0	\$3.2	\$51.2
Average Shares Outstanding	152,370	-	152,370
Earnings (Loss) Per Share	\$0.31	\$0.03	\$0.34

# Old National's 2018 Peer Group

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

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