

2021 ANNUAL REPORT

WITH PROXY STATEMENT AND
NOTICE OF ANNUAL MEETING



OLD NATIONAL BANCORP®



Jim Ryan
Chief Executive Officer



Michael Scudder
Executive Chairman



Dear Old National Owners,

As we reflect on 2021 and look ahead to an incredibly bright future, two words best describe the position your company finds itself in: *Better Together*. A simple yet powerful mantra, Better Together defines the rationale for our recently completed partnership with Chicago-based First Midwest Bancorp, Inc. This transformative merger combines two storied community banks with similar cultures and a shared passion for strengthening communities and exceeding client expectations. It also signifies the beginning of a new Old National—one with \$46 billion in total assets, a vibrant and expanded footprint, stronger leadership and enhanced capabilities.

We are thrilled that 98% of our collective shareholders voted to approve this historic transaction. As a result, Old National is now the 6th largest commercial bank headquartered in the Midwest and one of the largest public banking companies in the nation. Because of your overwhelming support for our strategic vision, we stand poised to become THE premier bank headquartered in the Midwest.

Better Together also describes the approach your company has taken throughout our 188-year history when it comes to serving both clients and community. By helping our customers thrive and our communities grow, we continue to ensure the long-term strength and stability of Old National.

In 2021, the constraints of a lingering pandemic compelled us to take a creative, agile approach to delivering on our commitment to corporate social responsibility. Our team members devoted nearly 40,000 volunteer hours to over 1,500 organizations, and we invested roughly \$6.1 million in our markets through sponsorships and Foundation grants. Looking ahead, we will continue to invest in the communities we serve—a commitment highlighted by a five-year, \$8.3 billion Community Growth Plan that will be detailed later in this letter.

Finally, *Better Together* is an ideal way to describe Old National's continuing commitment to our most valuable asset: our team members. Their talent, passion and expertise help drive our success, and we strive to reward these efforts by consistently investing in their growth and development.

2021 Financial Results

Our full-year financial results established numerous records for your company. What's particularly noteworthy is that we achieved these record results while also working diligently to prepare the path for a successful partnership integration. This included combining two strong, experienced leadership teams, integrating hundreds of systems and processes, and ensuring that we maintained—and effectively blended—the best qualities of each organization's culture.

It's also important to note that these 2021 results reflect our financial performance prior to the partnership. Full-year results include:

- Record high net income of \$277.5 million, a 23% increase over full-year 2020 net income of \$226.4 million.
- Record high commercial loan production of \$3.9 billion.
- Record wealth revenue of \$65 million.
- Record Small Business Administration (SBA) production of \$157 million.
- Record net credit recoveries of \$4.8 million.

In addition, our credit quality and capital position remained strong during the year as we defended our margin well in the face of continued economic headwinds. And our adjusted efficiency ratio of 56.8% demonstrated our ongoing commitment to excellent expense management.

Similarly, First Midwest's full-year 2021 earnings were also strong, including net income of \$182 million applicable to common shares, an 86% increase over 2020; record mortgage and wealth management results; robust business production; well controlled expenses; and strong credit metrics.

Combining these two successful organizations generates significant positive momentum and strong operating leverage as we continue to work together toward the completion of our branch and systems conversion in July of this year. With more than 250 branches, the new Old National also boasts a strong, stable deposit franchise that positions your company very well should the Federal Reserve continue to raise interest rates.

Full-year stock performance

While Old National's 2021 stock performance lagged our peers, this was not unexpected. Historically, banks that embark on transformational mergers experience a short-term decline relative to peers as investors initially take a wait-and-see approach to the combination.

However, we are exceptionally confident that this partnership strengthens your company and bolsters our stated strategy of building long-term shareholder value. The next portion of this letter is devoted to detailing why we are so confident in this assessment.



A closer look at our First Midwest partnership

As previously noted, this partnership positions us with more than \$46 billion in total assets. Other details include:

- Old National is now among the top 35 banks in the nation and the 6th largest commercial bank headquartered in the Midwest.
- Your company has \$36 billion in retail deposits and \$34 billion in assets under management.
- We have expanded into several vibrant Greater Chicago communities where the Old National brand should resonate exceptionally well.

More specifically, the increased scale and expanded footprint benefit Old National in several meaningful ways.

- **It significantly accelerates our investments in talent and technology.** By taking a "best of both" approach to combining our information technology and operations functions, we have freed up dollars to reinvest in:
 - *Talent.* This includes investing in the growth and development of our existing team members and seeking to attract the strongest possible new talent.
 - *Technology.* By making smart, strategic investments in emerging technologies and digital capabilities, we can keep pace with our largest competitors and exceed the expectations of our clients.
- **It positions us to deliver specialized banking services while simultaneously identifying key verticals for increased focus.** The expertise of our newly combined team positions us to better serve clients in numerous categories (including healthcare, manufacturing, agriculture banking and municipal financing) while being strategic about which verticals/categories to focus on in a larger, more comprehensive way.

- **It enables us to provide customized lending services with larger credit limits.** This partnership positions Old National to be a true Midwestern leader in commercial expansion and acquisitions, inventory and equipment, cash flow and more. Our enhanced lending scale and scope includes lines of credit, commercial and investment real estate, term loans, and SBA loans—all of which positions us well for organic growth.
- **It raises the bar on our ability to attract and serve Wealth Management clients.** The additional scale of our partnership creates a strong, distinctive value proposition for current and prospective Wealth clients. This includes new efficiencies, differentiated service models, an enhanced suite of offerings and improved technology. *More to follow later in this letter about Old National's approach to serving high net worth clients.*

A shared commitment to team members and communities

We could easily devote several more paragraphs to the many ways this partnership strengthens your company strategically. But instead, we want to shift the focus to what initially drew both sides to this partnership: the outstanding cultural fit. In First Midwest, Old National found a partner that not only shared our commitment to investing in team members and creating an inclusive work environment for them to grow and thrive, but also a relentless passion for strengthening communities through corporate giving, strategic partnerships and volunteerism.

As we thought about how best to leverage this shared commitment to corporate social responsibility, we began by elevating the position of Chief Diversity, Equity & Inclusion Officer and welcoming Corliss Garner as a member of our senior-most executive leadership team. She held a similar position with First Midwest while also directing the company's Corporate Social Responsibility efforts.

Additionally, as mentioned earlier in the letter, Old National announced an \$8.3 billion Community Growth Plan in early 2022 that builds on our long-standing commitment to supporting historically underserved and economically disadvantaged individuals, families and communities. This five-year plan, developed in collaboration with the National Community Reinvestment Coalition (NCRC) and its members, includes:

- \$2 billion in loans to promote increased home ownership and home improvement for Low-to-Moderate Income households, particularly Black and Hispanic borrowers and those located in majority-minority communities.
- \$3 billion+ in loans to businesses with annual revenues of \$1 million or less and to small businesses located within low-to-moderate income areas.
- \$24 million in funds to organizations and for causes that provide community benefits as defined under the Community Reinvestment Act.
- Establishing a \$2.5 million loan subsidy to assist borrowers in qualifying for residential loans.

As we stated in our 2021 Environmental, Social and Governance (ESG) Report, Old National's collective commitment to corporate social responsibility has not changed. It is more than just a strategic priority; it is woven into the fabric of our cultural DNA. We are proud to partner with NCRC to build on our strong legacy of service and make a lasting impact on the many communities we serve.

Other 2021 highlights

We celebrated a decade on the World's Most Ethical Companies® list



In 2021, Old National was named to the Ethisphere Institute's prestigious World's Most Ethical Companies® list for the 10th consecutive year. We are also proud to report that we are one of just five banks to be named a World's Most Ethical Company for 2022.

Strong governance and adherence to ethics was a hallmark of the First Midwest culture as well, so you can be certain that Old National will continue to prioritize being an industry leader in ethics and integrity now that we have become one of the nation's top 35 banks.

We assisted thousands of clients with Paycheck Protection Program (PPP) loans

In 2021, Old National continued to assist clients with the Paycheck Protection Program, which was introduced in 2020 to help small businesses and non-profits navigate the pandemic. At times, our team members worked around the clock to assist our clients.

All totaled, Old National and First Midwest assisted more than 23,000 PPP clients during 2020 and 2021, for a total combined loan value of nearly \$4 billion. More than 90% of our combined PPP loans have completed the forgiveness process.

We continued to add top-tier talent

In 2021, both Old National and First Midwest continued to welcome industry-leading performers to our combined family. This included proven “big bank” performers in commercial, wealth and other segments who chose to join us because they are inspired by our strategic vision and excited about our culture.

Specifically, we were thrilled to hire three proven executives—Jim Steiner, Joseph Colianni and Eric Holman—to lead a new Investment Management and High Net Worth (HNW) division, including portfolio management, investment research, HNW advisory and institutional wealth management services. The trio joined Old National after spending the past decade overseeing an arm of Wells Fargo called Abbot Downing, which centered on ultra-high net worth clients.

The addition of this dynamic team is a crucial milestone in Old National’s vision to build upon the strong foundation of our Wealth Management services. Along with hiring these critical new leaders, Old National expanded our geography in early 2022 with the establishment of a Scottsdale, Arizona office.

We achieved record results in SBA lending

Old National is considered a Preferred Lender by the U.S. Small Business Administration. In 2021, Old National recorded a record \$157 million in total SBA loan production. Additionally, we ranked as the #1 Indiana-based SBA 7(a) lender in Indiana, the #2 SBA 7(a) lender in Minnesota and the #3 SBA 7(a) lender in our banking footprint.

Our success and expertise in SBA lending is a strength Old National will continue to leverage as we expand into new markets.

Looking ahead to 2022 and beyond

As mentioned previously, 2021 was a year that saw Old National demonstrate the many ways that we are *Better Together*. As 2022 progresses, we continue to build upon the positive momentum created over the past 12 months as we solidify our position as one of the leading financial institutions in the Midwest.

As we write this letter, it’s safe to say our nation is experiencing economic headwinds caused by supply chain issues, inflation, the conflict in Ukraine and other factors. As a result of these concerns (particularly rising inflation), Federal Reserve Chairman Jerome Powell has signaled that the Fed may take “a more aggressive approach” to raising interest rates in the months to come.

Regardless of what the remainder of 2022 holds in store for our country, our region and our industry, we are very confident that Old National’s proven strategic approach—which has always placed a premium on strength, stability and long-term growth—coupled with our strong deposit franchise positions us to weather any and all challenges while continuing to grow our client base and our organization.

Specifically, we are focused on several near-term goals for your company:

- **Delivering top-quartile shareholder returns while continuing to seek strategic growth/expansion opportunities.** Old National now boasts a powerful market share position throughout key Midwest markets with a liquid and well-capitalized balance sheet, yet we have no intention of standing pat. As always, our executive leadership team will be patient and meticulous when it comes to vetting partnership opportunities.
- **Building upon our long-standing commitment to exceeding client expectations and strengthening our communities.** For years, Old National has staked our success on building lasting relationships with our clients and investing in our communities. Not only are we doubling down on this approach, we are doing so from a position of strength that is fueled by new investments in technology, enhanced product offerings and the ability to serve a different breed of commercial and wealth client.
- **Being recognized as the employer of choice for top banking talent.** We believe that your company—now one of the premier banks headquartered in the Midwest—should boast the very best talent in the industry. As a result, we will continue to invest in the growth and development of our existing team members while continuously seeking to add top-flight talent in all areas of the organization.
- **Becoming an industry leader in ESG-related issues.** We are a true champion in our industry when it comes to ESG, particularly as it relates to diversity, equity and inclusion issues and serving underrepresented populations. We believe the five-year community growth plan detailed earlier, coupled with other community commitments underway throughout our footprint, have put us on the proper path. In fact, Moody’s Investors Service recently gave Old National an ESG Credit Impact Score of CIS-2 (neutral-to-low), which is its 2nd best rating possible.

- **Consistently delivering top-tier performance for you, our owners.** While never compromising our risk appetite nor our ethical principles for the sake of short-term gains, Old National is committed to being innovative, agile and relentless in our quest to become a consistent top-quartile performer that sets the standard for other mid-sized banks. We believe that you, our owners, deserve this level of impassioned success, as do our clients, communities and team members.

We would like to close by adding one more layer to our *Better Together* theme. We hope this letter has left you, our owners, sharing in our confidence that each of you—and Old National—are *Better Together*. We would also be remiss if we failed to welcome those who became Old National shareholders in February of this year when our First Midwest partnership closed.

Thank you for trusting Old National with your investment. We look forward to rewarding you with positive long-term results.

Sincerely,



Jim Ryan
CEO



Michael Scudder
Executive Chairman

WITH TREMENDOUS GRATITUDE

We would like to offer a sincere thank you to our departing Board members from Old National and First Midwest.

Their outstanding leadership, meaningful contributions and loyal and dedicated service have been instrumental to the growth and success of both companies and have positioned the newly combined Old National well for the next chapter in our journey. You have made a difference in helping us serve our clients, team members and communities, and we truly appreciate it.

