

---

---

# 2<sup>nd</sup> Quarter 2020 Financial Review

July 20, 2020

# Forward-Looking Statements; Non-GAAP

## 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, such as statements about the potential impacts of the COVID-19 pandemic. 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: the severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic and of businesses' and governments' responses to the pandemic on our operations and personnel, and on commercial activity and demand across our and our customers' businesses; market, economic, operational, liquidity, credit and interest rate risks associated with Old National's business (including developments and volatility arising from the COVID-19 pandemic); 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 the anticipated impact from the ONB Way strategic plan that may differ from current estimates; 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 as well as changes to address the impact of COVID-19; 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.

# 2<sup>nd</sup> Quarter Highlights

<b>EPS / Net Income</b>	<b>Adj. EPS/Net Income<sup>1</sup></b>	<b>Adj PPNR<sup>1</sup></b>
\$0.32/ \$51.7mm	\$0.33/ \$55.1mm	\$92.1mm
<b>Adj. ROATCE<sup>1</sup></b>	<b>Adj. Oper. Leverage<sup>1</sup></b>	<b>Adj. Eff. Ratio<sup>1</sup></b>
13.18%	+576 bps	53.79%

## Performance Drivers

- **End of period total loans** \$1.3bn **increase** due to PPP loan funding and commercial real estate growth
- **End of period core deposits** \$1.9bn **increase** due to PPP funds and higher savings rates
- **Net interest income** \$1.9mm **increase** due to higher earning assets and PPP loan interest/fees
- **Adj. noninterest income<sup>1</sup>** \$5.8mm **increase** due to Mortgage and Capital Markets
- **Adj. noninterest expense<sup>1</sup>** \$7.0mm **decrease** due to achieved ONB Way efficiencies

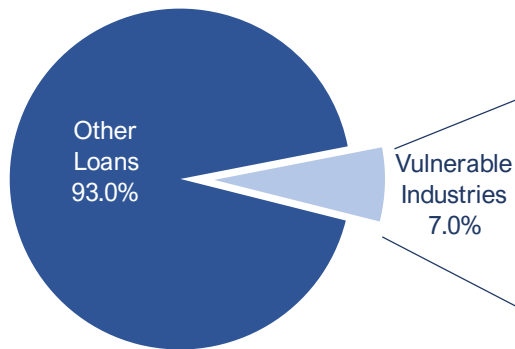
<sup>1</sup> Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliation

# Technology Partnership with Infosys



Drive digital transformation and innovation  
Streamline ONB's operating model and simplify processes  
Provide greater scale for future growth

# Credit Quality

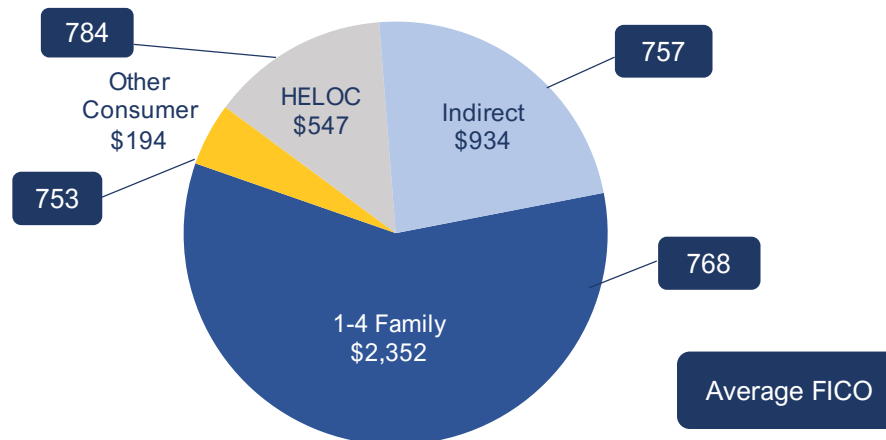


Excludes PPP Loans

## Vulnerable Industries

Industry	Balance	% of	
		Total Loans	Exposure
CRE - Senior Housing	\$278	2.3%	\$332
Restaurants	\$181	1.5%	\$191
Arts/Entertainment	\$138	1.1%	\$160
C&I - Retail	\$121	1.0%	\$246
Hotels	\$83	0.7%	\$86
Oil/Gas	\$57	0.4%	\$117
<b>Total</b>	<b>\$858</b>	<b>7.0%</b>	<b>\$1,132</b>

## Consumer Portfolio<sup>1</sup>



2.2% of total consumer loans are subprime (FICO < 660)

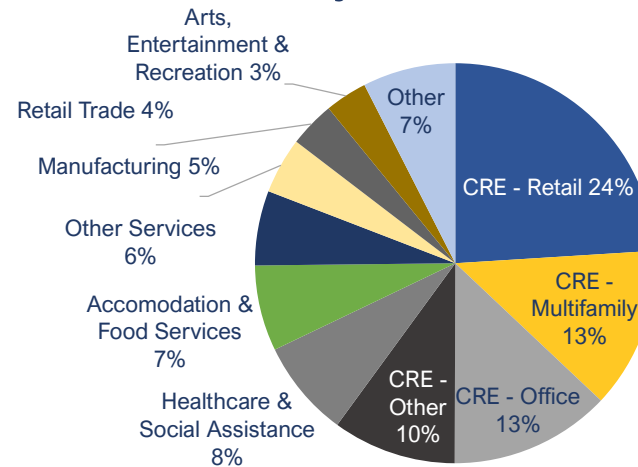
<sup>1</sup> Includes loans held for sale \$ in millions Data as of 6/30/2020

# Client Relief Programs

## Deferrals

Type	Booked #	Booked \$	Booked % of Portfolio <sup>1</sup>
Commercial	1,668	\$1,170	14%
Consumer	2,159	\$55	3%
Mortgage	335	\$79	3%
Total	4,162	\$1,304	11%

