



2017 ANNUAL REPORT

With Proxy Statement and Notice of Annual Meeting

Dear Shareholder:

At the start of each board of directors meeting and management meeting, a member of our leadership team shares an ethics message. Multiple leaders have taken their turn delivering this message over the years with topics ranging from whether it's appropriate for a batter to fake being hit by a baseball, to broad discussions on issues facing our industry.

While each presentation is unique—and often punctuated with facts from studies and quotes from various experts—they all serve to remind us of Old National's unwavering commitment to ethics. Over the past 183 years, this insistence on doing things the right way in every interaction has allowed us to grow from a single branch on the Evansville, Indiana riverfront into a thriving \$17.5 billion regional bank.

As your CEO, I'm exceptionally proud of our approach to ethics. But I'm also not so arrogant as to think we are perfect. The fact is, we all make mistakes. But making an honest mistake is not the same as purposely doing something unethical for personal or company gain. Part of a CEO's job is to create a culture where associates understand that doing what is right benefits all constituents, while wrong actions—even those that may seemingly lead to a short-term benefit—always end up doing long-term harm.

Equally important is instilling a culture where associates not only feel comfortable speaking up when they see wrongdoing, but understand that doing so is their responsibility. In order to create such an environment of trust, associates must feel 100% safe and supported when pointing out concerns. I'm proud to say such an environment exists at your company.

The key to maintaining this culture is focusing on the long-term impact of any action. Too often public companies get caught up in "short-termism." By that I mean constantly focusing on next quarter's earnings report and taking actions without truly considering the long-term impact on the company and its associates, clients and communities.

I am blessed to work for a board of directors that recognizes the importance of having a long-term vision—a board which understands that a deep commitment to our values, a deep commitment to our clients and their communities, and a deep commitment to the growth and development of our associates will ultimately provide you, as owners, with the best value for your investment.

As such, every year we ask our board to reaffirm your company's strategy. This past October, we did so in a two-day meeting that included presentations from a variety of outside experts who shared insights about Old National and how we are positioned to compete. The board spent a great deal of time analyzing the impact our strategy would have on the performance of the company and our stock.

At the conclusion of this meeting, your board reaffirmed our basic bank strategy. This strategy is best summarized as bolstering our communities, and growing your company, by generating loans within our markets and supporting these loans with core deposits that are also from our markets. This model also relies upon strong relationships in our Wealth Management, Investments, Mortgage and Capital Markets businesses. And finally, the base of the strategy is our risk appetite statement, which allows for a moderately conservative risk culture that is grounded in strong controls.

Your management team has developed a variety of proven metrics that the board reviews regularly to ensure that we are achieving these goals. Management also provides the board with updates on specific tactics at each quarterly board meeting. All of this is designed to let the board hold me—your Chairman and CEO—and my fellow associates accountable as we work to deliver the absolute best results for you.



Old National Bank was named to the Ethisphere Institute's prestigious World's Most Ethical™ companies list for the 7th straight year.

Our adjusted pre-tax, pre-provision¹ income rose 10.5%.

\$223.5
MILLION IN 2017

\$202.3
MILLION IN 2016

Since 2010, Old National has completed 8 whole-bank partnerships, an FDIC-assisted merger and purchased 24 branches, improving the demographic profile of the Company.

A Snapshot of Our 2017 Results

How did we do in 2017? From a financial perspective, it was a very good year.

- **Strong net income, driven by loan growth.** Our adjusted net income¹ of \$147.1 million represented a 12% increase over 2016. On an adjusted per-share basis¹, we earned \$1.06, which represents a 4% increase over last year. This strong performance was driven by 10.1% organic growth in our commercial and commercial real estate loans, supported by another excellent year of credit quality (net charge offs of .03% and very low delinquencies).
- **Robust, relatively low-cost deposits.** Another factor in our 2017 success, and a great strength of the franchise overall, is our continued ability to grow and retain core deposits. Even more impressive is our ability to do this with a relatively low deposit cost.
- **Well-controlled expenses.** For many years, we have spoken to you about our focus on reducing costs in a sustainable manner. These efforts were reflected in a 6.8% reduction in adjusted noninterest expenses¹ in our legacy bank, fourth quarter of 2016 to fourth quarter of 2017. As part of our efforts to reduce cost and address the changing behaviors of our clients, we consolidated 29 banking centers during the year. This is a trend we expect to continue as more of our clients gravitate toward mobile and online banking solutions. I will speak to our long-term commitment to digital banking later in this letter.