Phupinder S. Gill	Andrew E. Goebel
Jerome F. Henry, Jr.	Phelps L. Lambert
Frank B. Modruson	Randall T. Shepard
Linda E. White	

Forward-Looking Statements

This letter 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, profitability and business plans or opportunities. Forward-looking statements can be identified by the use of the words "anticipate," "believe," "expect," "intend," "may," "will," "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. There are a number of factors that could cause actual results or outcomes to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to: the continued impact of the COVID-19 pandemic on our business as well as the business of our customers; competition; government legislation, regulations and policies; ability of Old National to execute its business plan, including the completion of the integration and systems conversion related to the merger between Old National and First Midwest Bancorp, Inc. and the achievement of the synergies and other benefits from the merger; 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 litigation; disruptive technologies in payment systems and other services traditionally provided by banks; computer hacking and other cybersecurity threats; other matters discussed in this letter; and other factors identified in our Annual Report on Form 10-K for the year ended December 31, 2021 and other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date of this letter, and Old National does not undertake an obligation to update these forward-looking statements to reflect events or conditions after the date of this letter.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-15817

OLD NATIONAL BANCORP

(Exact name of the Registrant as specified in its charter)

Indiana

35-1539838

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

One Main Street

47708

Evansville, Indiana

(Address of principal executive offices)

(Zip Code)

(800) 731-2265

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, No Par Value	ONB	The NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's voting common stock held by non-affiliates on June 30, 2021, was \$2,884,796,345 (based on the closing price on that date of \$17.61). In calculating the market value of securities held by non-affiliates of the registrant, the registrant has treated as securities held by affiliates as of June 30, 2021, voting stock owned of record by its directors and principal executive officers, and voting stock held by the registrant's trust department in a fiduciary capacity for benefit of its directors and principal executive officers. This calculation does not reflect a determination that persons are affiliates for any other purposes.

The number of shares outstanding of the registrant's common stock, as of January 31, 2022, was 165,845,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

OLD NATIONAL BANCORP
2021 ANNUAL REPORT ON FORM 10-K
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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

As used in this report, references to “Old National,” “the Company,” “we,” “our,” “us,” and similar terms refer to the consolidated entity consisting of Old National Bancorp and its wholly-owned subsidiaries. Old National Bancorp refers solely to the parent holding company, and Old National Bank refers to Old National Bancorp’s bank subsidiary.

The acronyms and abbreviations identified below are used throughout this report, including the Notes to Consolidated Financial Statements. You may find it helpful to refer to this page as you read this report.

ACH: Automated Clearing House
Anchor (MN): Anchor Bancorp, Inc.
Anchor (WI): Anchor BanCorp Wisconsin Inc.
AOCI: accumulated other comprehensive income (loss)
AQR: asset quality rating
ASC: Accounting Standards Codification
ASU: Accounting Standards Update
ATM: automated teller machine
BBCC: business banking credit center (small business)
CAA: Consolidated Appropriations Act
CARES Act: Coronavirus Aid, Relief and Economic Security Act
CECL: current expected credit loss
CFPB: Consumer Financial Protection Bureau
Common Stock: Old National Bancorp common stock, without par value
COVID-19: coronavirus disease 2019
CReED: Indiana Community Revitalization Enhancement District Tax Credit
DTI: debt-to-income
FASB: Financial Accounting Standards Board
FDIC: Federal Deposit Insurance Corporation
FHLB: Federal Home Loan Bank
FHLBI: Federal Home Loan Bank of Indianapolis
FHTC: Federal Historic Tax Credit
FICO: Fair Isaac Corporation
First Midwest: First Midwest Bancorp, Inc.
GAAP: U.S. generally accepted accounting principles
GDP: gross domestic product
Klein: Klein Financial, Inc.
LGD: loss given default
LIBOR: London Interbank Offered Rate
LIHTC: Low Income Housing Tax Credit
LTV: loan-to-value
N/A: not applicable
NASDAQ: The NASDAQ Stock Market
NMTC: New Markets Tax Credit
NOW: negotiable order of withdrawal
OCC: Office of the Comptroller of the Currency
OTTI: other-than-temporary impairment
PCD: purchased credit deteriorated
PD: probability of default
PPP: Paycheck Protection Program
Renewable Energy: investment tax credits for solar projects
SBA: Small Business Administration
SEC: Securities and Exchange Commission
TBA: to be announced
TDR: troubled debt restructuring

OLD NATIONAL BANCORP
2021 ANNUAL REPORT ON FORM 10-K

FORWARD-LOOKING STATEMENTS

In this report, we have made various statements regarding current expectations or forecasts of future events, which speak only as of the date the statements are made. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are also made from time-to-time in press releases and in oral statements made by the officers of Old National Bancorp (“Old National” or the “Company”). Forward-looking statements can be identified by the use of the words “objective,” “expect,” “may,” “could,” “will,” “intend,” “project,” “estimate,” “believe,” “anticipate,” or the negative of those terms, and other words of similar meaning. Forward-looking statements also include, but are not limited to, statements regarding estimated cost savings, plans and objectives for future operations, the Company’s business and growth strategies, including future acquisitions of banks, regulatory developments, and expectations about performance as well as economic and market conditions and trends.

Such forward-looking statements are based on assumptions and estimates, which although believed to be reasonable, may turn out to be incorrect. Therefore, undue reliance should not be placed upon these estimates and statements. We cannot assure that any of these statements, estimates, or beliefs will be realized and actual results may differ from those contemplated in these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. You are advised to consult further disclosures we may make on related subjects in our filings with the SEC. In addition to other factors discussed in this report, some of the important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include the following:

- the occurrence of any event, change, or other circumstances that could give rise to the right of one or both of the parties to terminate the definitive merger agreement between First Midwest and Old National;
- the risk that any announcements relating to the merger could have adverse effects on the market price of the common stock of either or both parties to the transaction;
- the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- the length, severity, magnitude, and duration of the COVID-19 pandemic and the direct and indirect impact of such pandemic, including its impact on the Company’s financial conditions and business operations;
- changes in the economy, which could materially impact credit quality trends and the ability to generate loans and gather deposits, including the pace of recovery following the COVID-19 pandemic;
- market, economic, operational, liquidity, credit, and interest rate risks associated with our business;
- competition;
- government legislation and policies, including changes to address the impact of COVID-19 through the CARES Act and other legislative and regulatory responses to the COVID-19 pandemic;
- our ability to execute our business plan, including the anticipated impact from the ONB Way strategic plan that may differ from current estimates;
- unanticipated changes in our liquidity position, including but not limited to changes in our access to sources of liquidity and capital to address our liquidity needs;
- our ability to successfully manage our credit risk and the sufficiency of our allowance for credit losses;
- uncertainty about the discontinued use of LIBOR and the transition to an alternative rate;
- 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; and
- operational risks or risk management failures by us or critical third parties, including without limitation with respect to data processing, information systems, cybersecurity, technological changes, vendor problems, business interruption, and fraud risks.

Investors should consider these risks, uncertainties, and other factors in addition to the factors under the heading “Risk Factors” included in this filing and our other filings with the SEC.

PART I

ITEM 1. BUSINESS

GENERAL

Old National, the financial holding company of Old National Bank, our wholly-owned banking subsidiary (“Old National Bank”), is incorporated in the state of Indiana and maintains its principal executive office in Evansville, Indiana. Through our wholly-owned banking subsidiary, we provide a wide range of services, including commercial and consumer loan and depository services, private banking, brokerage, trust, investment advisory, and other traditional banking services.

On May 30, 2021, Old National and First Midwest entered into a definitive merger agreement to combine in an all-stock merger of equals transaction to create a premier Midwestern bank with approximately \$45 billion of combined assets. Under the terms and subject to the conditions set forth in the merger agreement, First Midwest and Old National will merge, with Old National continuing as the surviving entity and dual headquarters in Evansville, Indiana and Chicago, Illinois. We received approval of the merger from the OCC, the Federal Reserve, and the shareholders of both Old National and First Midwest. The merger is expected to occur after the close of business and after the end of regular trading hours on the NASDAQ Stock Market on February 15, 2022, subject to customary closing conditions.

The merger of equals of Old National and First Midwest partners two highly compatible organizations with over 270 combined years of service and a shared relationship banking focus, consistent business models and credit cultures, and an unwavering commitment to community. The combined organization will have a presence in six of the largest metropolitan markets in the Midwest.

First Midwest Bank, which is First Midwest’s principal subsidiary, currently provides a full range of commercial, treasury management, equipment leasing, consumer, wealth management, trust and private banking products and services through approximately 110 locations in metropolitan Chicago, southeast Wisconsin, northwest Indiana, central and western Illinois and eastern Iowa, and other markets in the Midwest.

COMPANY PROFILE

Old National Bank was founded in 1834 and is the oldest company in Evansville, Indiana. In 1982, Old National Bancorp was formed and in 2001 we became a financial holding company. We are currently the largest financial holding company headquartered in the state of Indiana with consolidated assets of \$24.5 billion at December 31, 2021.

At December 31, 2021, Old National Bank operated 162 banking centers located primarily in Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. Each of the banking centers of Old National Bank provide a group of similar community banking services, including such products and services as commercial, real estate, and consumer loans, time deposits, checking and savings accounts, cash management, brokerage, trust, and investment advisory services. The individual banking centers located throughout our Midwest footprint have similar operating and economic characteristics.

We earn interest income on loans as well as fee income from the origination of loans. Lending activities include loans to individuals, which primarily consist of home equity lines of credit, residential real estate loans, and consumer loans, and loans to commercial clients, which include commercial loans, commercial real estate loans, letters of credit, and lease financing. Residential real estate loans are either kept in our loan portfolio or sold to secondary investors, with gains or losses from the sales being recognized.

We strive to serve individuals and commercial clients by providing depository services that fit their needs at competitive rates. We pay interest on the interest-bearing deposits and receive service fee revenue on various accounts. Deposit accounts include products such as noninterest-bearing demand, interest-bearing checking and NOW, savings and money market, and time deposits. Debit and ATM cards provide clients with access to their accounts 24 hours a day at any ATM location. We also provide 24-hour telephone access and online banking as well as other electronic and mobile banking services.

In addition to the community banking services of lending and providing deposit services, we offer comprehensive wealth management, investment, and foreign currency services. For businesses, we provide treasury management,

merchant, health savings, and capital markets services as well as community development lending and equity investment solutions intended to produce jobs and revitalize our communities.

During 2021, we implemented certain revenue initiatives for our technology, Commercial, Wealth, Treasury Management, and Community areas, as previously disclosed as part of our ONB Way strategic initiative.

HUMAN CAPITAL RESOURCES

At December 31, 2021, we employed 2,374 full-time equivalent team members. Old National respects, values, and welcomes diversity in our team members, clients, suppliers, and marketplace. We seek to recognize the unique contribution each individual brings to our company, and we are fully committed to supporting a rich culture of diversity as a cornerstone to our success. Old National provides professional development opportunities to team members and seeks to improve retention, development, and job satisfaction of team members from diverse groups by providing career skills training, peer mentoring, and opportunities to interact with senior leaders. In addition to our standard benefits, our team members have access to dedicated healthcare clinics and alternative work schedules for maternity, paternity, and foster-care leave.

Old National team members actively share their talents in their communities through volunteer activities in education, economic development, human and health services, and Community Reinvestment. We have a program that allows each team member to be paid up to 24 hours per year, with supervisory approval, to volunteer for activities in their community during normal work hours. During 2021, team members logged nearly 39,500 hours in support of more than 1,500 organizations. Even during the COVID-19 pandemic, Old National team members have found creative ways to give back to their communities by donating blood, making masks for healthcare workers, and serving on local boards, just to name a few. Team member volunteers are recognized for their efforts on our Corporate Portal. Team members with 25 hours or more of service each year join the “Volunteer Honor Roll” in Old National’s annual communications.

We are committed and focused on the health and safety of our team members, clients, and communities. The COVID-19 pandemic has presented challenges to maintain team member and client safety while continuing to be open for business. Accordingly, we have taken a variety of steps to support individuals and businesses impacted by the economic shock of COVID-19. This includes policy and procedural changes for our team members, hardship support and PPP assistance for our clients, and monetary and volunteer help for our community partners.

We believe the merger with First Midwest will enable the combined entity to build on both organizations’ longstanding history of service, enhance its ability to champion community initiatives and drive positive change throughout its footprint. From First Midwest’s multiple recognitions as a Best Place to Work to Old National’s 10-year run as one of the World’s Most Ethical companies, the combined institution will remain committed to fostering a strong culture of collaboration and trust, empowering its employees to flourish.

MARKET AREA

We own the largest bank headquartered in Indiana. Operating from a home base in Evansville, Indiana, we have continued to grow our footprint in Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. Since the beginning of 2011, Old National has transformed its franchise by reducing low-return businesses and low-growth markets and investing in higher-growth markets.

The following table reflects information on the top markets we currently serve.

Metropolitan Statistical Area	Deposits as a Percent of Old National Bank Franchise (%)	Deposits Per Branch (\$M)	2010-2022 Population Change (%)	2022-2027 Projected Population Change (%)	2022 Median Household Income (\$)	2022-2027 Projected Household Income Change (%)
Minneapolis-St. Paul-Bloomington, MN-WI	21.6	138.8	12.2	4.5	92,084	10.6
Evansville, IN-KY	16.5	185.3	2.0	1.6	61,866	8.5
Indianapolis-Carmel-Anderson, IN	10.0	89.4	12.9	4.0	71,008	13.5
Bloomington, IN	5.1	183.6	7.0	2.7	59,439	13.1
Madison, WI	4.8	78.3	13.4	4.2	83,342	10.6
Terre Haute, IN	3.2	113.0	(2.1)	0.4	55,050	8.8
Ann Arbor, MI	2.5	111.3	7.6	2.2	84,529	11.7
Jasper, IN	2.3	82.0	0.9	1.4	64,218	6.4
Fort Wayne, IN	2.3	102.0	8.9	3.6	65,047	11.6
Grand Rapids-Kentwood, MI	2.2	96.4	11.1	3.4	71,891	10.4
National average			8.3	3.2	72,465	12.1
Weighted average total Old National Bank			6.3	2.6	70,601	10.2

Source: S&P Global Market Intelligence

STRATEGIC TRANSACTIONS

Since the formation of Old National in 1982, we have acquired over 50 financial institutions and other financial services businesses. Future acquisitions and divestitures will be driven by a disciplined financial evaluation process and will be consistent with the existing basic banking strategy, which focuses on community banking, client relationships, and consistent quality earnings. Targeted geographic markets for acquisitions include mid-size markets with average to above average growth rates.