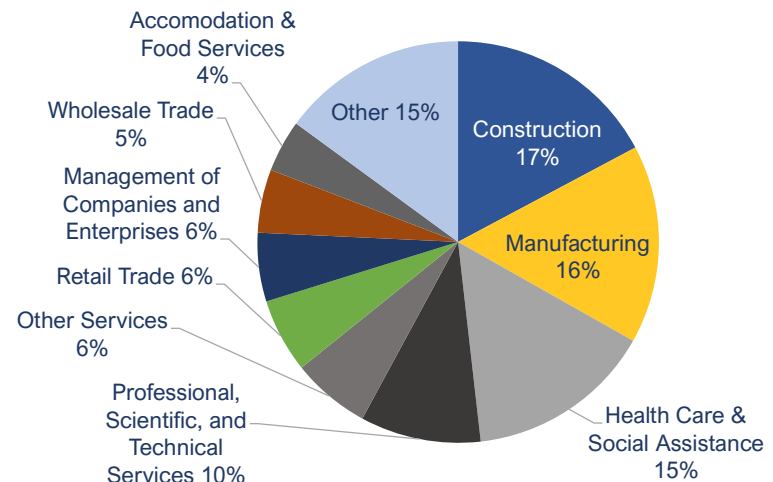
## Commercial Booked Deferrals by Industry/CRE Collateral



## Paycheck Protection Program (PPP)

Actual Loan Amount	#	\$
\$150,000 or less	7,314	\$299
\$150,000 to \$1,000,000	1,655	\$597
\$1,000,000 +	273	\$642
Total	9,242	\$1,538

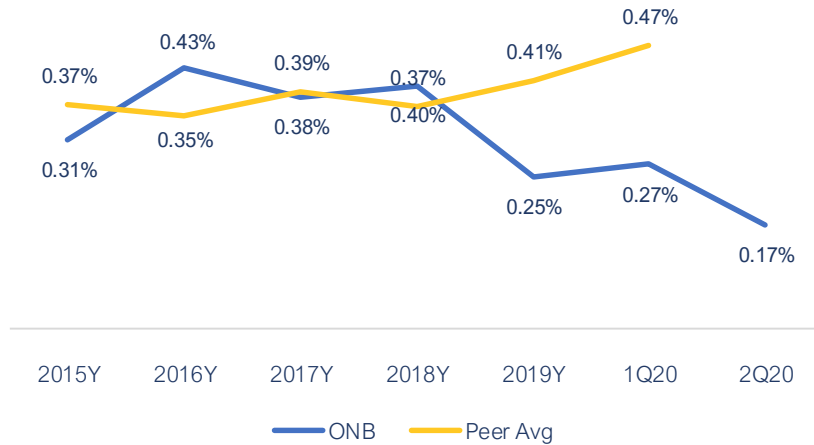
## PPP by Industry



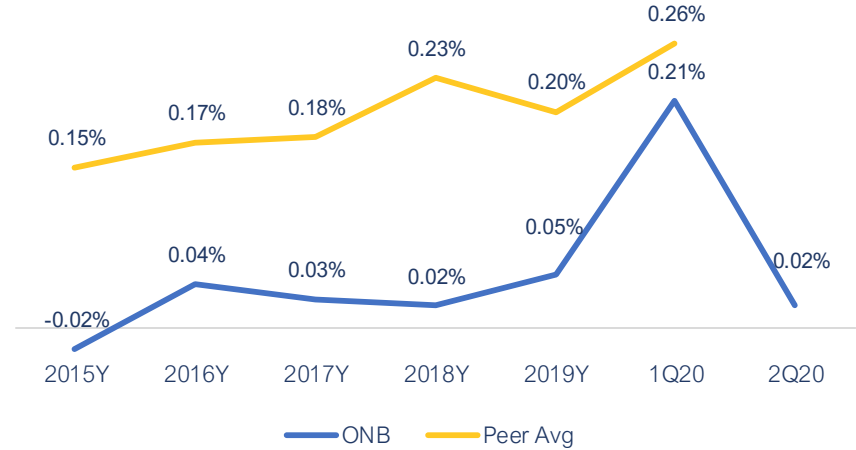
\$ in millions Data as of 6/30/2020 <sup>1</sup> Excludes PPP loans

