

# 2017 Annual Shareholders' Meeting

April 27, 2017



# Becky Skillman

Lead Director



# Bob Jones

Chairman & CEO



# Ethics Message



- Board of Director nominations
- Amended and restated Incentive Compensation Plan
- Non-binding advisory proposal on Executive Compensation
- Non-binding advisory proposal determining the frequency of advisory votes on Executive Compensation
- Crowe Horwath LLP

## Old National Bancorp Directors

Alan W. Braun

Niel C. Ellerbrook

Andrew E. Goebel

Jerome F. Henry, Jr.

Robert G. Jones

Phelps L. Lambert

Arthur H. McElwee, Jr.

James T. Morris

Randall T. Shepard

Rebecca S. Skillman

Kelly N. Stanley

Derrick J. Stewart

Katherine E. White

Linda E. White

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# Operating Update



# 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; 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.

- **Over 13% of older Americans are a victim of financial fraud yearly<sup>1</sup>**
  - Over 5% of Americans ages 60 and older were financially exploited by a family member<sup>2</sup>
  - Approximately 7% of adults 65-74 were defrauded by strangers<sup>2</sup>
- **\$36.5 Billion is lost annually to elder financial abuse<sup>3</sup>**
- **Four Risk Factors for Elder Financial Abuse<sup>4</sup>**
  - Poor physical health
  - Cognitive impairment
  - Difficulty with daily living activities
  - Social isolation
- **Estimated only 1 in 44 elder financial abuse cases reported<sup>1</sup>**

<sup>1</sup> Justice Department-Elder Justice Initiative <sup>2</sup> Securities Industry and Financial Markets Association-November 2016

<sup>3</sup> 2015 True Link Report <sup>4</sup> Forbes February 2017 article

# 2016 Associate Recognition



- **Award winners**

- Wayne Henning Volunteer of the Year
  - Joe Williams
- Larry Dunigan Leader of the Year
  - Jeff Norton
- One Vision CEO Winner
  - Barb O'Connor
- Community Team Winner
  - Lafayette Team
- Operations & Support Excellence Winners
  - Pam Cooley and Dean Happe

# 2016 vs 2015 Highlights

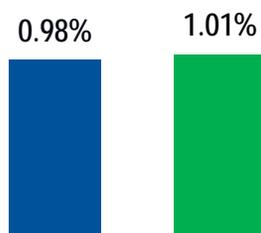
- ✓ Reported net income of \$134.3 million, or \$1.05 per share – Represents highest net income in the Company's history
  - 15.0% increase in net income and 5.0% increase in earnings per share
- ✓ Continue to grow organic revenue
  - 7.1% organic loan growth (\$491.9 million), excluding acquired loans
  - 9.9% increase in total revenues
- ✓ Improve operating leverage
  - Consolidated 20 branches (including 15 in January 2017)
  - Sale of low-margin insurance subsidiary with reinvestment into higher-growth banking markets
  - Successfully terminated FDIC loss-share agreement
  - Terminated and fully funded previously frozen pension plan
  - Average deposits per branch exceeds \$52 million, 29% increase from 2012
- ✓ Prudent use of capital
  - 8.9% increase in Tangible Book Value Per Share<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