We anticipate that, as with previous acquisitions, the consideration paid by us in future acquisitions may be in the form of cash, debt, or Old National stock, or a combination thereof. The amount and structure of such consideration is based on reasonable growth and cost savings assumptions and a thorough analysis of the impact on both long- and short-term financial results.

On May 30, 2021, Old National entered into a definitive merger agreement with First Midwest to combine in an all-stock merger of equals transaction. Under the terms of the merger agreement, which were unanimously approved by the Boards of Directors of both companies and subsequently approved by the shareholders of both companies, First Midwest stockholders will receive 1.1336 shares of Old National common stock for each share of First Midwest common stock they own. Holders of First Midwest Common Stock will receive cash in lieu of fractional shares. Each share of 7.000% fixed-rate non-cumulative perpetual preferred stock, Series A, no par value, and each share of 7.000% fixed-rate non-cumulative perpetual preferred stock, Series C, no par value, of First Midwest will be converted into the right to receive one share of a newly created series of preferred stock of Old National having terms that are not materially less favorable than the outstanding First Midwest preferred stock. Following completion of the transaction, former First Midwest stockholders are expected to collectively represent approximately 44% of the combined company. The new organization will operate under the Old National Bancorp and Old National Bank names, with corporate headquarters located in Evansville, Indiana and commercial and consumer banking operations headquartered in Chicago, Illinois. With all necessary regulatory and shareholder approvals received, the merger is expected to occur after the close of business and after the end of regular trading hours on the NASDAQ Stock Market on February 15, 2022, subject to customary closing conditions.

Our other most recent acquisitions included the following:

- Anchor Bank, N.A., headquartered in the Twin Cities, through a stock and cash consideration merger on November 1, 2017 that added 17 banking centers in Minnesota; and
- Minnesota-based Klein through a 100% stock consideration merger on November 1, 2018 that added 18 banking centers serving the Twin Cities and its western communities in Minnesota.

Divestitures

Since the beginning of 2011 through the end of 2021, we consolidated or sold over 230 banking centers as part of our continued banking center rationalization. Over the same period, we more than tripled our assets and increased our average total deposits per banking center from \$34 million to approximately \$115 million, while only increasing our number of banking centers by one from 161 to 162.

Another component of The ONB Way is the optimization of our banking center network. As part of The ONB Way, we consolidated 31 banking centers scattered throughout the footprint in April 2020, reflecting an ongoing shift among our clients toward digital banking solutions. Many of the facilities consolidated were in smaller markets, several of which were added in recent years through acquisition and partnership activity.

COMPETITION

The banking industry and related financial service providers operate in a highly competitive market. Old National competes with financial service providers such as other commercial banks, savings and loan associations, credit unions, mortgage banking firms, Financial Technology, or “FinTech,” companies, consumer finance companies, securities brokerage firms, insurance companies, money market mutual funds, and other financial intermediaries.

Some of our nonfinancial institution competitors may have fewer regulatory constraints, broader geographic service areas, greater capital, and, in some cases, lower cost structures. In addition, competition for quality clients has intensified as a result of changes in regulation, mergers and acquisitions, advances in technology and product delivery systems, consolidation among financial service providers, bank failures, and the conversion of certain former investment banks to bank holding companies.

SUPERVISION AND REGULATION

Old National is subject to extensive and comprehensive regulation under federal and state laws. The regulatory framework is intended primarily for the protection of depositors, federal deposit insurance funds, and the banking system as a whole and not for the protection of shareholders or creditors.

Significant elements of certain laws and regulations applicable to Old National and its subsidiaries are described below. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes, regulations, and policies that are described. Also, such statutes, regulations, and policies are continually under review by Congress and state legislatures and federal and state regulatory agencies and subject to change. A change in statutes, regulations, or regulatory policies applicable to Old National and its subsidiaries, for which Old National cannot predict, could have a material effect on the business of the Company.

Bank Holding Company Regulation. Old National is registered as a bank holding company. It is subject to the supervision of, and regulation by, the Board of Governors of the Federal Reserve System (the “Federal Reserve”) under the Bank Holding Company Act of 1956, as amended (the “BHC Act”). Generally, the BHC Act governs the acquisition and control of banks and non-banking companies by bank holding companies and requires bank holding companies to register with the Federal Reserve. The BHC Act also regulates the business activities of non-bank subsidiaries of bank holding companies as well as the business activities and other relationships of the bank holding company and its non-bank affiliates with the bank holding company’s bank subsidiaries. The BHC Act requires a bank holding company to file an annual report of its operations and such additional information as the Federal Reserve may require. A bank holding company and its subsidiaries are subject to examination and supervision by the Federal Reserve.

The BHC Act, the Bank Merger Act, and other federal and state statutes regulate acquisitions of commercial banks. The BHC Act requires the prior approval of the Federal Reserve for the direct or indirect acquisition by a bank holding company of more than 5.0% of the voting shares of a commercial bank or its holding company. Under the BHC Act or the Bank Merger Act, the prior approval of the Federal Reserve or other appropriate bank regulatory authority is required for a bank holding company to acquire control of another bank or for a member bank to merge with another bank or purchase the assets or assume the deposits of another bank. In reviewing applications seeking approval of merger and acquisition transactions, the bank regulatory authorities will consider, among other things, the competitive effect and public benefits of the transactions, the capital position of the combined organization, the risks to the stability of the U.S. banking or financial system, the applicant’s managerial and financial resources, the applicant’s performance record under the Community Reinvestment Act of 1977, as amended (the “CRA”), fair

housing laws and other laws, including consumer compliance laws, and the effectiveness of the banks in combating money laundering activities.

In addition, the BHC Act prohibits (with certain exceptions) a bank holding company that has not elected to become a financial holding company from acquiring direct or indirect control or ownership of more than 5.0% of the voting shares of any “non-banking” company unless the non-banking activities are found by the Federal Reserve to be “so closely related to banking as to be a proper incident thereto.” Under current regulations of the Federal Reserve, a bank holding company and its non-bank subsidiaries are permitted to engage in such banking-related business ventures as consumer finance, equipment leasing, data processing, mortgage banking, financial and investment advice, securities brokerage services, and other activities.

The Gramm-Leach-Bliley Act of 1999, as amended (the “GLB Act”), allows certain bank holding companies to elect to be treated as a financial holding company (an “FHC”) that may offer clients a more comprehensive array of financial products and services. At this time, the Company has not elected to be a FHC.

Transactions with Affiliates. Any transactions between Old National Bank and any of its affiliates are regulated by the Federal Reserve. The Federal Reserve’s regulations limit the types and amounts of covered transactions permissible for Old National and Old National Bank to engage in and require those transactions to be on terms at least as favorable to Old National Bank as would be a transaction conducted between unaffiliated third-parties. Covered transactions are defined by statute to include:

- A loan or extension of credit by a commercial bank to an affiliate, as well as a purchase of securities issued by an affiliate on arm’s length terms.
- The purchase of assets by a commercial bank from an affiliate, unless otherwise exempted by the Federal Reserve.
- Certain derivative transactions involving a commercial bank that create a credit exposure to an affiliate.
- The acceptance by a commercial bank of securities issued by an affiliate as collateral for any loan.
- The issuance of a guarantee, acceptance, or letter of credit by a commercial bank on behalf of or for the benefit of an affiliate.

In general, these regulations require that any extension of credit by Old National Bank (or its subsidiaries) to or for the benefit of an affiliate must be secured by designated amounts of specified collateral and must be limited to certain thresholds on an individual credit and aggregate basis.

Old National Bank is also limited as to how much and on what terms it may lend to its insiders and the insiders of its affiliates, including its affiliates and its affiliates’ executive officers and directors.

Source of Strength. Federal Reserve policy and federal law require bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. Under this requirement, a bank holding company is expected to commit financial resources to support its bank subsidiary even at times when the holding company may not be in a financial position to provide such resources or when the holding company may not be inclined to provide it. Any loans by a bank holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company’s bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a bank subsidiary will be assumed by the bankruptcy trustee and entitled to priority of payment.

Community Reinvestment Act. The CRA requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practices. Under the CRA, each depository institution is required to help meet the credit needs of its market areas by, among other things, providing credit to low-income and moderate-income individuals and small businesses in those communities. Federal and state regulators conduct CRA examinations on a regular basis to assess the performance of financial institutions and assign one of four ratings to the institution’s record of meeting the credit needs of its community. Bank regulators take into account CRA ratings when considering approval of a proposed merger or acquisition. Old National Bank received a rating of “satisfactory” in its latest CRA examination. In December 2019, the OCC and the FDIC issued a notice of proposed rulemaking intended to (i) clarify which activities qualify for CRA credit; (ii) update where activities count for CRA credit; (iii) create a more transparent and objective method for measuring CRA performance; and (iv) provide for more transparent, consistent, and timely CRA-related data collection, recordkeeping, and reporting. However, the Federal Reserve has not joined the proposed rulemaking. In May 2020, the OCC issued its final CRA rule, which was later rescinded in December 2021. The FDIC has not finalized any revisions to its CRA rule. In September 2020, the Federal Reserve issued an advance notice of proposed rulemaking that seeks public comment on ways to

modernize the Federal Reserve's CRA regulations. The effects on the Company and Old National Bank of any potential change to the CRA rules will depend on the final form of any federal rulemaking and cannot be predicted at this time. Management will continue to evaluate any changes to the CRA's regulations and their impact to the Company's and Old National Bank's financial condition, results of operations, or liquidity.

Financial Privacy. Under the GLB Act, a financial institution may not disclose non-public personal information about a consumer to unaffiliated third-parties unless the institution satisfies various disclosure requirements and the consumer has not elected to opt out of the information sharing. The financial institution must provide its clients with a notice of its privacy policies and practices. The Federal Reserve, the FDIC, and other financial regulatory agencies issued regulations implementing notice requirements and restrictions on a financial institution's ability to disclose non-public personal information about consumers to unaffiliated third-parties.

In addition, privacy and data protection are areas of increasing state legislative focus, and several states have recently enacted consumer privacy laws that impose significant compliance obligations with respect to personal information. Similar laws may in the future be adopted by states where the Company and Old National Bank do business. Furthermore, privacy and data protection areas are expected to receive additional attention at the Federal level. The potential effects of state or Federal privacy and data protection laws on the Company's business cannot be determined at this time, and will depend both on whether such laws are adopted by states in which the Company does business and/or at the Federal level and the requirements imposed by any such laws.

Bank Secrecy Act and the USA Patriot Act. The U.S. Bank Secrecy Act ("BSA") and USA PATRIOT Act require financial institutions to develop programs to prevent them from being used for, and to detect and deter, money laundering, terrorist financing, and other illegal activities. If such activities are detected or suspected, financial institutions are obligated to file suspicious activity reports with the U.S. Treasury's Office of Financial Crimes Enforcement Network. These rules require financial institutions to establish procedures for identifying and verifying the identity of clients seeking to open new accounts and monitoring these accounts on an ongoing basis to ensure that such accounts are not used for illegal purposes. Failure to comply with these requirements could have serious financial, legal, and reputational consequences, including the imposition of civil money penalties, cease and desist orders, or causing applicable bank regulatory authorities not to approve merger or acquisition transactions.

In January 2021, the Anti-Money Laundering Act of 2020 ("AMLA"), which amends the BSA, was enacted. Among other things, the AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the Treasury to promulgate priorities for anti-money laundering and countering the financing of terrorism policy; requires the development of standards by the Treasury for testing technology and internal processes for BSA compliance; expands enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain BSA violations; and expands BSA whistleblower incentives and protections. Many of the statutory provisions in the AMLA will require additional rulemaking, reports and other measures, and the impact of the AMLA will depend on, among other things, rulemaking and implementation guidance.

Office of Foreign Assets Control Regulation. The U.S. imposes economic sanctions that affect transactions with designated foreign countries, nationals, and others. These sanctions are administered by the U.S. Treasury's Office of Foreign Assets Control ("OFAC"). These sanctions include: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on "U.S. persons" engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country, and (ii) blocking assets in which the government or specially designated nationals of the sanctioned country have an interest by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious financial, legal, and reputational consequences for the institution, including the imposition of civil money penalties, or causing applicable bank regulatory authorities not to approve merger or acquisition transactions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and related regulations impose significant obligations on the Company, compliance with which has resulted, and will continue to result, in significant operating costs.