# Credit

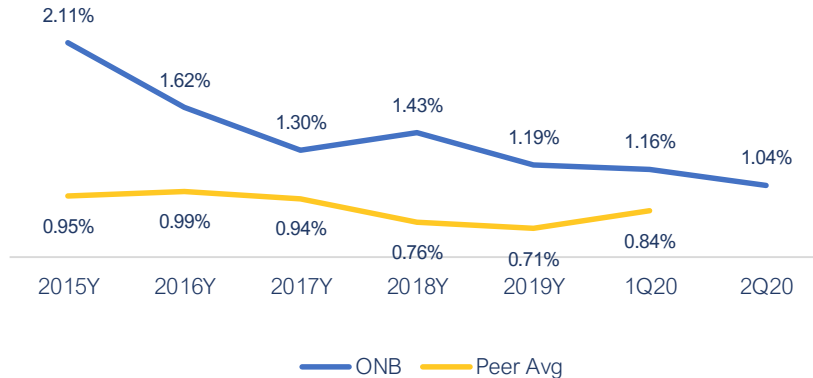
### 30+ Day Delinquency



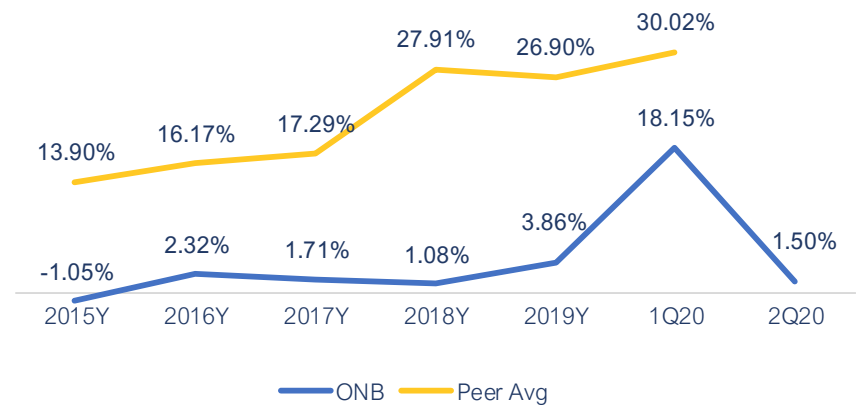
### Net Charge-offs



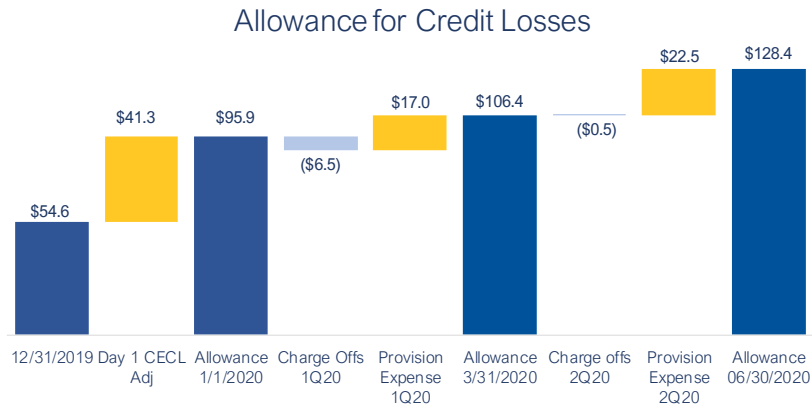
### Non-Performing Loans



### Net Charge-offs / NPL's



# Allowance for Credit Losses



## Key Economic Assumptions

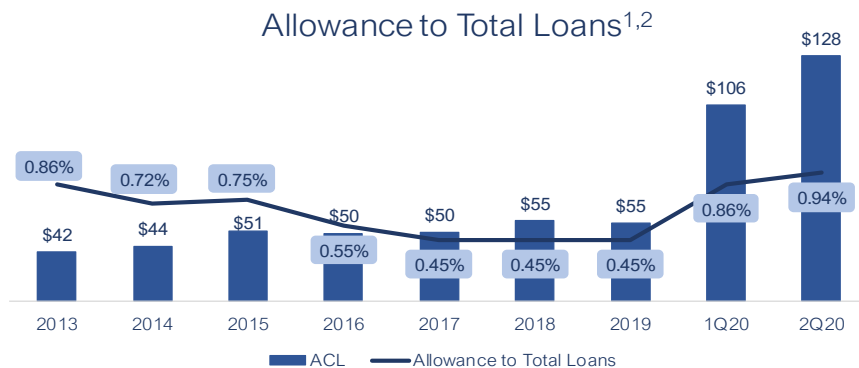
	2Q20	3Q20	4Q20	2021	2022	2023
GDP Change	-33.4%	19.8%	0.1%	1.6%	6.6%	4.7%
Unemployment Rate	14.0%	9.1%	9.5%	9.3%	7.0%	4.9%
BBB Spread/10Y Treasury	3.2%	3.2%	2.0%	2.6%	2.3%	2.4%

## Other Key Model Inputs

- Commercial Asset Quality Ratings
- Consumer Credit Bureau Score
- Loan To Value
- Portfolio segment
- Seasoning

## Marked loan portfolio

- Credit mark of \$61.5mm on remaining acquired portfolio



<sup>1</sup>Beginning January 1, 2020, calculation is based on current expected loss methodology. Prior to January 1, 2020, calculation was based on incurred loss methodology <sup>2</sup>Excludes loans held for sale \$ in millions



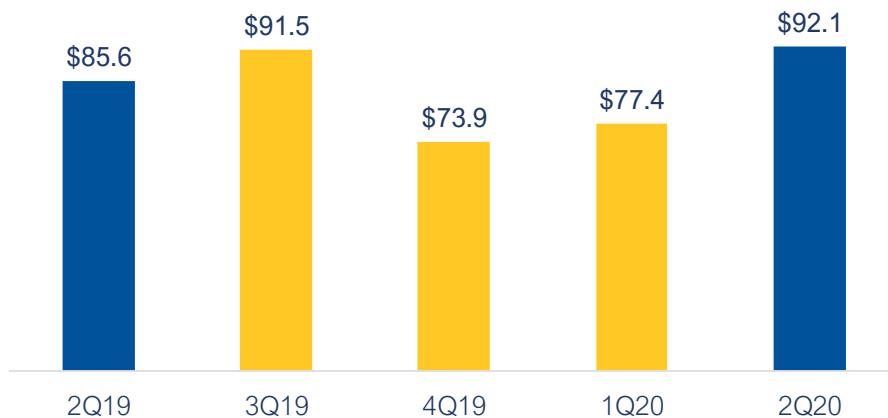
# Second-Quarter 2020 Results

	2Q20	Change vs.		Linked-Quarter Performance Drivers
		1Q20	2Q19	
End of period total loans	\$ 13,738	\$ 1,299	\$ 1,654	<ul style="list-style-type: none"> <li>PPP loans Increased balances \$1.46bn</li> </ul>
End of period total deposits	16,319	2,014	1,956	<ul style="list-style-type: none"> <li>Increase due to PPP funds/increased savings rates</li> </ul>
Net interest income (FTE)	149.0	1.9	(9.5)	<ul style="list-style-type: none"> <li>PPP fees/interest benefit of \$6.6mm</li> </ul>
Provision for credit losses	22.5	5.5	21.5	<ul style="list-style-type: none"> <li>Economic forecast drove higher reserve levels</li> </ul>
Noninterest income	58.5	1.0	7.3	<ul style="list-style-type: none"> <li>Mortgage banking revenue increased \$6.2mm</li> <li>Capital markets income increased \$1.9mm</li> </ul>
Noninterest expense ex. tax credit amort., ONB Way charges & merger charges	115.0	(7.0)	(7.9)	<ul style="list-style-type: none"> <li>Benefit of ONB Way initiatives, including consolidation of 31 banking centers in April</li> </ul>
Amortization of tax credit investments	0.3	(5.2)	(0.3)	
ONB Way & merger charges	4.9	(26.3)	0.3	
Income taxes (FTE)	13.1	6.8	(4.5)	<ul style="list-style-type: none"> <li>Current FTE tax rate of 20.6%</li> </ul>
<b>Net income</b>	<b>\$51.7</b>	<b>\$29.1</b>	<b>(\$11.3)</b>	
<b>Earnings per diluted share</b>	<b>\$0.32</b>	<b>\$0.19</b>	<b>(\$0.04)</b>	
<b>Adjusted earnings per diluted share<sup>1</sup></b>	<b>\$0.33</b>	<b>\$0.08</b>	<b>(\$0.04)</b>	
Net charge-offs (recoveries)/avg loans	0.02%	-19 bps	1 bp	