# ONB 2016 Financial Performance Vs. Peers

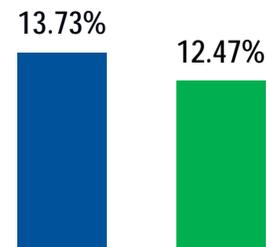


### Return on Average Assets



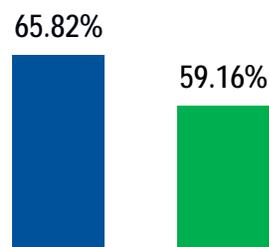
■ ONB ■ Peer Group Average

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



■ ONB ■ Peer Group Average

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



■ ONB ■ Peer Group Average

Peer Group data per SNL Financial -- See Appendix for definition of Peer Group

<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

# Best Performing Regional Banks in 2016



**Best-performing regional banks in 2016**  
Based on financials for year ended Dec. 31, 2016

Rank	Company (ticker)	City, state	Total assets (\$B)	Ranking metrics (%)					
				ROATCE	NCOs/average loans	Efficiency ratio	Adjusted Texas ratio	Net interest margin (FTE)	Loan growth rate
1	Bank of the Ozarks Inc. (OZRK)	Little Rock, AR	18.89	17.01	0.07	34.57	5.29	4.93	74.7
2	Western Alliance Bancorp. (WAL)	Phoenix, AZ	17.20	17.92	0.02	44.75	8.30	4.60	18.6
3	PacWest Bancorp. (PACW)	Beverly Hills, CA	21.87	16.05	0.16	39.70	10.58	5.46	6.8
4	Pinnacle Financial Partners Inc. (PNFP)	Nashville, TN	11.19	15.56	0.33	51.46	5.04	3.71	29.3
5	Sterling Bancorp (STL)	Montebello, NY	14.21	15.21	0.08	48.96	8.92	3.58	21.2
6	Prosperity Bancshares Inc. (PB)	Houston, TX	22.33	17.50	0.21	40.89	2.70	3.32	1.9
7	Hope Bancorp, Inc. (HOPE)	Omaha, NE	13.44	10.99	0.07	51.62	8.68	3.76	68.9
8	Sallie Mae Bank	Salt Lake City, UT	18.31	14.04	0.63	35.93	27.16	5.74	30.5
9	Midland Financial Co.	Oklahoma City, OK	13.29	18.81	0.00	62.56	9.66	4.07	11.9
10	New York Community Bancorp Inc. (NYCB)	Westbury, NY	48.93	13.81	0.00	45.31	2.64	2.92	3.4
11	East West Bancorp Inc. (EWBC)	Pasadena, CA	34.80	15.67	0.15	49.41	6.07	3.31	7.9
12	Bank of Hawaii Corp. (BOH)	Honolulu, HI	16.49	16.23	0.04	57.13	6.15	2.89	14.3
13	Signature Bank (SBNY)	New York, NY	39.05	11.59	0.51	32.22	7.68	3.21	22.1
14	FirstBank Holding Co.	Lakewood, CO	17.05	14.17	0.07	54.72	4.87	3.46	9.2
15	MB Financial Inc. (MBFI)	Chicago, IL	19.30	13.77	0.08	68.24	9.64	3.72	28.0
16	Old National Bancorp (ONB)	Evansville, IN	14.86	13.79	0.04	65.80	12.67	3.59	30.7
17	PrivateBancorp Inc. (PVTB)	Chicago, IL	20.05	12.16	0.06	50.19	8.02	3.27	13.3
18	Great Western Bancorp Inc. (GWB)	Sioux Falls, SD	11.42	15.03	0.18	49.17	16.68	3.90	16.6
19	Cathay General Bancorp (CATY)	Los Angeles, CA	14.52	12.59	0.04	50.24	8.96	3.39	10.3
20	Chemical Financial Corp. (CHFC)	Midland, MI	17.36	11.44	0.11	65.30	11.67	3.60	79.5
21	Banc of California Inc. (BANC)	Irvine, CA	11.03	20.81	0.01	76.88	8.18	3.30	15.1
22	United Bankshares Inc. (UBSI)	Charleston, WV	14.51	13.51	0.28	48.38	10.08	3.65	10.2
23	Washington Federal Inc. (WAFD)	Seattle, WA	14.87	10.26	-0.18	46.83	10.15	3.13	7.8
24	F.N.B. Corp. (FNB)	Pittsburgh, PA	21.84	13.46	0.28	60.60	10.76	3.37	22.3
25	Comenity Bank	Wilmington, DE	11.81	33.82	5.50	45.24	21.26	25.58	8.3
<b>Median for top 25 regional banks*</b>			<b>17.05</b>	<b>14.17</b>	<b>0.08</b>	<b>49.41</b>	<b>8.92</b>	<b>3.59</b>	<b>15.1</b>
<b>Median for all regional banks*</b>			<b>18.97</b>	<b>11.35</b>	<b>0.14</b>	<b>61.18</b>	<b>9.48</b>	<b>3.35</b>	<b>8.2</b>