Enhanced Prudential Standards – The Dodd-Frank Act, as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 ("EGRRCPA"), directs the Federal Reserve to monitor emerging risks to financial stability and enact enhanced supervision and prudential standards. As a bank holding company with less than \$100 billion of total consolidated assets, the Dodd Frank Act's enhanced prudential standards generally are not

applicable to the Company. Prior to the passage of EGRCPA, Federal Reserve rules required publicly traded bank holding companies with \$10 billion or more of total consolidated assets to establish risk committees. The Company established a risk committee in accordance with this requirement. In October 2019, the Federal Reserve adopted a rule that tailors the application of the enhanced prudential standards to BHCs pursuant to the EGRCPA amendments, including by raising the asset threshold for application of many of these standards. Pursuant to the final rules, publicly traded bank holding companies with between \$10 billion and \$50 billion of total consolidated assets, including the Company, are no longer required to maintain a risk committee. The Company has determined that it will nevertheless retain its Board and management risk committees.

Consumer Financial Protection – The Dodd-Frank Act created the Consumer Financial Protection Bureau (“CFPB”) as an independent unit within the Federal Reserve. The powers of the CFPB currently include primary enforcement and exclusive supervision authority for federal consumer financial laws over insured depository institutions with assets of \$10 billion or more, such as Old National Bank, and their affiliates. This includes the right to obtain information about an institution’s activities and compliance systems and procedures and to detect and assess risks to consumers and markets.

The CFPB engages in several activities, including (i) investigating consumer complaints about credit cards and mortgages, (ii) launching supervisory programs, (iii) conducting research for and developing mandatory financial product disclosures, and (iv) engaging in consumer financial protection rulemaking.

Old National Bank is also subject to a number of regulations intended to protect consumers in various areas, such as equal credit opportunity, fair lending, customer privacy, identity theft, and fair credit reporting. For example, Old National Bank is subject to the Federal Truth in Savings Act, the Home Mortgage Disclosure Act, and the Real Estate Settlement Procedures Act. Electronic banking activities are subject to federal law, including the Electronic Funds Transfer Act. Consumer loans made by Old National Bank are subject to applicable provisions of the Federal Truth in Lending Act. Other consumer financial laws include the Equal Credit Opportunity Act, Fair Credit Reporting Act, Fair Debt Collection Practices Act, and applicable state laws.

In addition, state authorities are responsible for monitoring the Company’s compliance with all state consumer laws. Failure to comply with these federal and state requirements could have serious legal and reputational consequences for the Company and Old National Bank, including causing applicable bank regulatory authorities not to approve merger or acquisition transactions, civil money penalties, and injunctive and remedial relief.

Interchange Fees – The Company is subject to interchange fee limitations that establish a maximum permissible interchange fee equal to no more than 21 cents plus five basis points of the transaction value for many types of debit interchange transactions. Interchange fees, or “swipe” fees, are charges that merchants pay to card-issuing banks, such as Old National Bank, for processing electronic payment transactions. Additional Federal Reserve rules allow a debit card issuer to recover one cent per transaction for fraud prevention purposes if the issuer complies with certain fraud-related requirements. The Company is in compliance with these fraud-related requirements. The Federal Reserve also has rules governing routing and exclusivity that require issuers to offer two unaffiliated networks for routing transactions on each debit or prepaid product.

Volcker Rule - The so-called “Volcker Rule” issued under the Dodd-Frank Act restricts the ability of the Company and its subsidiaries, including Old National Bank, to sponsor or invest in private funds or to engage in certain types of proprietary trading, except as permitted by the Volcker Rule. The Company generally does not engage in the businesses prohibited by the Volcker Rule; therefore, the Volcker Rule does not have a material effect on the operations of the Company and its subsidiaries.

Capital Requirements. The Company and Old National Bank are each required to comply with certain risk-based capital and leverage requirements under capital rules (the “Basel III Capital Rules”) adopted by the Federal Reserve. These rules implement the Basel III framework set forth by the Basel Committee on Banking Supervision (the “Basel Committee”) as well as certain provisions of the Dodd-Frank Act.

Under the Basel III Capital Rules, the Company and Old National Bank are required to maintain the following:

- A minimum ratio of Common equity Tier 1 capital (“CET1”) to risk-weighted assets of at least 4.5%, plus a 2.5% “capital conservation buffer” that is composed entirely of CET1 capital (resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7.0%).
- A minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (resulting in a minimum Tier 1 capital ratio of 8.5%).
- A minimum ratio of total capital (Tier 1 capital plus Tier 2 capital) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (resulting in a minimum total capital ratio of 10.5%).
- A minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to average assets.

The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum, but below the conservation buffer, will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall and the institution’s “eligible retained income” (that is, the greater of (i) net income for the preceding four quarters, net of distributions and associated tax effects not reflected in net income and (ii) average net income over the preceding four quarters).

The Basel III Capital Rules also provide for a number of deductions from and adjustments to CET1 that include, for example, goodwill, other intangible assets, and deferred tax assets that arise from net operating loss and tax credit carryforwards net of any related valuation allowance. Mortgage servicing rights and deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks and investments in non-consolidated financial institutions must also be deducted from CET1 to the extent that they exceed certain thresholds. The Company and Old National Bank, as non-advanced approaches banking organizations as classified under the Basel III Capital Rules, made a one-time permanent election to exclude the effects of certain AOCI items included in shareholders’ equity under GAAP in determining regulatory capital ratios.

In November 2017, the federal bank regulators issued a final rule that extended certain transition provisions related to the capital treatment for certain deferred tax assets, mortgage servicing rights, investments in non-consolidated financial entities, and minority interests for banking organizations that are not subject to the advanced approaches framework under the Basel III Capital Rules, such as the Company and Old National Bank, until January 1, 2020 when final rules to simplify the regulatory treatment of those items took effect (the “Capital Simplification Rules”).

In December 2017, the Basel Committee published standards that it described as the finalization of the Basel III post-crisis regulatory reforms (the standards are commonly referred to as “Basel IV”). Among other things, these standards revise the Basel Committee’s standardized approach for credit risk (including the recalibration of risk weights and introducing new capital requirements for certain “unconditionally cancellable commitments,” such as unused credit card lines of credit) and provide a new standardized approach for operational risk capital. Under the Basel framework, these standards will generally be effective on January 1, 2023, with an aggregate output floor phasing in through January 1, 2028. Under the current U.S. capital rules, operational risk capital requirements and a capital floor apply only to advanced approaches banking organizations, and not to the Company or Old National Bank. The impact of Basel IV on the Company and Old National Bank will depend on the manner in which it is implemented by the federal bank regulators.

Prompt Corrective Action. The Federal Deposit Insurance Act (the “FDIA”) requires the federal banking agencies to take “prompt corrective action” for depository institutions that do not meet the minimum capital requirements. The FDIA includes the following five capital tiers: “well-capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” and “critically undercapitalized.” A depository institution’s capital tier will depend on how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation. The relevant capital measures are the total risk-based capital ratio, the Tier 1 risk-based capital ratio, the CET1 capital ratio, and the leverage ratio.

A bank will be:

- “Well-capitalized” if the institution has a total risk-based capital ratio of 10.0% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, a CET1 capital ratio of 6.5% or greater, and a leverage ratio of 5.0% or greater, and is not subject to any order or written directive by any such regulatory authority to meet and maintain a specific capital level for any capital measure.
- “Adequately capitalized” if the institution has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a CET1 capital ratio of 4.5% or greater, and a leverage ratio of 4.0% or greater and is not “well-capitalized.”
- “Undercapitalized” if the institution has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a CET1 capital ratio of less than 4.5%, or a leverage ratio of less than 4.0%.
- “Significantly undercapitalized” if the institution has a total risk-based capital ratio of less than 6.0%, a Tier 1 risk-based capital ratio of less than 4.0%, a CET1 capital ratio of less than 3.0% or a leverage ratio of less than 3.0%.
- “Critically undercapitalized” if the institution’s tangible equity is equal to or less than 2.0% of average quarterly tangible assets.

An institution may be downgraded to, or deemed to be in, a capital category that is lower than indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating for certain matters. A bank’s capital category is determined solely for the purpose of applying prompt corrective action regulations, and the capital category may not constitute an accurate representation of the bank’s overall financial condition or prospects for other purposes. As of December 31, 2021, Old National Bank’s capital ratios were all in excess of the minimum requirements for “well-capitalized” status.

The FDIA prohibits an insured depository institution from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank’s normal market area or nationally (depending upon where the deposits are solicited), unless it is well-capitalized or is adequately capitalized and receives a waiver from the FDIC. A depository institution that is adequately capitalized and accepts brokered deposits under a waiver from the FDIC may not pay an interest rate on any deposits in excess of 75 basis points over certain prevailing market areas.

In addition, the FDIA generally prohibits a depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be “undercapitalized.” “Undercapitalized” institutions are subject to growth limitations and are required to submit a capital restoration plan. The agencies may not accept such a plan without determining that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution’s capital. In addition, the depository institution’s parent holding company must guarantee that the institution will comply with the capital restoration plan and must also provide appropriate assurances of performance for a plan to be acceptable. The aggregate liability of the parent holding company is limited to the lesser of an amount equal to 5.0% of the depository institution’s total assets at the time it became undercapitalized and the amount that is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable to the institution as of the time it fails to comply with the plan. If a depository institution fails to submit an acceptable plan, it is treated as if it is “significantly undercapitalized.”

“Significantly undercapitalized” depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become “adequately capitalized,” requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. “Critically undercapitalized” institutions may be subject to the appointment of a receiver or conservator.

Dividends Limitation. Old National Bank is subject to the provisions of the National Bank Act, is supervised, regulated, and examined by the OCC, and is subject to the rules and regulations of the OCC, the Federal Reserve, and the FDIC. A substantial portion of Old National’s revenue is derived from dividends paid to it by Old National Bank. These dividends are subject to various legal and regulatory restrictions as summarized in Note 24 to the consolidated financial statements.

Deposit Insurance. Substantially all of the deposits of Old National Bank are insured up to applicable limits by the Deposit Insurance Fund (“DIF”) which is administered by the FDIC. As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of, and to require reporting by, FDIC-insured institutions. It may also prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious risk to the DIF. Insurance of deposits may be terminated by the FDIC upon a

finding that the institution engaged or is engaging in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or violated any applicable law, regulation, rule, order, or condition imposed by the FDIC or written agreement entered into with the FDIC.

FDIC assessment rates for large institutions that have more than \$10 billion of assets, such as Old National Bank, are calculated based on a “scorecard” methodology that seeks to capture both the probability that an individual large institution will fail and the magnitude of the impact on the DIF if such a failure occurs, based primarily on the difference between the institution’s average of total assets and average tangible equity. The FDIC has the ability to make discretionary adjustments to the total score, up or down, based upon significant risk factors that are not adequately captured in the scorecard. For large institutions, including Old National Bank, after accounting for potential base-rate adjustments, the total assessment rate could range from 1.5 to 40 basis points on an annualized basis. Old National’s most recent assessment rate was 2.94 basis points. An institution’s assessment is determined by multiplying its assessment rate by its assessment base, which is asset based.

Depositor Preference. The FDIA provides that, in the event of the “liquidation or other resolution” of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including depositors whose deposits are payable only outside of the United States, and the parent bank holding company with respect to any extensions of credit they have made to such insured depository institution.

Employee Incentive Compensation. Under regulatory guidance applicable to all banking organizations, incentive compensation policies must be consistent with safety and soundness principles. Under this guidance, financial institutions must review their compensation programs to ensure that they: (i) provide employees with incentives that appropriately balance risk and reward and that do not encourage imprudent risk, (ii) are compatible with effective controls and risk management, and (iii) are supported by strong corporate governance, including active and effective oversight by the banking organization’s board of directors. Monitoring methods and processes used by a banking organization should be commensurate with the size and complexity of the organization and its use of incentive compensation.

During 2016, as required by the Dodd-Frank Act, the federal bank regulatory agencies and the SEC proposed revised rules on incentive-based payment arrangements at specified regulated entities having at least \$1 billion of total assets (including the Company and Old National Bank). These proposed rules have not been finalized.

Cybersecurity. The federal banking agencies have established certain expectations with respect to an institution’s information security and cybersecurity programs, with an increasing focus on risk management, processes related to information technology and operational resiliency, and the use of third-parties in the provision of financial services. In October 2016, the federal banking agencies jointly issued an advance notice of proposed rulemaking on enhanced cybersecurity risk-management and resilience standards that would address five categories of cyber standards which include (i) cyber risk governance, (ii) cyber risk management, (iii) internal dependency management, (iv) external dependency management, and (v) incident response, cyber resilience, and situational awareness. As proposed, these enhanced standards would apply only to depository institutions and depository institution holding companies with total consolidated assets of \$50 billion or more; however, it is possible that if these enhanced standards are implemented, even if the \$50 billion threshold is increased, the Federal Reserve will consider them in connection with the examination and supervision of banks below the \$50 billion threshold. The federal banking agencies have not yet taken further action on these proposed standards.

State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also recently implemented or modified their data breach notification and data privacy requirements. We expect this trend of state-level activity in those areas to continue and are continually monitoring developments in the states in which the Company operates.

In February 2018, the SEC published interpretive guidance to assist public companies in preparing disclosures about cybersecurity risks and incidents. These SEC guidelines, and any other regulatory guidance, are in addition to notification and disclosure requirements under state and federal banking law and regulations.