\$ in millions, except per-share data Amounts tax-effected using the current statutory FTE tax rates (federal + state) of 25%  
<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

# Pre-Provision Net Revenue

Adjusted Pre-Provision Net Revenue



- Adjusted pre-provision net revenue increased 7.6% Y/Y
- Improvement driven by successful execution of our stated strategy
  - Improved fee income
  - Low cost core deposit funding
  - Strong expense management

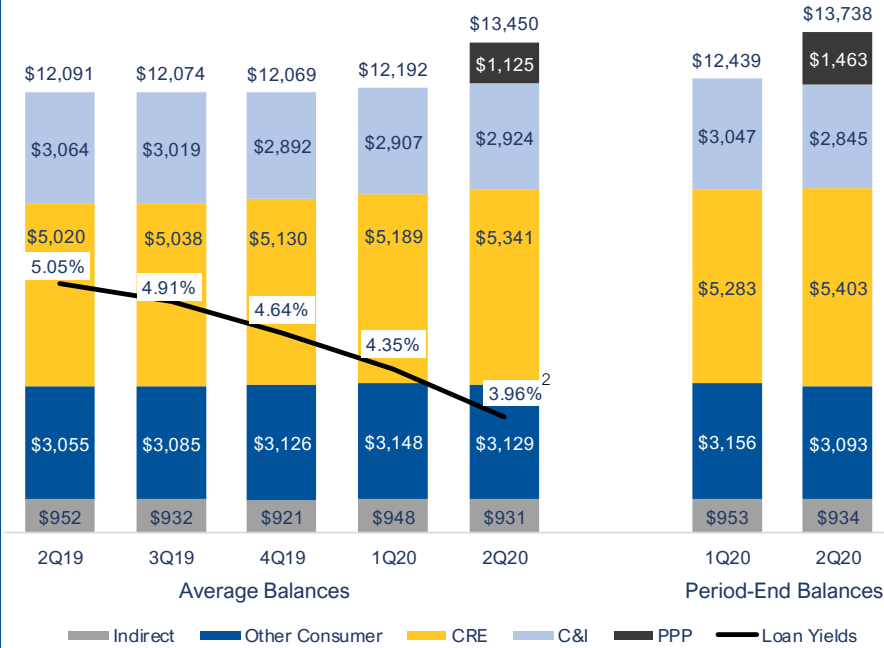
	2Q19	2Q20
Adjusted total revenue <sup>1</sup>	\$208.5	\$207.1
Adjusted noninterest expense <sup>1</sup>	\$122.9	\$115.0
Basis point change in adj. total revenue		(67)
Basis point change in adj. noninterest exp.		(643)
<b>Adjusted Operating leverage</b>		<b>576</b>

- Adjusted Positive operating leverage continues
  - 576 bps Y/Y improvement

\$ in millions <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

# Earning Assets<sup>1</sup>

Total Loans



2Q PPP loan production of \$1.54bn

## Commercial loans, excl. PPP

- Commercial production of \$658mm
- Average new production size <\$1mm
- Commercial pipeline at quarter end of \$2.7bn
- Line utilization was 25.7% at June 30 compared to 35.2% at March 31

## Loan yields decreased 39 bps<sup>2</sup>

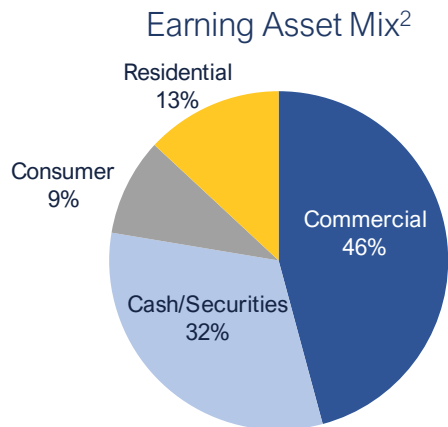
- - 36 bps loan coupons/mix/volume
- - 3 bps accretion income

## 2Q20 new production avg yields, excl. PPP

- Commercial and industrial: 2.93%
- Commercial real estate: 2.92%
- Residential real estate: 3.24%

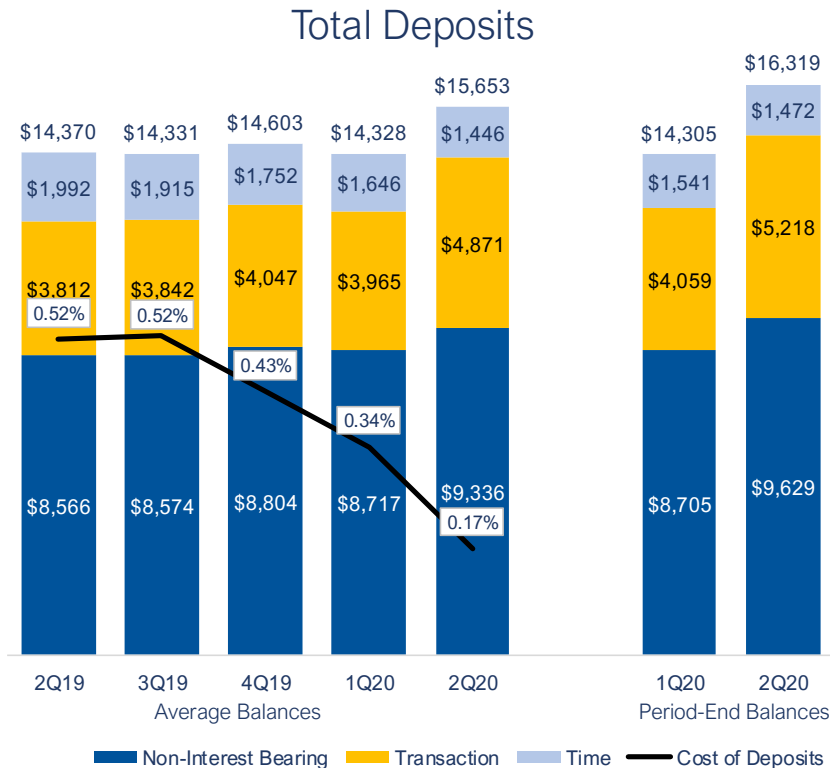
## Securities

- Duration of 3.54 vs. 3.10 in 1Q20
- 2Q20 yield was 2.63%
- 2Q20 new money yield was 1.56%
- Estimated NTM cash flows of \$1,398mm
- Net unrealized pre-tax gain of \$185.7mm
- Net unamortized premium of \$62.1mm