ONB Enters Minnesota: A Historically Successful Partnership

While our financial results were very good, the true highlight of 2017 was your company's entry into the dynamic Minnesota markets of Minneapolis, St. Paul and Mankato through our partnership with Anchor Bank Minnesota. This partnership is a continuation of our strategy of transforming our banking franchise into higher growth markets that align with our basic community banking model.

The Twin Cities is truly a dynamic market that is dominated by two excellent large banks. We believe our community-focused model, coupled with a strong emphasis on lending to small-to-medium size companies, will be very effective in the market for years to come.

In fact, we have already seen some encouraging results. Because of your company's strong risk management culture, we were able to close on the partnership on November 1, 2017, less than 90 days after the announcement. From November 1st to year end, total loans in Minnesota grew \$35.2 million or 13.3% annualized. And for the full year 2017, our Minnesota team grew commercial loans by 11.4%.

These results are an excellent indicator of the strength of these markets. But more importantly, they reflect the high quality and tremendous expertise of the team we have partnered with in Minnesota.

With this in mind, I would like to pass along my deepest appreciation to Carl Jones, Chairman of Anchor Bank Minnesota, and his family for entrusting Old National with their family's bank. Carl and the other Anchor shareholders have long been known for their deep commitment to clients, community and associates. We look forward to carrying on that proud tradition.

I would be remiss if I did not also thank former Anchor COO Jeff Hawkins, now CEO of our Minnesota Region, along with Arleen Sullivan, now Community Banking Executive, Jim Collins, Commercial Banking Executive, and Margaret Murphy, now Region Chief Credit Officer, for their incredible leadership during the transition. They never lost focus on the importance of serving clients and supporting their fellow associates. We are very fortunate they have chosen to continue on as the leadership group for our Minnesota Region, as we look forward to a May branch and systems conversion and a promising full year of revenue production.

¹As disclosed in the Company's Earnings Release and slide presentation on January 23, 2018.

A Look Ahead to 2018 and Beyond

On our 4th quarter earnings call with the analysts who follow your company, Jim Sandgren, Jim Ryan, Daryl Moore and I expressed strong optimism for 2018. This optimism is rooted in our belief that we have the right people in the right markets and are well positioned to continue many of the same themes that generated positive results in 2017.

This optimism was buoyed by the passage of the law commonly known as the Tax Cuts and Jobs Act in late 2017. The effect of this bill and the reduction on individual and corporate tax rates goes well beyond Old National's bottom line. Already we have seen an increase in optimism among our corporate clients as they move beyond talking about new opportunities to sitting down with us and discussing plans for expansion and growth. There also appears to be an increase in consumer confidence that may translate into increased activity.

While some companies chose to make an immediate splash in the wake of the tax changes by announcing modest bonus payments to certain segments of their employee base, we are choosing to take a longer-term approach. We are exploring incremental investments in our technology platform and reviewing possible increases to some long-term benefits for our associates, along with other long-term strategies. Our goal is to ensure that the utilization of this benefit is sustainable and provides value to all our constituents for the long term, which is something we have communicated to our associates.

As I mentioned earlier in the letter, your board reaffirmed our basic bank strategy back in October. As a result, you will continue to see many of the same themes and practices in 2018 that drove our performance last year: organically growing loans with an emphasis on commercial lending, and supplementing these loans with low-cost core deposits. We will also continue to drive revenue in our fee-based businesses by growing existing relationships and generating new ones, particularly in our new markets. Our focus on improving the client experience through simplifying processes and ultimately lowering costs will also continue.

At the core of all these actions will be our continued adherence to our moderately conservative risk profile because, at the end of the day, banking is about managing risk. This is why your company was among the first of our peer banks to appoint a Chief Risk Officer (2008) and to create a board committee focused on risk. We also continue to invest in quality people and systems within our risk team. Ultimately, we believe this is an essential long-term strategy.

Regulations and Expansion

There is a great deal of discussion taking place within our industry about regulatory issues. I will be the first to admit that the burden these excessive regulations place on banks can at times be onerous, especially for the smaller banks that lack the scale to adequately deal with the issues. As a strong mid-size bank, we will continue to have dialogue with Congress and our Regulators about areas we feel could be moderated to accelerate the growth of our economy through business expansion and increased consumer spending.