In November 2021, the United States federal bank regulatory agencies adopted a rule regarding notification requirements for banking organizations related to significant computer security incidents. Under the final rule, a bank holding company and a state member bank are required to notify the Federal Reserve within 36 hours of incidents that have materially disrupted or degraded, or are reasonably likely to materially disrupt or degrade, the banking organization's ability to deliver services to a material portion of its customer base, jeopardize the viability of key operations of the banking organization, or impact the stability of the financial sector. The rule is effective April 1, 2022, with compliance required by May 1, 2022.

Safety and Soundness Regulations. In accordance with the FDIA, the federal banking agencies adopted safety and soundness guidelines establishing general standards relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate risk exposure, cybersecurity, liquidity, data protection, asset growth, asset quality, earnings, compensation, fees, and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify, monitor, and manage the risks and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director, or principal shareholder. In addition, regulations adopted by the federal banking agencies authorize the agencies to require that an institution that has been given notice that it is not satisfying any of such safety and soundness standards to submit a compliance plan. If, after being so notified, the institution fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the agency must issue an order directing corrective actions and may issue an order directing other actions of the types to which an undercapitalized institution is subject under the "prompt corrective action" provisions of FDIA. If the institution fails to comply with such an order, the agency may seek to enforce such order in judicial proceedings and to impose civil money penalties and cease and desist orders.

Federal Home Loan Bank System. Old National Bank is a member of the Federal Home Loan Bank System, which consists of 12 regional Federal Home Loan Banks. The Federal Home Loan Bank System provides a central credit facility primarily for member institutions. As a member of the FHLBI, Old National Bank is required to acquire and hold shares of capital stock of the FHLBI in an amount at least equal to the sum of the membership stock purchase requirement, determined on an annual basis at the end of each calendar year, and the activity-based stock purchase requirement, determined on a daily basis. For Old National Bank, the membership stock purchase requirement is 1.0% of the Mortgage-Related Assets, as defined by the FHLBI, which consists principally of residential mortgage loans and mortgage-backed securities, held by Old National Bank. The activity-based stock purchase requirement is equal to the sum of: (1) a specified percentage ranging from 2.0% to 5.0%, which for Old National Bank is 5.0%, of outstanding borrowings from the FHLBI; (2) a specified percentage ranging from 0.0% to 5.0%, which for Old National Bank is 3.0%, of the outstanding principal balance of Acquired Member Assets, as defined by the FHLBI, and delivery commitments for Acquired Member Assets; (3) a specified dollar amount related to certain off-balance sheet items, which for Old National Bank is inapplicable; and (4) a specified percentage ranging from 0.0% to 5.0% of the carrying value on the FHLBI's balance sheet of derivative contracts between the FHLBI and Old National Bank, which for Old National Bank is inapplicable. The FHLBI can adjust the specified percentages and dollar amount from time to time within the ranges established by the FHLBI capital plan. As of December 31, 2021, Old National Bank was in compliance with the minimum stock ownership requirement.

Future Legislation and Regulation. In addition to the specific legislation and regulations described above, various laws and regulations are being considered by federal and state governments and regulatory agencies that may change banking statutes and the Company's and Old National Bank's operating environment in substantial and unpredictable ways and may increase reporting requirements and compliance costs. These changes could increase or decrease the cost of doing business, increase the Company's expenses, decrease the Company's revenue, limit or expand permissible activities or change the activities in which the Company chooses to engage, or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions in ways that could adversely affect the Company and Old National Bank.

Regulatory Approval for Acquisitions. In July 2021, an executive order was issued on competition, which included provisions relating to bank mergers. These provisions "encourage" the Department of Justice and the federal banking regulators to update guidelines on banking mergers and to provide more scrutiny of bank mergers.

AVAILABLE INFORMATION

All reports filed electronically by Old National with the SEC, including the annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements, other information and amendments to those reports filed or furnished (as applicable), are accessible at no cost on Old National's web site at www.oldnational.com as soon as reasonably practicable after electronically submitting such materials to the SEC. In addition, the SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

There are a number of risks and uncertainties that could adversely affect Old National's business, financial condition, results of operations or cash flows, and access to liquidity, thereby affecting an investment in our Common Stock.

As a result of Old National entering into the merger agreement with First Midwest, certain risk factors have been identified:

Old National has incurred and expects to incur substantial costs related to the merger with First Midwest (the "merger") and integration.

Old National has incurred and expects to incur a number of non-recurring costs associated with the merger. These costs include legal, financial advisory, accounting, consulting and other advisory fees, retention, severance and employee benefit-related costs, public company filing fees and other regulatory fees, financial printing and other printing costs, closing, integration and other related costs. Some of these costs are payable by Old National regardless of whether or not the merger is completed.

Combining Old National and First Midwest may be more difficult, costly or time-consuming than expected, and Old National may fail to realize the anticipated benefits of the merger.

The success of the merger will depend, in part, on the ability to realize the anticipated cost savings from combining the businesses of Old National and First Midwest. To realize the anticipated benefits and cost savings from the merger, Old National and First Midwest must successfully integrate and combine their businesses in a manner that permits those cost savings to be realized without adversely affecting current revenues and future growth. If Old National and First Midwest are not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected. In addition, the actual cost savings of the merger could be less than anticipated, and integration may result in additional and unforeseen expenses.

An inability to realize the full extent of the anticipated benefits of the merger and the other transactions contemplated by the merger agreement, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, levels of expenses and operating results of the combined company following the completion of the merger, which may adversely affect the value of the common stock of the combined company following the completion of the merger.

Old National and First Midwest have operated and, until the completion of the merger, must continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the companies' ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. Integration efforts between the companies may also divert management attention and resources. These integration matters could have an adverse effect on Old National during this transition period and on the combined company for an undetermined period after completion of the merger.

Furthermore, the board of directors and executive leadership of the combined company will consist of former directors and executive officers from each of Old National and First Midwest. Combining the boards of directors and management teams of each company into a single board and a single management team could require the reconciliation of differing priorities and philosophies. With the increase in size of Old National's business following the merger, Old National's future success depends, in part, upon the ability of such management team to handle

potential challenges related to the management and monitoring of new operations and associated increased costs and complexity.

The combined company may be unable to retain Old National and/or First Midwest personnel successfully after the merger is completed.

The success of the merger will depend in part on the combined company's ability to retain the talent and dedication of key employees currently employed by Old National and First Midwest. It is possible that these employees may decide not to remain with Old National or First Midwest, as applicable, while the merger is pending or with the combined company after the merger is consummated. If Old National and First Midwest are unable to retain key employees, including management, who are critical to the successful integration and future operations of the companies, Old National and First Midwest could face disruptions in their operations, loss of existing clients, loss of key information, expertise or know-how and unanticipated additional recruitment costs. In addition, following the merger, if key employees terminate their employment, the combined company's business activities may be adversely affected, and management's attention may be diverted from successfully hiring suitable replacements, all of which may cause the combined company's business to suffer. Old National and First Midwest also may not be able to locate or retain suitable replacements for any key employees who leave either company.

The COVID-19 pandemic may delay and adversely affect the completion of the merger and the integration of the businesses of Old National and First Midwest.

The COVID-19 pandemic has created economic and financial disruptions that adversely affected, and are likely to continue to adversely affect, the business, financial condition, liquidity, capital, and results of operations of Old National. If the effects of the COVID-19 pandemic cause a continued or extended decline in the economic environment and the financial results of Old National, or the business operations of Old National are further disrupted as a result of the COVID-19 pandemic, efforts to complete the merger and integrate the businesses of Old National and First Midwest may also be delayed and adversely affected.

Failure to complete the merger could negatively impact Old National.

If the merger is not completed for any reason, there may be various adverse consequences and Old National may experience negative reactions from the financial markets and from its clients and employees. For example, Old National's business may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of Old National common stock could decline to the extent that current market prices reflect a market assumption that the merger will be beneficial and will be completed. Old National also could be subject to litigation related to any failure to complete the merger or to proceedings commenced against Old National to perform its obligations under the merger agreement. If the merger agreement is terminated under certain circumstances, Old National may be required to pay a termination fee of \$97 million to First Midwest.

Additionally, Old National has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of preparing, filing, printing, and mailing the joint proxy statement/prospectus, and all filing and other fees paid in connection with the merger. If the merger is not completed, Old National would have to pay these expenses without realizing the expected benefits of the merger.

Old National is subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and clients may have an adverse effect on Old National. These uncertainties may impair Old National's ability to attract, retain and motivate key personnel until the merger is completed, and could cause clients and others that deal with Old National to seek to change existing business relationships with Old National. In addition, subject to certain exceptions, Old National has agreed to operate its business in the ordinary course in all material respects and to refrain from taking certain actions that may adversely affect its ability to consummate the transactions contemplated by the merger agreement on a timely basis without the consent of First Midwest. These restrictions may prevent Old National from pursuing attractive business opportunities that may arise prior to the completion of the merger.

Shareholder litigation related to the merger could prevent or delay the completion of the merger, result in the payment of damages or otherwise negatively impact the business and operations of Old National.

Two lawsuits and four demand letters relating to the disclosures contained in the joint proxy statement/prospectus distributed to Old National shareholders in connection with the merger have been filed or delivered by alleged stockholders of First Midwest. Among other remedies, these lawsuits and demand letters, and additional litigation or demand letters related to the merger in the future, may seek information, damages and/or to enjoin the merger. While Old National believes that the claims asserted in the civil litigation are without merit, if any plaintiff were successful in obtaining an injunction prohibiting First Midwest or Old National from completing the merger or any other transactions contemplated by the merger agreement, then such injunction may delay or prevent the effectiveness of the merger and could result in costs to Old National, including costs in connection with the defense or settlement of any shareholder lawsuits filed in connection with the merger. Further, such lawsuits and demand letters and the defense or settlement of claims contained in any such lawsuits or arising out of any demand letters may have an adverse effect on the financial condition and results of operations of Old National.

The merger agreement may be terminated in accordance with its terms and the merger may not be completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: (i) approval by First Midwest stockholders of the First Midwest merger proposal and the approval by Old National shareholders of the Old National merger proposal at each company's respective special meeting held on September 15, 2021, which approvals were obtained; (ii) authorization for listing on NASDAQ of the shares of Old National common stock and new Old National preferred stock to be issued in the merger, subject to official notice of issuance; (iii) the receipt of required regulatory approvals, including the approval of the OCC and the Federal Reserve, both of which have been obtained; and (iv) the absence of any order, injunction, decree or other legal restraint preventing the completion of the merger, the subsequent merger of First Midwest Bank and Old National Bank (the "bank merger") or any of the other transactions contemplated by the merger agreement or making the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement illegal. Each party's obligation to complete the merger is also subject to certain additional customary conditions, including (a) subject to applicable materiality standards, the accuracy of the representations and warranties of the other party, (b) the performance in all material respects by the other party of its obligations under the merger agreement, (c) the receipt by each party of an opinion from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 and (d) the execution and delivery of the bank merger agreement.

These conditions to the closing may not be fulfilled in a timely manner or at all, and, accordingly, the merger may not be completed. In addition, the parties can mutually decide to terminate the merger agreement at any time, before or after the requisite shareholder and stockholder approvals, or Old National or First Midwest may elect to terminate the merger agreement in certain other circumstances.

The merger agreement limits Old National's abilities to pursue alternatives to the merger and may discourage other companies from trying to acquire Old National.

The merger agreement contains "no shop" covenants that restrict Old National's ability to, directly or indirectly, among other things, initiate, solicit, knowingly encourage or knowingly facilitate, inquiries or proposals with respect to, or, subject to certain exceptions generally related to the exercise of fiduciary duties by Old National's board of directors, engage in any negotiations concerning, or provide any confidential or non-public information or data relating to, any alternative acquisition proposals. These provisions, which include a \$97 million termination fee payable under certain circumstances, may discourage a potential third-party acquirer that might have an interest in acquiring all or a significant part of Old National from considering or proposing that acquisition.

Old National's Enterprise Risk Management program is an enterprise-wide framework for identifying, managing, mitigating, monitoring, aggregating, and reporting risks. The following major risks identified by Old National's Enterprise Risk Management Program are described below: strategic, financial, and reputational; credit; market, interest rate, and liquidity; operational; and legal, regulatory, and compliance.

Strategic, Financial, and Reputational Risks

Economic conditions have affected and could continue to adversely affect our revenues and profits.

Old National's financial performance generally, and in particular the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services that Old National offers, is highly dependent upon the business environment in the markets where Old National operates and in the United States as a whole. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; high unemployment; natural disasters; terrorist acts; or a combination of these or other factors.

An economic downturn, sustained high unemployment levels, or stock market volatility may negatively impact our operating results and have a negative effect on the ability of our borrowers to make timely repayments of their loans, increasing the risk of loan defaults and losses. If the forecasts of economic conditions and other economic predictions are not accurate, we may face challenges in accurately estimating the ability of our borrowers to repay their loans. Expectations of negative market and economic conditions will be reflected in the allowances for credit losses for loans and debt securities to the estimated extent they will impact the credit losses of new and existing loans and debt securities over their remaining lives. The provision for credit losses will report the entire increased credit loss expectations over the remaining lives of the loans and debt securities in the period in which the change in expectation arises. Further, because of the impact of such increased credit losses on earnings and capital, our ability to make loans and pay dividends may be substantially diminished.

Changes in economic or political conditions could adversely affect Old National's earnings, if the ability of Old National's borrowers to repay loans, or the value of the collateral securing such loans, declines.