\$ in millions <sup>1</sup> Includes loans held for sale <sup>2</sup> Excludes PPP Loans

# Deposits



PPP funds on deposit plus increased savings rates lead to higher deposit balances

Deposit costs continue to decline

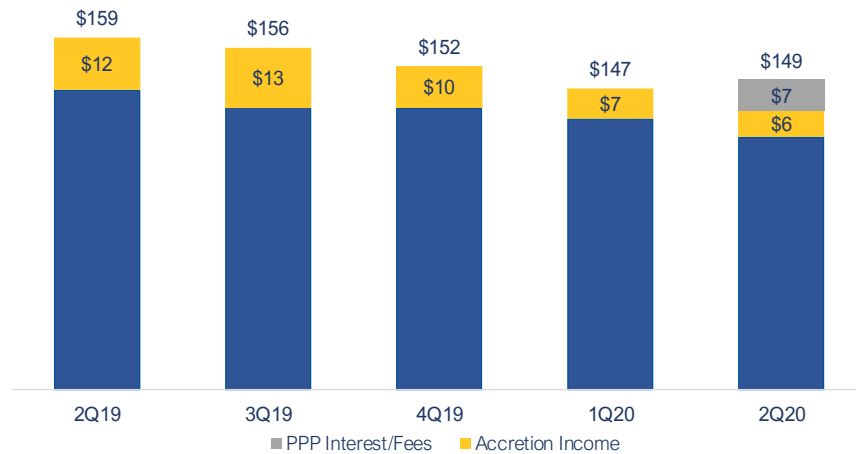
- 2Q20 total deposit costs of 17 bps
  - Improved to 15 bps by the end of June
- Total interest-bearing deposit costs were 25 bps, down 23 bps from 1Q20

Low loan to deposit ratio of 84%

\$ in millions

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

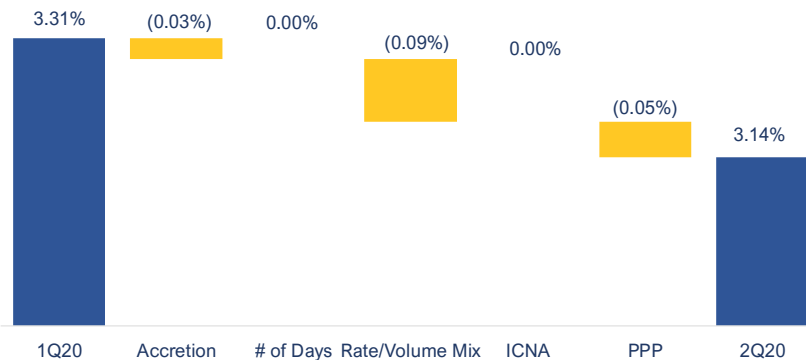
Net Interest Income



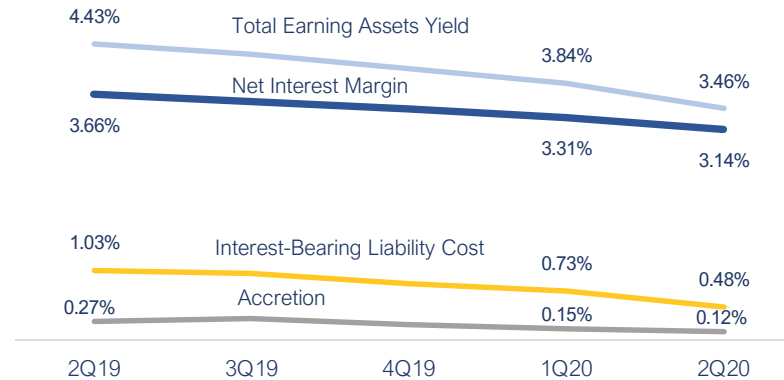
## Key Performance Drivers

- Rate cuts in March
- Lower new business yields
- PPP 1% coupon + fees
  - Increases NII, decreases NIM
- NIM decreased 17 bps vs. 1Q20
  - - 22 bps asset yields
  - +13 bps funding costs
  - - 5 bps PPP loan yield<sup>2</sup>
  - - 3 bps accretion