ONB's 2016 performance ranked 16 out of 66 banks \$10 billion to \$50 billion



ONB was the top performer among banks headquartered within our footprint

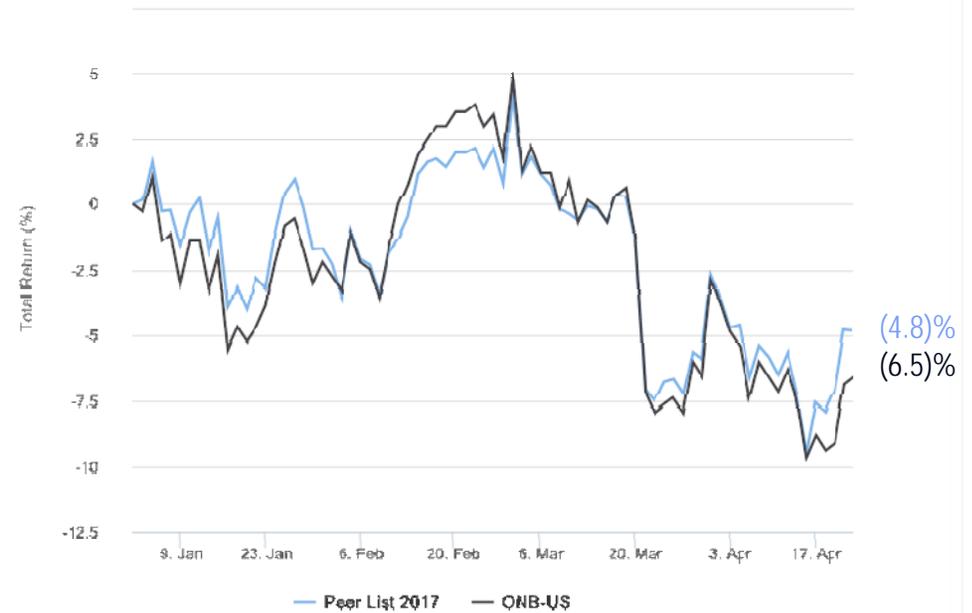
# ONB Stock Performance Vs. Peers



Full-Year 2016



Year-To-Date April 21, 2017



## Total Shareholder Return

Stock data per SNL Financial  
See Appendix for definition of Peer Group

# 1<sup>st</sup> Quarter 2017 Financial Performance



- Earnings of \$36.0 million, or \$0.27 per share
  - Earnings represents a 33.4% increase over the 1<sup>st</sup> quarter of 2016
- 6.8% annualized growth in commercial and commercial real estate loans
- 6.9% decline in operational expenses<sup>1</sup> from 4Q16

<sup>1</sup>Operational expenses = total noninterest expense less pension termination expense, merger/integration costs, branch consolidations, severance and litigation reserve  
Operational expenses is a non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company .

- **Strengths**

- Well capitalized
- Dedicated associates
- Community leader

- **Weaknesses**

- Operating leverage
- Investments in technology vs “big” banks

- **Opportunities**

- Vibrant communities
- Improving business and consumer optimism

- **Threats**

- Competition from financial technology companies (a.k.a. FinTechs)
- Challenging operating environment

- **Remain committed to our Basic-Bank Strategy**
  - Focus on profitable, organic growth
  - Focus on small to medium-size businesses
  - Strong organic growth of low-cost deposits to fund loan growth
  - Loans to in-market clients
  - Low variability of loan charge-offs

# Successful Entry Into Wisconsin

- Closed on partnership with Anchor Bank on May 1, 2016
  - Largest in Company history
- Systems conversion completed September 16, 2016
- Acquired \$1.6 billion in loans and \$1.9 billion in deposits
- Since closing, our new Wisconsin Region has grown total loans by 7%



# Questions?

- 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

	2015	2016
Total Shareholders' Equity	\$1,491.2	\$1,814.4
Less: Goodwill	(584.6)	(655.0)
Less: Intangibles	(35.3)	(37.7)
Tangible Shareholders' Equity	\$871.2	\$1,121.7
Common Shares Issued and Outstanding	114.3	135.2
Tangible Book Value Per Share	\$7.62	\$8.30

	2016
Net Income	\$134.3
Add: Intangible amortization (net of tax)	8.1
Tangible Net Income	\$142.4
Average Total Shareholders' Equity	\$1,712.6
Less: Goodwill	(635.5)
Less: Intangibles	(40.3)
Average Tangible Shareholders' Equity	\$1,036.8
Return on Average Tangible Common Equity	13.73%

*\$ in millions, except per-share data*

# Non-GAAP Reconciliations

	2016
Noninterest Expenses	\$454.1
Less: Intangible Amortization	(12.5)
Adjusted Noninterest Expenses	\$441.6
Net Interest Income	\$402.7
Plus: Taxable Equivalent Adjustment	21.3
Net Interest Income – Taxable Equivalent Basis	\$424.0
Total Noninterest Income	\$252.8
Less: Gains on Sales of Securities	(5.8)
Adjusted Noninterest Income	\$247.0
Adjusted Net Interest Income + Noninterest Income	\$671.0
Efficiency Ratio	65.82%

*\$ in millions, except per-share data*

# Old National's 2017 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
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		