Old National's success depends, to a certain extent, upon economic or political conditions, local and national, as well as governmental monetary policies. Conditions such as recession, unemployment, changes in interest rates, inflation, money supply, and other factors beyond Old National's control may adversely affect its asset quality, deposit levels, and loan demand and, therefore, Old National's earnings. Because Old National has a significant amount of commercial real estate loans, decreases in real estate values could adversely affect the value of property used as collateral. Adverse changes in the economy may also have a negative effect on the ability of Old National's borrowers to make timely repayments of their loans, which would have an adverse impact on Old National's earnings. In addition, substantially all of Old National's loans are to individuals and businesses in Old National's market area. Consequently, any economic decline in Old National's primary market areas, which include Indiana, Kentucky, Michigan, Minnesota, and Wisconsin, could have an adverse impact on Old National's earnings.

Old National's business, financial condition, liquidity, capital, and results of operations have been, and may continue to be, adversely affected by the COVID-19 pandemic.

The COVID-19 pandemic has created economic and financial disruptions that have adversely affected, and are likely to continue to adversely affect, the Company's business, financial condition, liquidity, loans, asset quality, capital, and results of operations. The extent to which the COVID-19 pandemic will continue to negatively affect the Company will depend on future developments that are highly uncertain and cannot be predicted and many of which are outside of the Company's control. These future developments may include the scope and duration of the COVID-19 pandemic, the emergence of new variants of COVID-19, the possibility of future resurgences of the COVID-19 pandemic, the continued effectiveness of the Company's business continuity plan including work-from-home arrangements and staffing at branches and certain other facilities, the direct and indirect impact of the COVID-19 pandemic on the Company's employees, clients, counterparties and service providers, as well as on other market participants, actions taken, or that may yet be taken, by governmental authorities and other third parties in response to the COVID-19 pandemic, and the effectiveness and public acceptance of vaccines for COVID-19.

Although financial markets have largely rebounded from the significant declines that occurred earlier in the pandemic and global economic conditions showed signs of improvement during the second half of 2020 and throughout 2021, many of the circumstances that arose or became more pronounced after the onset of the COVID-19 pandemic persist, including:

- supply chain issues remain unresolved for longer than anticipated and decreased consumer and business confidence and economic activity, leading to certain lower loan demand and an increased risk of loan delinquencies, defaults, and foreclosures;
- ratings downgrades, credit deterioration and defaults in many industries, including, but not limited to, recreation and entertainment, hotels, and restaurants, as well as across consumer unsecured installment loans;
- a decrease in the rates and yields on U.S. Treasury securities, which may lead to further decreased net interest income;
- volatility in financial and capital markets, interest rates, and exchange rates;
- declines in collateral values;
- increased demands on capital and liquidity;
- a reduction in the value of the assets that the Company manages or otherwise administers or services for others, affecting related fee income and demand for the Company's services;
- heightened cybersecurity, information security, and operational risks as cybercriminals attempt to profit from the disruption resulting from the pandemic given increased online and remote activity, including as a result of work-from-home arrangements;
- disruptions to business operations experienced by counterparties and service providers;
- increased risk of business disruption if our employees are unable to work effectively because of illness, quarantines, government actions, failures in systems or technology that disrupt work-from-home arrangements, or other effects of the COVID-19 pandemic; and
- decreased demands for our products and services.

As a result, our credit, operational, and certain other risks are generally expected to remain elevated until the COVID-19 pandemic subsides. Depending on the duration and severity of the COVID-19 pandemic going forward, the conditions noted above could continue for an extended period and these or other adverse developments may occur or reoccur.

Governmental authorities have taken unprecedented measures both to contain the spread of the COVID-19 pandemic and to provide economic assistance to individuals and businesses, stabilize the markets, and support economic growth. The Company also faces an increased risk of litigation and governmental and regulatory scrutiny as a result of the effects of the COVID-19 pandemic and actions governmental authorities take in response to the COVID-19 pandemic. Furthermore, various government programs such as the U.S. Small Business Administration's PPP are complex and our participation may lead to litigation and governmental, regulatory and third party scrutiny, negative publicity, and damage to our reputation.

The length of the COVID-19 pandemic and the efficacy of the extraordinary measures being put in place to address it are unknown. There are no comparable recent events that provide guidance as to the economic recovery from the effects of the COVID-19 pandemic or the effect the spread of COVID-19 as a global pandemic may have. As a result of the COVID-19 pandemic, the Company has experienced and may continue to experience draws on lines of credit, reduced net interest income and net interest margin, reduced revenues in its fee-based businesses, and increased client defaults, including defaults on unsecured loans, resulting in overall declines in credit quality and higher credit loss expense. Even after the COVID-19 pandemic subsides, the U.S. economy may continue to experience a recession, and the Company anticipates that its businesses could be materially and adversely affected by a prolonged recession. To the extent the pandemic adversely affects the Company's business, financial condition, liquidity, capital, loans, asset quality, or results of operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section of the Form 10-K.

Acquisitions may not produce revenue enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties and dilution to existing shareholder value.

We have acquired, and expect to continue to acquire, other financial institutions or parts of those institutions in the future, and we may engage in de novo banking center expansion. We may also consider and enter into new lines of business or offer new products or services.

We may incur substantial costs to expand, and we can give no assurance such expansion will result in the levels of profits we seek or expect. There can be no assurance that integration efforts for any mergers or acquisitions will be successful or that, after giving effect to the merger or acquisition, we will achieve profits comparable to, or better than, our historical experience. Also, we may issue equity securities in connection with acquisitions, which could cause ownership and economic dilution to our current shareholders.

Acquisitions and mergers involve a number of expenses and risks, including:

- the time and costs associated with identifying potential new markets, as well as acquisition and merger targets;
- the accuracy of the estimates and judgments used to evaluate credit, operations, management, and market risks with respect to the target institution;
- the time and costs of evaluating new markets, hiring experienced local management, and opening new offices, and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion;
- our ability to finance an acquisition and possible dilution to our existing shareholders;
- the diversion of our management's attention to the negotiation and execution of a transaction, and the integration of the operations and personnel of the combined businesses;
- entry into new markets where we lack experience;
- the introduction of new products and services into our business;
- the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse short-term effects on our results of operations;
- closing delays and increased expenses related to the resolution of lawsuits filed by shareholders of target institutions; and
- the risk of loss of key employees and clients.

Old National must generally receive federal regulatory approval before it can acquire a bank or bank holding company. Old National cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. Old National may be required to sell banks or banking centers as a condition to receiving regulatory approval.

Future acquisitions could be material to Old National and it may issue additional shares of stock to pay for those acquisitions, which would dilute current shareholders' ownership interests.

Our accounting estimates and risk management processes rely on analytical and forecasting models.

The processes that we use to estimate probable credit losses and to measure the fair value of assets carried on the balance sheet at fair value, as well as the processes used to estimate the effects of changing interest rates and other market measures on our financial condition and results of operations, depend upon the use of analytical and forecasting models. These models are complex and reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances and require us to make judgments about the effect of matters that are inherently uncertain. Different assumptions could have resulted in significant changes in valuation, which in turn could have a material adverse effect on our financial condition and results of operations.

Old National operates in an extremely competitive market, and Old National's business will suffer if Old National is unable to compete effectively.

In our market area, Old National encounters significant competition from other commercial banks, savings and loan associations, credit unions, mortgage banking firms, FinTech companies, consumer finance companies, securities brokerage firms, insurance companies, money market mutual funds, and other financial intermediaries. Our competitors may have substantially greater resources and lending limits than Old National does and may offer services that Old National does not or cannot provide. Some of our nonfinancial institution competitors may have fewer regulatory constraints, broader geographic service areas, and, in some cases, lower cost structures. Old National's profitability depends upon our continued ability to compete successfully in our market area.

Our business could suffer if we fail to attract and retain skilled people.

Our success depends, in large part, on our ability to attract and retain key people. Competition for the best employees in most of the activities we engage in can be intense. We may not be able to hire the best people for key

roles or retain them. In addition, the transition to increased work-from-home arrangements, which is likely to survive the COVID-19 pandemic for many companies, may exacerbate the challenges of attracting and retaining talented and diverse employees as job markets may be less constrained by physical geography. Our current or future approach to in-office and work-from-home arrangements may not meet the needs or expectations of our current or prospective employees or may not be perceived as favorable as compared to the arrangements offered by competitors, which could adversely affect our ability to attract and retain employees. The loss of any of our key personnel or an inability to continue to attract, retain, and motivate key personnel could adversely affect our business.

We may not be able to pay dividends in the future in accordance with past practice.

Old National has traditionally paid a quarterly dividend to its common shareholders. The payment of dividends is subject to legal and regulatory restrictions. Any payment of dividends in the future will depend, in large part, on Old National's earnings, capital requirements, financial condition, and other factors considered relevant by our Board of Directors.

Old National is an entity separate and distinct from Old National Bank. Old National Bank conducts most of our operations and Old National depends upon dividends from Old National Bank to service its debt and to pay dividends to Old National's shareholders. The availability of dividends from Old National Bank is limited by various statutes and regulations. It is possible, depending upon the financial condition including liquidity and capital adequacy of Old National Bank and other factors, that the OCC could assert that the payment of dividends or other payments is an unsafe or unsound practice. In addition, the payment of dividends by our other subsidiaries is also subject to the laws of the subsidiary's state of incorporation, and regulatory capital and liquidity requirements applicable to such subsidiaries. At December 31, 2021, Old National Bank could pay dividends of \$268.1 million without prior regulatory approval. In the event that Old National Bank was unable to pay dividends to us, we in turn would likely have to reduce or stop paying dividends on our Common Stock. Our failure to pay dividends on our Common Stock could have a material adverse effect on the market price of our Common Stock. See "Business – Supervision and Regulation – Dividend Limitations" and Note 24 to the consolidated financial statements.

Old National may not realize the expected benefits of its strategic imperatives.

Old National's ability to compete depends on a number of factors, including, among others, its ability to develop and successfully execute strategic plans and imperatives. Our strategic priorities include consistent quality earnings, enhanced management discipline, and strong risk management; greater confidence in decision making and appropriate levels of risk taking; fewer operational surprises, disruptions, and losses; improved operational effectiveness and efficiency; more effective deployment of resources; and increased awareness and involvement in the achievement of strategic goals. Our inability to execute on or achieve the anticipated outcomes of our strategic priorities may affect how the market perceives us and could impede our growth and profitability.

Climate change could have a material negative impact on the Company and clients.

The Company's business, as well as the operations and activities of our clients, could be negatively impacted by climate change. Climate change presents both immediate and long-term risks to the Company and its clients, and these risks are expected to increase over time. Climate change presents multi-faceted risks, including: operational risk from the physical effects of climate events on the Company and its clients' facilities and other assets; credit risk from borrowers with significant exposure to climate risk; transition risks associated with the transition to a less carbon-dependent economy; and reputational risk from stakeholder concerns about our practices related to climate change, the Company's carbon footprint, and the Company's business relationships with clients who operate in carbon-intensive industries.

Federal and state banking regulators and supervisory authorities, investors, and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their clients, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon-intensive environment, the Company may face regulatory risk of increasing focus on the Company's resilience to climate-related risks, including in the context of stress testing for various climate stress scenarios. Ongoing

legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit, and reputational risks and costs.

With the increased importance and focus on climate change, we are making efforts to enhance our governance of climate change-related risks and integrate climate considerations into our risk governance framework. Nonetheless, the risks associated with climate change are rapidly changing and evolving in an escalating fashion, making them difficult to assess due to limited data and other uncertainties. We could experience increased expenses resulting from strategic planning, litigation, and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny, and reduced investor and stakeholder confidence due to our response to climate change and our climate change strategy, which, in turn, could have a material negative impact on our business, results of operations, and financial condition.

Credit Risk

If Old National's actual credit losses for loans or debt securities exceed Old National's allowance for credit losses for loans and debt securities, Old National's net income will decrease. Also, future additions to Old National's allowance for credit losses will reduce Old National's future earnings.

Old National's business depends on the creditworthiness of our clients. As with most financial institutions, we maintain allowances for credit losses for loans and debt securities to provide for defaults and nonperformance, which represent an estimate of expected losses over the remaining contractual lives of the loan and debt security portfolios. This estimate is the result of our continuing evaluation of specific credit risks and loss experience, current loan and debt security portfolio quality, present economic, political and regulatory conditions, industry concentrations, reasonable and supportable forecasts for future conditions, and other factors that may indicate losses. The determination of the appropriate levels of the allowances for loan and debt security credit losses inherently involves a high degree of subjectivity and judgment and requires us to make estimates of current credit risks and future trends, all of which may undergo material changes. Generally, our nonperforming loans and other real estate owned reflect operating difficulties of individual borrowers and weaknesses in the economies of the markets we serve. The allowances may not be adequate to cover actual losses, and future allowance for credit losses could materially and adversely affect our financial condition, results of operations, and cash flows.

Old National's loan portfolio includes loans with a higher risk of loss.