Net Interest Margin



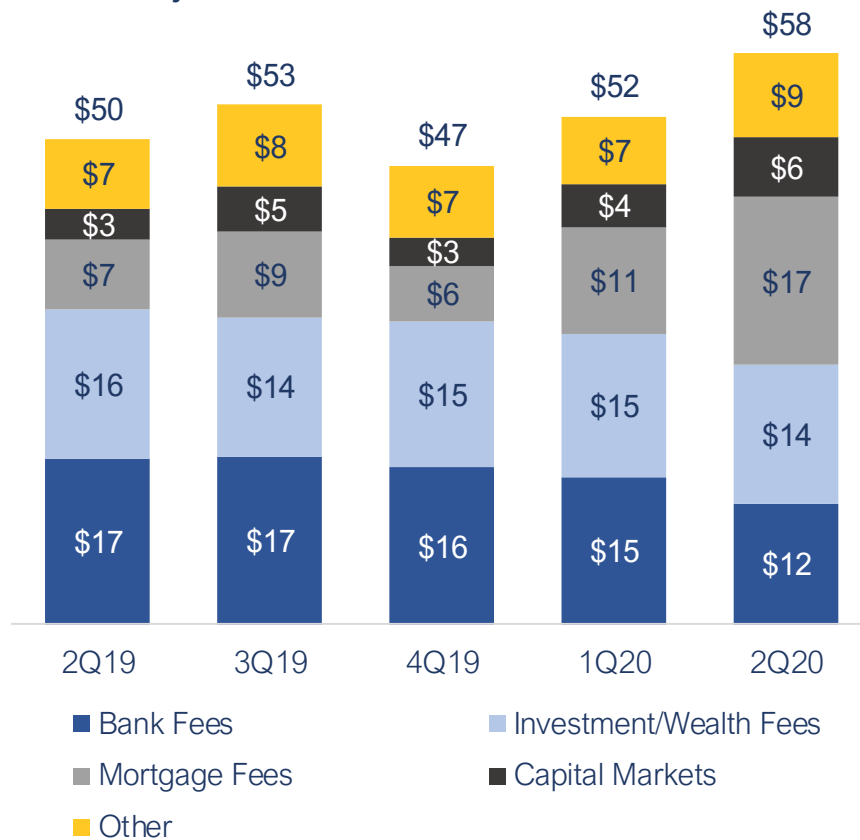
Net Interest Margin



\$ in millions <sup>1</sup>Tax 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 ICNA = Interest collected on nonaccrual loans <sup>2</sup> Assumes 0% cost of funds

# Noninterest Income

Adjusted Noninterest Income<sup>1</sup>



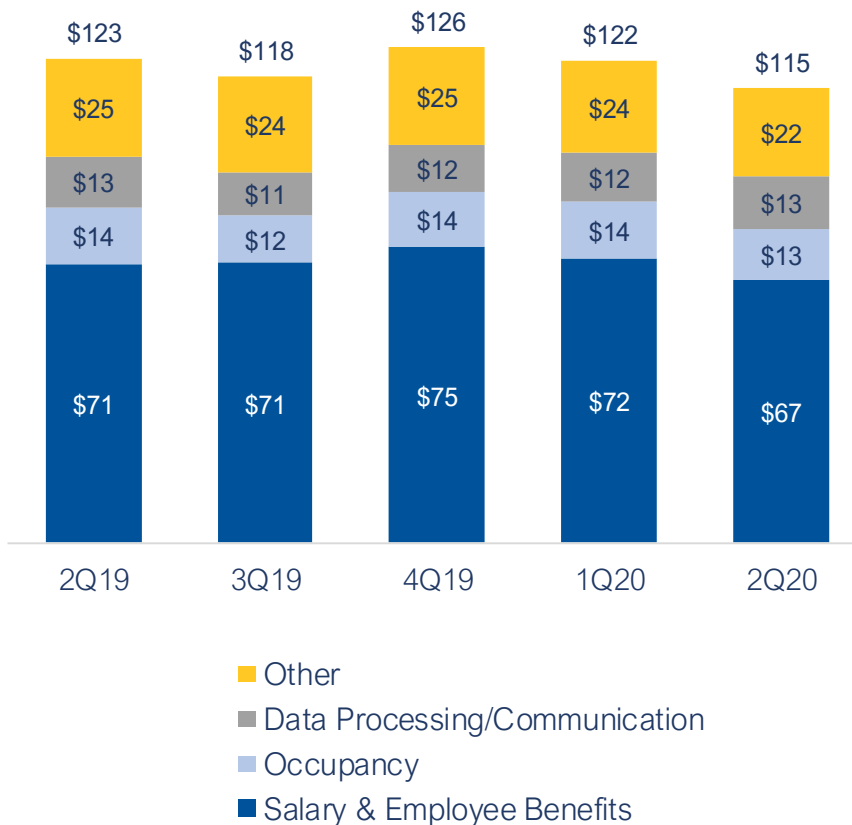
## Key Performance Drivers

- 2Q20 adjusted noninterest income
  - \$6.2mm increase in mortgage banking revenue
    - \$5.0mm related to pipeline valuation
  - \$0.8mm MSR impairment
  - \$1.9mm increase in capital market income
- Mortgage activity
  - 2Q20 production was \$656mm
    - 34% purchase / 66% refi
    - 69% sold in secondary market
  - Quarter end pipeline at \$567mm

\$ in millions <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 Residential mortgage production includes quick home refinance product

# Noninterest Expense

Adjusted Noninterest Expense<sup>1</sup>



## Key Performance Drivers

- 2Q20 adjusted noninterest expense
  - Additional ONB Way cost savings
- 2Q20 adjusted efficiency ratio of 53.79%
  - 552 bps improvement from 1Q20

## Majority of 2020 ONB Way expense savings realized

- 16% reduction in banking centers
- 11% reduction in FTE

## ONB Way charges in the 2<sup>nd</sup> quarter were \$4.9mm

- \$3.9mm related to branch facilities (other expenses)
- \$0.8mm in professional fees
- \$0.2mm in occupancy

\$ in millions <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

# Outlook

*COVID-19 will impact performance going forward*

Category	Outlook
Commercial Loans	Strong pipeline heading into the 3 <sup>rd</sup> quarter but pull through rates likely to be impacted; PPP runoff expected late in the year
Net Interest Margin	FTE NIM, excluding accretion income, under pressure given the low interest rate environment; CD repricing should provide opportunity to move total deposits costs lower; timing of PPP fee recognition will coincide with timing of loan forgiveness
Noninterest Income	Wealth and Investment fees should trend lower given market declines; overdraft fees will continue to put pressure on service charges; mortgage revenue should trend seasonally lower in the second half of the year
Noninterest Expense	Noninterest expenses, excluding ONB Way charges and tax credit amortization charges, should trend stable given 2020 ONB Way cost savings realized earlier than anticipated; FY2020 (pre-tax) tax credit amortization of \$6mm
Capital and Liquidity	Strong capital position validated by internal stress test model; liquidity position remains strong with a low loan to deposit ratio of 84%, and ample cash, unencumbered securities and various other liquidity sources; confident with ability to continue current dividend level
Tax Rate/Credit	FY2020 tax rates expected to be ~20.5% FTE and ~16% GAAP