At the same time, we must balance the need to ensure we do not reduce regulations too much and see our industry regress toward the challenges of the Great Recession. This is a balancing act that requires constant attention, especially given that we will undoubtedly experience an economic slowdown at some point in the future. Cycles are inevitable, and we need to ensure that—as a company and as an industry—we have the right mitigants in place to reduce the severity of the next slowdown. Many recent appointees to leadership positions within our regulatory governing bodies seem to share this belief in a balanced approach, and I am encouraged that we are having conversations focused on the long-term health of our industry.

While we have been very active in the merger and acquisition market in recent years, as I stated above our focus is on executing our basic bank strategy. As we think about M/A, our mantra is that we will be an active looker and a selective, disciplined buyer. Our ability to

The Tax Cuts and Jobs Act that was signed into law in late December lowered the corporate tax rate from:

35%
▼
21%



In 2017, Old National was voted one of the nation's Best Banks to Work For by American Banker magazine.



Additionally, your company was named to the Financial Services Gender-Equality Index in 2017 in recognition of our employee policies, gender-conscious product offerings and external community support and engagement.



Through the end of 2017, the total amount raised from our popular 100 Men Who Cook events—where volunteer chefs prepare their favorite dishes—surpassed

\$5.6 Million

successfully integrate partners and quickly generate new growth in new, vibrant markets makes us attractive as a potential suitor. Today, however, we are comfortable with the franchise we have built and feel your company is one of the premier community banks in the Midwest. Any future partnerships would have to be in the right markets, with the right people and at the right price.

‘FinTech’ and Digital Banking

One of the biggest ongoing adjustments for our industry is related to the “FinTech” (which is short-hand for technology- and computer-focused banking technology) world of digital banking. More and more of our clients are utilizing digital tools to conduct transactions, apply for loans and develop financial plans for their future.

When it comes to FinTech, the largest institutions have a built-in advantage as their digital banking budgets almost certainly exceed our total expense base many times over. But rather than conceding this space to the large banks, we’re committed to finding methods that allow us to cost-effectively compete.

This means looking for ways to partner with FinTech companies to enhance our offerings rather than developing our own tools. It also means focusing on the total client experience and ensuring that your company is meeting customer needs along the full spectrum of their financial picture. This is already motivating us to change the way we deliver services in our branches to accelerate our ability to provide advice rather than merely conduct transactions.

Recently, we introduced an enhanced digital banking tool with better money management capabilities. The feedback from our clients has been very good, but this is just the beginning. We will be dedicating significant resources to ensuring that we are appropriately positioned in the digital banking arena.

Celebrating Our Most Valuable Asset

My hope is that you have noticed a theme running through this letter: our associates do a terrific job of serving our clients and their communities.

I have a long-held philosophy when it comes to running a business. People are always the most important asset. Without great associates, none of the successes your company enjoyed in 2017, or in previous years, would have been possible.

We continue to believe that investing in the personal and professional growth of our associates is paramount to our success. As such, we continue to devote significant resources to training and leadership development at every level of the organization.

We also have strived to create a culture of dignity and respect for all associates. Given the headlines that have dominated the news in recent months, it is very important to me that every member of the Old National family knows that he or she is respected and important to our company. As mentioned in the ethics-focused portion of this letter, we work hard to ensure that all associates feel free to raise issues without any fear of retribution or retaliation.

Our commitment to our communities also continues, led by our passionate associates who donated more than 75,000 volunteer hours in 2017 alone. It gives me immense pride when I visit our communities and leaders reflect on the impact that our associates have in their hometowns. I encourage you to read our Community and Social Responsibility Report at oldnational.com for greater detail on our commitment to our communities.

As I have stated in previous letters, we are only as strong as the communities we serve. Thus we feel a moral responsibility to invest in and help our communities grow.

Closing Thoughts

While reviewing this year's proxy, you will no doubt notice some significant changes to the composition of our board of directors.

Art McElwee and Jim Morris are no longer eligible to stand for election because of age restrictions. Both have been stalwart members of our board. Jim is the epitome of community leadership, and his passion for ensuring we always think about what is right for our markets will leave an impact for years to come. As a former banker, Art was integral in ensuring that we had the right risk management systems and controls in place. In his role as a business owner, he was always the first one to reflect on what it means to serve our customers while pushing us to always get better.