Old National Bank originates commercial real estate loans, commercial loans, agricultural real estate loans, agricultural loans, consumer loans, and residential real estate loans primarily within Old National's market areas. Commercial real estate, commercial, consumer, and agricultural real estate and operating loans may expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans may not be sold as easily as residential real estate. These loans also have greater credit risk than residential real estate for the following reasons:

- *Commercial Real Estate Loans.* Repayment is dependent upon income being generated in amounts sufficient to cover operating expenses and debt service.
- *Commercial Loans.* Repayment is dependent upon the successful operation of the borrower's business.
- *Consumer Loans.* Consumer loans (such as personal lines of credit) are collateralized, if at all, with assets that may not provide an adequate source of payment of the loan due to depreciation, damage, or loss.
- *Agricultural Loans.* Repayment is dependent upon the successful operation of the business, which is greatly dependent on many things outside the control of either Old National Bank or the borrowers. These factors include weather, input costs, commodity and land prices, and interest rates.

If Old National forecloses on collateral real property, Old National may be subject to the increased costs associated with the ownership of real property, resulting in reduced revenues.

Old National may have to foreclose on collateral real property to protect Old National's investment and may thereafter own and operate such property, in which case Old National will be exposed to the risks inherent in the ownership of real estate. The amount that Old National, as a mortgagee, may realize after a default is dependent upon factors outside of Old National's control, including, but not limited to: (i) general or local economic conditions; (ii) neighborhood values; (iii) interest rates; (iv) real estate tax rates; (v) operating expenses of the mortgaged properties; (vi) environmental remediation liabilities; (vii) ability to obtain and maintain adequate occupancy of the properties; (viii) zoning laws; (ix) governmental rules, regulations and fiscal policies; and (x) acts

of God. Certain expenditures associated with the ownership of real estate, principally real estate taxes, insurance, and maintenance costs, may adversely affect the income from the real estate. Therefore, the cost of operating real property may exceed the income earned from such property, and Old National may have to advance funds in order to protect Old National's investment or dispose of the real property at a loss. The foregoing expenditures and costs could adversely affect Old National's ability to generate revenues, resulting in reduced levels of profitability.

The soundness of other financial institutions could adversely affect Old National.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, and other relationships. Old National has exposure to many different industries and counterparties, and Old National and certain of its subsidiaries routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutions. Many of these transactions expose Old National to credit risk in the event of default of its counterparty. In addition, Old National's credit risk may be affected when collateral is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure. These types of losses could materially adversely affect Old National's results of operations or financial condition.

Market, Interest Rate, and Liquidity Risks

The price of Old National's Common Stock may be volatile, which may result in losses for investors.

General market price declines or market volatility in the future could adversely affect the price of Old National's Common Stock. In addition, the following factors may cause the market price for shares of Old National's Common Stock to fluctuate:

- announcements of developments related to Old National's business;
- fluctuations in Old National's results of operations;
- sales or purchases of substantial amounts of Old National's securities in the marketplace;
- general conditions in Old National's banking niche or the global or national economy;
- a shortfall or excess in revenues or earnings compared to securities analysts' expectations;
- changes in analysts' recommendations or projections; and
- Old National's announcement of new acquisitions or other projects.

Changes in interest rates could adversely affect Old National's results of operations and financial condition.

Old National's earnings depend substantially on Old National's interest rate spread, which is the difference between (i) the rates Old National earns on loans, securities, and other earning assets and (ii) the interest rates Old National pays on deposits and other borrowings. These rates are highly sensitive to many factors beyond Old National's control, including general economic conditions and the policies of various governmental and regulatory authorities. If market interest rates rise, Old National will have competitive pressure to increase the rates that Old National pays on deposits, which could result in a decrease of Old National's net interest income. If market interest rates decline, Old National could experience fixed-rate loan prepayments and higher investment portfolio cash flows, resulting in a lower yield on earning assets. Old National's earnings can also be impacted by the spread between short-term and long-term market interest rates.

Changes in the method pursuant to which the LIBOR and other benchmark rates are determined could adversely impact our business and results of operations.

Our floating-rate funding, certain hedging transactions and certain of the products that we offer, such as floating-rate loans and mortgages, determine the applicable interest rate or payment amount by reference to a benchmark rate, such as LIBOR, or to an index, currency, basket, or other financial metric. LIBOR and certain other benchmark rates are the subject of recent national, international, and other regulatory guidance and proposals for reform. In July 2017, the Chief Executive of the Financial Conduct Authority ("FCA") announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. However, the administrator of LIBOR has proposed to extend publication of the most commonly used U.S. Dollar LIBOR settings until June 30, 2023 and will cease publishing other LIBOR settings on December 31, 2021. The U.S. federal banking agencies have issued guidance strongly encouraging banking organizations to cease using the U.S. Dollar LIBOR as a reference rate in "new" contracts as soon as practicable and in any event by December 31, 2021. It is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, which rate or rates may

become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may be on the markets for LIBOR-linked financial instruments.

Regulators, industry groups, and certain committees (e.g., the Alternative Reference Rates Committee) have, among other things, published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates (e.g., the Secured Overnight Financing Rate as the recommended alternative to U.S. Dollar LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. At this time, it is not possible to predict whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating-rate financial instruments.

The discontinuation of LIBOR, changes in LIBOR, or changes in market perceptions of the acceptability of LIBOR as a benchmark could result in changes to our risk exposures (for example, if the anticipated discontinuation of LIBOR adversely affects the availability or cost of floating-rate funding and, therefore, our exposure to fluctuations in interest rates) or otherwise result in losses on a product or having to pay more or receive less on securities that we own or have issued. In addition, such uncertainty could result in pricing volatility and increased capital requirements, loss of market share in certain products, adverse tax or accounting impacts, and compliance, legal and operational costs and risks associated with client disclosures, discretionary actions taken or negotiation of fallback provisions, systems disruption, business continuity, and model disruption.

Our wholesale funding sources may prove insufficient to replace deposits or support our future growth.

As a part of our liquidity management, we use a number of funding sources in addition to core deposit growth and repayments and maturities of loans and investments. These sources include brokered deposits, repurchase agreements, and federal funds purchased. Negative operating results or changes in industry conditions could lead to an inability to replace these additional funding sources at maturity. Our financial flexibility could be constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable interest rates. Finally, if we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs. In this case, our results of operations and financial condition would be negatively affected.

A reduction in our credit rating could adversely affect our business and/or the holders of our securities.

The credit rating agencies rating our indebtedness regularly evaluate Old National and Old National Bank. Credit ratings are based on a number of factors, including our financial strength and ability to generate earnings, as well as factors not entirely within our control, including conditions affecting the financial services industry generally and the economy and changes in rating methodologies. There can be no assurance that we will maintain our current credit ratings. A downgrade of the credit ratings of Old National or Old National Bank could adversely affect our access to liquidity and capital, significantly increase our cost of funds, and decrease the number of investors and counterparties willing to lend to us or purchase our securities. This could affect our growth, profitability, and financial condition, including liquidity.

Operational Risks

A failure or breach, including cyber-attacks, of our operational or security systems could disrupt our business, result in the disclosure of confidential information, damage our reputation, and create significant financial and legal exposure.

Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks, and other technology assets and the confidentiality, integrity, and availability of information belonging to us and our clients, there is no assurance that our security measures will provide absolute security. Further, to access our products and services our clients may use computers and mobile devices that are beyond our security control systems. In fact, many other financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyberattacks, and other means. Certain financial institutions in the United States have also experienced attacks from technically sophisticated and well-resourced third parties that were intended to disrupt normal business activities by making internet banking systems

inaccessible to clients for extended periods. These “denial-of-service” attacks typically do not breach data security systems, but require substantial resources to defend, and may affect client satisfaction and behavior.

Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce employees, clients, or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients. We have implemented employee and client awareness training around phishing, malware, and other cybersecurity risks. These risks may increase in the future as we continue to increase our mobile payments and other internet-based product offerings and expand our internal usage of web-based products and applications.

If our security systems were penetrated or circumvented, it could cause serious negative consequences for us, including significant disruption of our operations, misappropriation of our confidential information or that of our clients, or damage our computers or systems and those of our clients and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our clients, loss of confidence in our security measures, client dissatisfaction, significant litigation exposure, and harm to our reputation, all of which could have a material adverse effect on us.

The Company is also subject to laws and regulations relating to the protection and privacy of the information of clients, employees and others, and any failure to comply with these laws and regulations could expose the Company to liability and/or reputational damage.

We rely on third party vendors, which could expose Old National to additional cybersecurity risks.

Third party vendors provide key components of our business infrastructure, including certain data processing and information services. Third parties may transmit confidential, propriety information on our behalf. Although we require third party providers to maintain certain levels of information security, such providers may remain vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious attacks that could ultimately compromise sensitive information. While we may contractually limit our liability in connection with attacks against third party providers, Old National remains exposed to the risk of loss associated with such vendors.

In addition, a number of our vendors are large national entities with dominant market presence in their respective fields. Their services could prove difficult to replace in a timely manner if a failure or other service interruption were to occur. Failures of certain vendors to provide contracted services could adversely affect our ability to deliver products and services to our clients and cause us to incur significant expense.

Failure to keep pace with technological change could adversely affect Old National’s results of operations and financial condition.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve clients and to reduce costs. Old National’s future success depends, in part, upon its ability to address client needs by using technology to provide products and services that will satisfy client demands, as well as to create additional efficiencies in Old National’s operations. Old National may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its clients. Failure to successfully keep pace with technological change affecting the financial services industry could negatively affect Old National’s growth, revenue, and profit.

Upgrading the Company’s computer systems, software, and networks subjects the Company to the risk of disruptions, failures, or delays due to the complexity and interconnectedness of the Company’s computer systems, software, and networks. The failure to properly upgrade or maintain these computer systems, software, and networks could result in greater susceptibility to cyber-attacks, particularly in light of the greater frequency and severity of attacks in recent years, as well as the growing prevalence of supply chain attacks affecting software and information service providers. Failures related to upgrades and maintenance also increase risks related to unauthorized access and misuse. There can be no assurance that any such disruptions, failures, or delays will not occur or, if they do occur, that they will be adequately addressed.

Changes in consumer use of banks and changes in consumer spending and savings habits could adversely affect Old National's financial results.

Technology and other changes now allow many clients to complete financial transactions without using banks. For example, consumers can pay bills and transfer funds directly without going through a bank. This process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of client deposits and income generated from those deposits. In addition, changes in consumer spending and savings habits could adversely affect Old National's operations, and Old National may be unable to timely develop competitive new products and services in response to these changes.

Old National's controls and procedures may fail or be circumvented, and Old National's methods of reducing risk exposure may not be effective.

Old National regularly reviews and updates its internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Old National also maintains an Enterprise Risk Management program designed to identify, manage, mitigate, monitor, aggregate, and report risks. Any system of controls and any system to reduce risk exposure, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Additionally, instruments, systems, and strategies used to hedge or otherwise manage exposure to various types of market compliance, credit, liquidity, operational, and business risks and enterprise-wide risk could be less effective than anticipated. As a result, Old National may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risk.

Legal, Regulatory, and Compliance Risks

We have risk related to legal proceedings.

We are involved in judicial, regulatory, and arbitration proceedings concerning matters arising from our business activities and fiduciary responsibilities. We establish reserves for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. We may still incur legal costs for a matter even if we have not established a reserve. In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts reserved for that matter. The ultimate resolution of a pending or future legal proceeding, depending on the remedy sought and granted, could materially adversely affect our results of operations and financial condition.

Old National operates in a highly regulated environment, and changes in laws and regulations to which Old National is subject may adversely affect Old National's results of operations.

Old National operates in a highly regulated environment and is subject to extensive regulation, supervision, and examination by, among others, the OCC, the FDIC, the CFPB, the Federal Reserve, and the State of Indiana. Such regulation and supervision is primarily intended for the protection of the depositors and federal deposit insurance funds. In addition, the U.S. Department of the Treasury (the "U.S. Treasury") has certain supervisory and oversight duties and responsibilities. See "Business – Supervision and Regulation" herein. Applicable laws and regulations may change, and such changes may adversely affect Old National's business. The Dodd-Frank Act, enacted in July 2010, mandated the most wide-ranging overhaul of financial industry regulation in decades. This legislation, among other things, weakened federal preemption of state consumer protection laws and established the CFPB with broad authority to administer and enforce a new federal regulatory framework of consumer financial regulation, including consumer mortgage banking. The scope and impact of many of the Dodd-Frank Act provisions were determined and issued over time. The impact of the Dodd-Frank Act on Old National has been substantial. Provisions in the legislation that affect the payment of interest on demand deposits and collection of interchange fees increased the costs associated with certain deposits and placed limitations on certain revenues those deposits generate. In addition, the Dodd-Frank Act required Old National to change certain of its business practices, intensified the regulatory supervision of Old National and the financial services industry generally, increased Old National's capital requirements, and imposed additional assessments and costs on Old National. Requirements to maintain higher levels of capital or liquidity to address potential adverse stress scenarios could adversely impact the Company's net income.

Regulatory authorities also have extensive discretion in connection with their supervisory and enforcement activities, including but not limited to the imposition of restrictions on the operation of an institution, the classification of assets by the institution, the adequacy of an institution's Bank Secrecy Act/Anti-Money Laundering program management, and the adequacy of an institution's allowance for credit losses for loans. Any change in such regulation and oversight, whether in the form of restrictions on activities, regulatory policy, regulations, or legislation, including but not limited to changes in the regulations governing institutions, could have a material impact on Old National and its operations.

Changes in accounting policies, standards, and interpretations could materially affect how Old National reports its financial condition and results of operations.