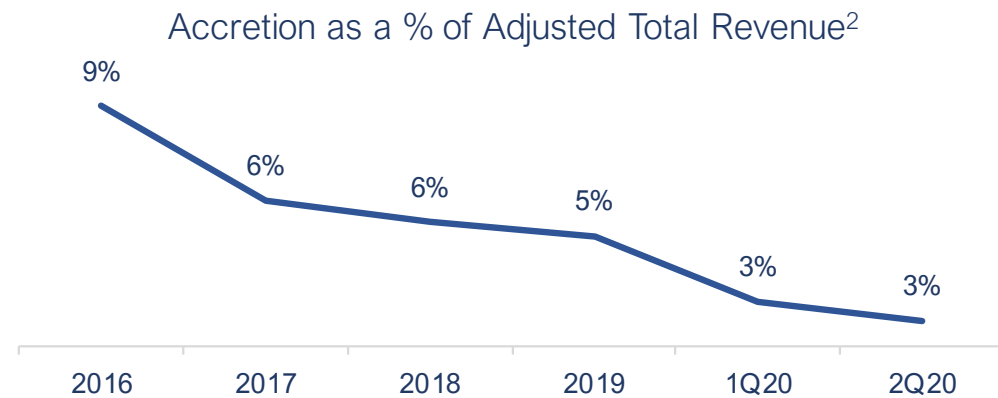
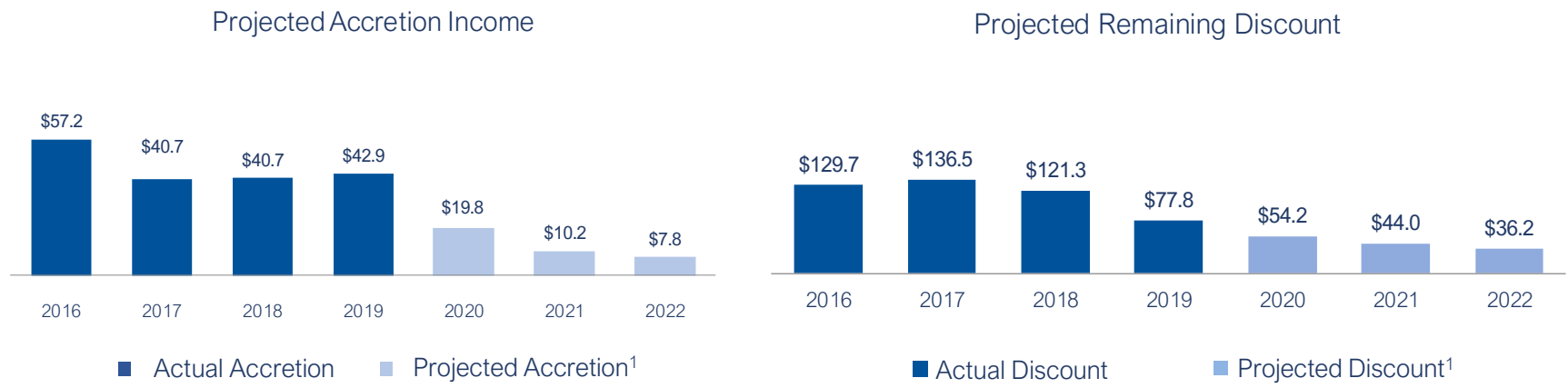
---

---

# Appendix

# Projected Purchase Accounting Impact

Manageable declines in purchase accounting impact expected in future periods



\$ in millions, except per share data <sup>1</sup> Projections are updated quarterly, assumes no prepayments and are subject to change  
<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

# Non-GAAP Reconciliations

	2Q19	1Q20	2Q20
<b>As Reported:</b>			
Net Interest Income (FTE)	\$158.5	\$147.1	\$149.0
Add: Fee Income	51.2	57.5	58.5
Total Revenue (FTE)	\$209.7	\$204.6	\$207.5
Less: Provision	(1.0)	(17.0)	(22.5)
Less: Noninterest Expense	(128.1)	(158.7)	(120.2)
Pre-Tax Income	\$80.6	\$28.9	\$64.8
Less: Income Taxes (FTE)	17.6	6.3	13.1
<b>Net Income</b>	<b>\$63.0</b>	<b>\$22.6</b>	<b>\$51.7</b>
<b>Earnings Per Share</b>	<b>\$0.36</b>	<b>\$0.13</b>	<b>\$0.32</b>
Adjustments:			
Less: Debt Securities Gains/Losses	(\$1.2)	(\$5.2)	(\$0.5)
Add: Loss on Branch Actions	-	-	0.1
Add: ONB Way Charges	1.4	31.2	4.9
Add: M&A Charges	3.2	-	-
Net Total Adjustments	\$3.4	\$26.0	\$4.5
Tax Effect on Net Total Adjustments	0.9	6.5	1.1
After-Tax Net Total Adjustments	\$2.5	\$19.5	\$3.4
<b>Adjusted Net Income</b>	<b>\$65.5</b>	<b>\$42.1</b>	<b>\$55.1</b>
<b>Adjusted Earnings Per Diluted Share</b>	<b>\$0.37</b>	<b>\$0.25</b>	<b>\$0.33</b>