Niel Ellerbrook has made the difficult decision to not stand for reelection for personal reasons. The former Chairman and CEO of Vectren, Niel provided Old National with tremendous expertise on how to manage a publicly traded company. His wisdom and experience were also invaluable to me when I came on board back in 2004. And as Chairman of our compensation committee, Niel was always focused on doing what is right for the shareholder.

We will miss all three of these great leaders, and we thank them for their service to Old National and our stakeholders.

After assessing the skills that we feel we need to add to your board, we have nominated Ryan Kitchell and Tom Salmon for election to one-year terms. Ryan is Chief Administrative Officer of Indiana University Health, based in Indianapolis. In this role, he is responsible for all administrative functions, including finance, HR, technology, planning and strategy. Tom is Chairman and CEO of Berry Global, a Fortune 500 and NYSE company located in Evansville. Berry is a leading global manufacturer and marketer of value-added plastic consumer packaging and engineered materials.

Ryan and Tom bring a significant amount of expertise that the board feels will be beneficial to your company.

In closing, I would like to thank our board of directors for their leadership and commitment. Your board works tirelessly on your behalf. They strike the perfect balance between holding me accountable and providing support and guidance as needed.

I am also so incredibly blessed to be surrounded by wonderful associates who are devoted to their clients and communities, as well as each other. They are the best.

Finally, to each of you, our owners—I appreciate your support of our company and I remain deeply committed, as your leader, to always doing what is right for you.

Sincerely,
Bob Jones



Chairman and CEO
Old National Bancorp

IN APPRECIATION

Our sincere gratitude and appreciation goes to the following Board members who will not be standing for reelection at the April Shareholder meeting:

Niel C. Ellerbrook was elected to the Board in 2002. He most recently served as Chairman of the Compensation and Management Development Committee and as a member of the Corporate Governance and Nominating Committee and the Finance and Corporate Development Committee.

Arthur H. McElwee Jr. was elected to the Board in 2007 and has most recently served as a member of the Audit Committee and the Funds Management Committee.

James T. Morris was elected to the Board in 2010 and has most recently served as a member of the Compensation and Management Development Committee and the Community and Social Responsibility Committee.

“We are extremely grateful for the passion, perspective and leadership that Niel, Art and Jim have provided during their tenure as board members,” said Chairman and CEO Bob Jones. “These great ambassadors for Old National will certainly be missed, and their legacy will continue to benefit us for years to come.”

Forward-Looking Statements

This letter contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 recent acquisitions and divestitures might not be realized within the expected time frames and costs or difficulties relating to integration matters might be greater than expected; market, economic, operational, liquidity, credit and interest rate risks associated with ONB’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 to execute its business plans; 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 matters discussed in this letter and other factors identified in ONB’s 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 letter, and ONB undertakes no obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this letter.

Old National Bancorp Board of Directors

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Ann M. Ryan
Executive Vice President
Chief Client Experience Officer

James C. Ryan III
Senior Executive Vice President
Chief Financial Officer

James A. Sandgren
President
Chief Operating Officer

Kathy A. Schoettlin
Executive Vice President
Community Relations and Social
Responsibility Officer

Alexander P. Strati Jr.
Region CEO

Kendra L. Vanzo
Executive Vice President
Associate Engagement and
Integrations

Christopher A. Wolking
Senior Executive Vice President
Capital Markets & Specialty Products

Ex-Officio Member

Joan M. Kissel
Executive Vice President
Chief Audit Executive
Chief Ethics Officer

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Old National Bancorp (NASDAQ: ONB), the holding company of Old National Bank, is the largest financial services holding company headquartered in Indiana. With \$17.5 billion in assets, it ranks among the top 100 banking companies in the U.S. and has been recognized as a World's Most Ethical Company by the Ethisphere Institute for *seven consecutive years*. Since its founding in Evansville in 1834, Old National Bank has focused on community banking by building long-term, highly valued partnerships with clients. Today, Old National's footprint includes Indiana, Kentucky, Michigan, Wisconsin and Minnesota. In addition to providing extensive services in retail and commercial banking, Old National offers comprehensive wealth management, investments and brokerage services. For more information and financial data, please visit Investor Relations at oldnational.com.