\$ in millions, except per share data

# Non-GAAP Reconciliations

	2Q19	3Q19	4Q19	1Q20	2Q20
<b>As Reported:</b>					
Net Interest Income (FTE)	\$158.5	\$156.3	\$152.2	\$147.1	\$149.0
Add: Fee Income	51.2	53.9	47.7	57.5	58.5
Total Revenue (FTE)	\$209.7	\$210.2	\$199.9	\$204.6	\$207.5
Less: Noninterest Expense	128.1	122.6	134.7	158.7	120.2
<b>Pre-Provision Net Revenue (PPNR)</b>	<b>\$81.6</b>	<b>\$87.6</b>	<b>\$65.2</b>	<b>\$45.9</b>	<b>\$87.3</b>
<b>Revenue Adjustments:</b>					
Less: Debt Securities Gains/Losses	(\$1.2)	(\$0.4)	(\$0.4)	(\$5.2)	(\$0.5)
Less: Gain/Loss on Branch Actions	-	-	-	-	0.1
Adjusted Total Revenue	\$208.5	\$209.8	\$199.5	\$199.4	\$207.1
<b>Expense Adjustments:</b>					
Less: ONB Way Charges	(\$1.4)	(\$1.8)	(\$8.2)	(\$31.2)	(\$4.9)
Less: M&A Charges	(3.2)	(1.3)	(0.2)	-	-
Less: Amortization of Tax Credit Investments	(0.6)	(1.2)	(0.7)	(5.5)	(0.3)
Adjusted Noninterest Expense	\$122.9	\$118.3	\$125.6	\$122.0	\$115.0
<b>Adjusted Pre-Provision Net Revenue (PPNR)</b>	<b>\$85.6</b>	<b>\$91.5</b>	<b>\$73.9</b>	<b>\$77.4</b>	<b>\$92.1</b>
Average assets	\$19,953.6	\$20,147.2	\$20,218.8	\$20,366.5	\$21,617.8
<b>Pre-Provision Net Revenue to Average Assets</b>	<b>1.64%</b>	<b>1.74%</b>	<b>1.29%</b>	<b>0.90%</b>	<b>1.62%</b>
<b>Adjusted Pre-Provision Net Revenue to Average Assets</b>	<b>1.72%</b>	<b>1.82%</b>	<b>1.46%</b>	<b>1.52%</b>	<b>1.70%</b>
Accretion Income	\$11.8	\$13.4	\$9.5	\$6.7	\$5.8
<b>Accretion Income as a % of Total Revenue</b>	<b>5.6%</b>	<b>6.4%</b>	<b>4.7%</b>	<b>3.3%</b>	<b>2.8%</b>
<b>Accretion Income as a % of Adjusted Total Revenue</b>	<b>5.7%</b>	<b>6.4%</b>	<b>4.8%</b>	<b>3.4%</b>	<b>2.8%</b>

\$ in millions

# Non-GAAP Reconciliations

	2Q19	1Q20	2Q20
Noninterest Expense As Reported	\$128.1	\$158.7	\$120.2
Less: ONB Way Charges	(1.4)	(31.2)	(4.9)
Less: Merger and Integration Charges	(3.2)	-	-
Noninterest Expense Less Charges	\$123.5	\$127.5	\$115.3
Less: Amortization of Tax Credit Investments	(0.6)	(5.5)	(0.3)
Adjusted Noninterest Expense	\$122.9	\$122.0	\$115.0
Less: Intangible Amortization	(4.3)	(3.8)	(3.6)
<b>Adjusted Noninterest Expense Less Intangible Amortization</b>	<b>\$118.6</b>	<b>\$118.2</b>	<b>\$111.4</b>
Net Interest Income As Reported	\$155.2	\$143.8	\$145.6
Add: FTE Adjustment	3.3	3.3	3.4
Net Interest Income (FTE)	\$158.5	\$147.1	\$149.0
Noninterest Income As Reported	\$51.2	\$57.5	\$58.5
Total Revenue (FTE)	\$209.7	\$204.6	\$207.5
Less: Debt Securities Gains/Losses	(1.2)	(5.2)	(0.5)
Less: Gain/Loss on Branch Actions	-	-	0.1
<b>Adjusted Total Revenue (FTE)</b>	<b>\$208.5</b>	<b>\$199.4</b>	<b>\$207.1</b>
<b>Reported Efficiency Ratio</b>	<b>59.35%</b>	<b>77.71%</b>	<b>56.29%</b>
<b>Adjusted Efficiency Ratio</b>	<b>56.88%</b>	<b>59.31%</b>	<b>53.79%</b>
<b>Operating Leverage<sup>1</sup> (basis points)</b>			518
<b>Adjusted Operating Leverage<sup>2</sup> (basis points)</b>			576

\$ in millions <sup>1</sup> Year-over-year basis point change in noninterest expense plus change in total revenue <sup>2</sup> Year-over-year basis point change in adjusted noninterest expense plus change in adjusted total revenue

# Non-GAAP Reconciliations

	4Q19	1Q20	2Q20
Net Interest Income As Reported	\$148.9	\$143.8	\$145.6
FTE Adjustment	3.3	3.3	3.4
Net Interest Income (FTE)	\$152.2	\$147.1	\$149.0
Average Earning Assets	\$17,577.8	\$17,774.0	\$19,007.7
Net Interest Margin	3.39%	3.24%	3.06%
<b>Net Interest Margin (FTE)</b>	<b>3.46%</b>	<b>3.31%</b>	<b>3.14%</b>

	2Q19	3Q19	4Q19	1Q20	2Q20
Noninterest Income As Reported	\$51.2	\$53.9	\$47.7	\$57.5	\$58.5
Less: Debt Securities Gains/Losses	(1.2)	(0.4)	(0.4)	(5.2)	(0.5)
Less: Gain/Loss on Branch Actions	-	-	-	-	0.1
<b>Adjusted Noninterest Income</b>	<b>\$50.0</b>	<b>\$53.5</b>	<b>\$47.3</b>	<b>\$52.3</b>	<b>\$58.1</b>

	2Q20
Net Income As Reported	\$51.7
Add: Intangible Amortization (net of tax)	2.7
Tangible Net Income	\$54.4
Less: Securities Gains/Losses (net of tax)	(0.4)
Add: ONB Way Charges (net of tax)	3.7
Add: Loss on Branch Action (net of tax)	0.1
Adjusted Tangible Net Income (Loss)	\$57.8
Average Total Shareholders' Equity As Reported	\$2,845.4
Less: Average Goodwill	(1,037.0)
Less: Average Intangibles	(54.4)
Average Tangible Shareholders' Equity	\$1,754.0
Return on Average Tangible Common Equity	<b>12.41%</b>
<b>Adjusted Return on Average Tangible Common Equity</b>	<b>13.18%</b>

\$ 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 OZK	OZK
Commerce Bancshares, Inc.	CBSH
Cullen/Frost Bankers, Inc.	CFR
F.N.B. Corporation	FNB
First Financial Bancorp.	FFBC
First Midwest Bancorp, Inc.	FMBI
Fulton Financial Corporation	FULT
Great Western Bancorp, Inc.	GWB
Hancock Whitney Corporation	HWC
TCF Financial Corporation	TCF
Trustmark Corporation	TRMK
UMB Financial Corporation	UMBF
Valley National Bancorp	VLV
Western Alliance Bancorporation	WAL
Wintrust Financial Corporation	WTFC