The FASB periodically changes the financial accounting and reporting standards governing the preparation of Old National's financial statements. Additionally, those bodies that establish and/or interpret the financial accounting and reporting standards (such as the FASB, SEC, and banking regulators) may change prior interpretations on how these standards should be applied. These changes can be difficult to predict and can materially affect how Old National records and reports its financial condition and results of operations. In some cases, Old National could be required to retroactively apply a new or revised standard, resulting in changes to previously reported financial results.

If Old National fails to meet regulatory capital requirements which may require heightened capital levels, we may be forced to raise capital or sell assets.

Old National is subject to regulations that require us to satisfy certain capital ratios, such as the ratio of our Tier 1 capital to our risk-based assets. Both the Dodd-Frank Act, which reformed the regulation of financial institutions in a comprehensive manner, and the Basel III regulatory capital reforms, which increased both the amount and quality of capital that financial institutions must hold, impact our capital requirements. If we are unable to satisfy these heightened regulatory capital requirements, due to a decline in the value of our loan portfolio or otherwise, we will be required to improve such capital ratios by either raising additional capital or by disposing of assets. If we choose to dispose of assets, we cannot be certain that we will be able to do so at prices that we believe to be appropriate, and our future operating results could be negatively affected. If we choose to raise additional capital, we may accomplish this by selling additional shares of Common Stock, or securities convertible into or exchangeable for Common Stock, which could significantly dilute the ownership percentage of holders of our Common Stock and cause the market price of our Common Stock to decline. Additionally, events or circumstances in the capital markets generally may increase our capital costs and impair our ability to raise capital at any given time. See "Business – Supervision and Regulation" herein for further discussion on the Basel III regulatory capital reforms.

Our earnings could be adversely impacted by incidences of fraud and compliance failure.

Financial institutions are inherently exposed to fraud risk. A fraud can be perpetrated by a client of Old National, an employee, a vendor, or members of the general public. We are most subject to fraud and compliance risk in connection with the origination of loans, ACH transactions, wire transactions, ATM transactions, and checking transactions. Our largest fraud risk, associated with the origination of loans, includes the intentional misstatement of information in property appraisals or other underwriting documentation provided to us by third parties. Compliance risk is the risk that loans are not originated in compliance with applicable laws and regulations and our standards. There can be no assurance that we can prevent or detect acts of fraud or violation of law or our compliance standards by the third parties that we deal with. Repeated incidences of fraud or compliance failures would adversely impact the performance of our loan portfolio.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2021, Old National and its affiliates operated a total of 162 banking centers, primarily in the states of Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. Of these facilities, 106 were owned and 56 were leased from unaffiliated third parties. The remaining terms of these leases range from five months to sixteen years and six months. See Note 7 to the consolidated financial statements for additional information.

Old National also has several administrative offices located throughout its footprint, including its executive offices located at 1 Main Street, Evansville, Indiana, which was purchased by Old National in 2016.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Old National's Common Stock is traded on the NASDAQ under the ticker symbol "ONB." There were 36,320 shareholders of record as of December 31, 2021. Old National did not sell any equity securities during 2021 that were not registered under the Securities Act.

The following table summarizes the purchases of Common Stock made by Old National during the fourth quarter of 2021:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
10/1/21 - 10/31/21	561	\$17.21	—	\$100,000,000
11/1/21 - 11/30/21	—	—	—	100,000,000
12/1/21 - 12/31/21	477	17.58	—	100,000,000
Total	1,038	\$17.38	—	\$100,000,000

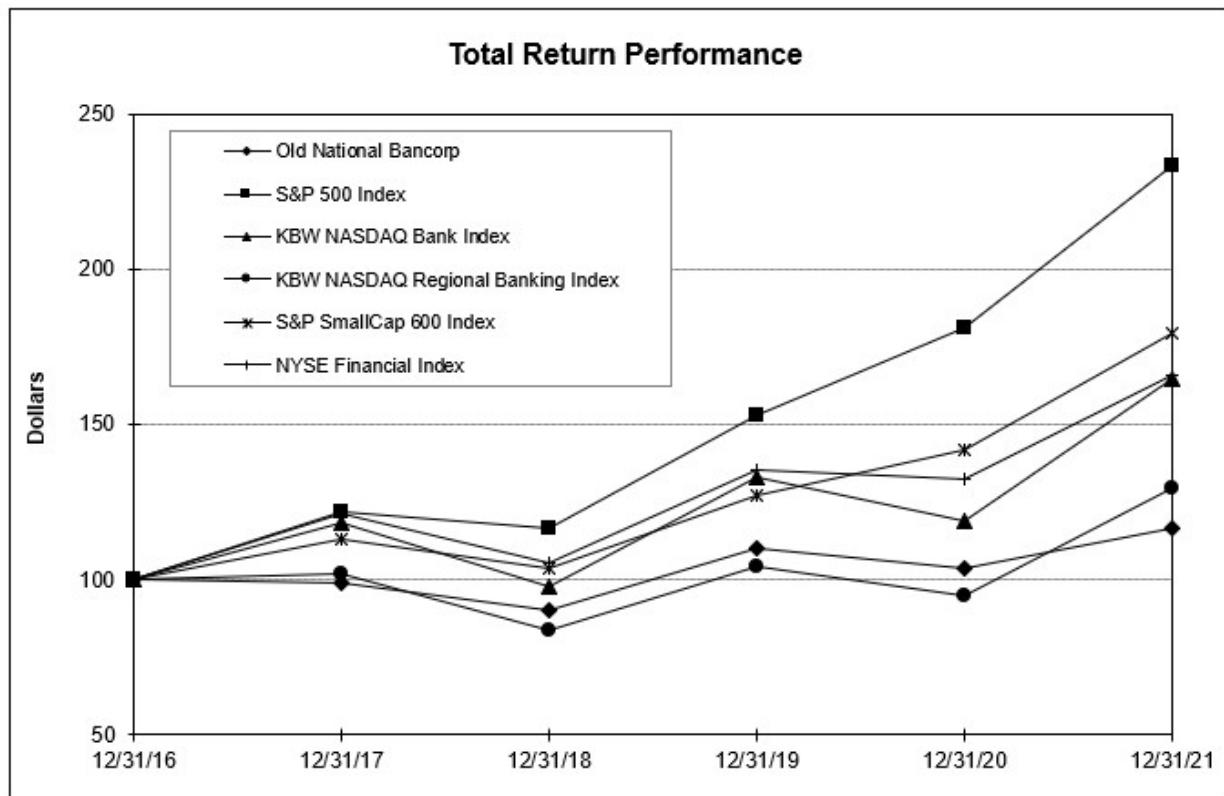
- (1) Reflects the repurchase of shares associated with employee share-based incentive programs.
- (2) In the first quarter of 2021, the Board of Directors approved the adoption of a stock repurchase plan that authorizes the repurchase of up to \$100 million of shares of Common Stock, as conditions warrant, through January 31, 2022. No shares were purchased under the stock repurchase program during the fourth quarter of 2021.

On January 27, 2022, the Board of Directors declared a quarterly cash dividend of \$0.14 per common share.

The table below compares cumulative five-year total shareholder returns, assuming reinvestment of dividends, for our Common Stock to cumulative total returns of a broad-based equity market index and published industry indices. Our considerations in the selection of indices for the year ended December 31, 2021 included:

- the S&P 500 Index as a more appropriate broad-based equity market index than the NYSE Financial Index since our common stock is not listed on the New York stock exchange;
- the KBW NASDAQ Bank Index as an appropriate industry representation on the exchange in which our common stock is traded to replace the SNL Bank and Thrift Index because the SNL Bank and Thrift Index is no longer published; and
- the KBW NASDAQ Regional Banking Index as a more appropriate peer group index than the S&P SmallCap 600 Index since NASDAQ is the exchange in which our common stock is traded.

The comparison of shareholder returns (change in December year end stock price plus reinvested dividends) for each of the periods assumes that \$100 was invested on December 31, 2016, in common stock of each of the Company, the S&P 500 Index, the KBW NASDAQ Bank Index, the KBW NASDAQ Regional Banking Index, the S&P SmallCap 600 Index, and the NYSE Financial Index, with investment weighted on the basis of market capitalization.



Source: S&P Global Market Intelligence

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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The following discussion is an analysis of our results of operations for the fiscal years ended December 31, 2021, 2020, and 2019, and financial condition as of December 31, 2021 and 2020. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes. This discussion contains forward-looking statements concerning our business. Readers are cautioned that, by their nature, forward-looking statements are based on estimates and assumptions and are subject to risks, uncertainties, and other factors. Actual results may differ materially from our expectations that are expressed or implied by any forward-looking statement. The discussion in Item 1A, "Risk Factors," lists some of the factors that could cause our actual results to vary materially from those expressed or implied by any forward-looking statements, and such discussion is incorporated into this discussion by reference.

GENERAL OVERVIEW

Old National is the largest financial holding company incorporated in the state of Indiana and maintains its principal executive offices in Evansville, Indiana. Our primary geographic markets are in Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. Old National, through Old National Bank, provides a wide range of banking services, including commercial and consumer loan and depository services, and other traditional banking services. Old National also provides services to supplement its traditional banking business including fiduciary and wealth management services, investment and brokerage services, investment consulting, and other financial services.

CORPORATE DEVELOPMENTS IN FISCAL 2021

Old National had an outstanding financial year in 2021. Key performance indicators experienced in 2021 included:

- net income of \$277.5 million, or \$1.67 per diluted share;
- high commercial loan production of \$3.9 billion;
- wealth revenue (wealth management fees and investment product fees combined) of \$65.0 million;
- net recoveries of \$4.8 million;
- strong credit quality metrics including net charge-offs (recoveries) to average loans of (0.03)%;
- low cost of total deposits at 0.06% along with a loan to deposit ratio of 73%; and
- efficiency ratio of 59.65%.

Our net interest income increased slightly to \$596.4 million during 2021, compared to \$596.1 million in 2020. Noninterest income decreased from \$239.3 million in 2020 to \$214.2 million in 2021 reflecting lower mortgage banking revenue and lower debt securities gains. Our noninterest expenses remain well controlled, decreasing from \$541.4 million in 2020 to \$500.6 million in 2021 reflecting higher charges related to The ONB Way strategic initiative in 2020 and lower amortization of tax credit investments in 2021. The ONB Way charges totaled \$42.6 million in 2020. These decreases in noninterest expenses were partially offset by \$14.6 million of diligence and merger charges in 2021 associated with the anticipated First Midwest merger.

On May 30, 2021, Old National entered into a definitive merger agreement with First Midwest to combine in an all-stock merger of equals transaction. Under the terms of the merger agreement, which was unanimously approved by the Boards of Directors of both companies, First Midwest stockholders will receive 1.1336 shares of Old National common stock for each share of First Midwest common stock they own. Following completion of the transaction,

former First Midwest stockholders are expected to collectively represent approximately 44% of the combined company. The new organization will operate under the Old National Bancorp and Old National Bank names, with headquarters and the main office located in Evansville, Indiana and commercial and consumer banking operations headquartered in Chicago, Illinois. During the third quarter of 2021, we received approval of the merger from the OCC and the shareholders of Old National and First Midwest. On January 25, 2022, the OCC granted us an extension of 60 days to April 20, 2022 for consummating the bank merger. On January 27, 2022, we received Federal Reserve approval for the merger. With all necessary regulatory approvals received, the merger is expected to occur after the close of business and after the end of regular trading hours on the NASDAQ Stock Market on February 15, 2022, subject to customary closing conditions.

Pandemic Update

As previously disclosed, the COVID-19 pandemic has created economic and financial disruptions that have adversely affected our operations during 2020 and 2021. Our historically careful underwriting practices, diverse and granular portfolios, and Midwest-based footprint has helped minimize any adverse impact to Old National. In addition, the combination of the vaccine rollout, government stimulus payments, and reduced spending during the pandemic are likely contributing factors mitigating the impact of the pandemic on the Company's business, financial condition, results of operations, and its clients as of December 31, 2021. However, there are continuing concerns that indicate a slower return to pre-pandemic routines. Examples of these concerns relate to increases in new COVID-19 cases, hospitalizations and deaths leading to additional government imposed restrictions; refusals to receive the vaccine along with new strain concerns; supply chain issues remaining unresolved longer than anticipated; unemployment increases while consumer confidence and spending falls; and rising geopolitical tensions. Given the ongoing and dynamic nature of the circumstances surrounding the pandemic, it is difficult to predict the future adverse financial impact to Old National.

BUSINESS OUTLOOK

We saw a strong start to a strengthening economic recovery in 2021, which was damaged mid-year by the Delta COVID-19 variant and again late in 2021 by the Omicron variant. The Moody's U.S. macroeconomic outlook predicts the pandemic to slowly recede, with each future wave of the virus expected to be less disruptive than the preceding wave as state and local governments and businesses skillfully mitigate the impact of the virus.

The Conference Board forecasted that GDP growth will approximate 6.0% in the fourth quarter of 2021 (vs. 2.3% growth in the third quarter of 2021), which is a 0.5% downgrade from earlier fourth quarter of 2021 GDP growth forecasts due to the rapid spread of the Omicron variant in December. The previous Conference Board forecasts had assumed that a new variant would dampen economic growth in the United States, but not until the first quarter of 2022. Since then, the Omicron variant has spread more rapidly than anticipated and is yielding record high new infections, yet appears to be less severe since hospitalizations and mortality rates have not spiked to the same degree as the initial COVID-19 virus. However, The Conference Board notes that mass infections are impacting labor supply as workers recover from illness or postpone reentering the workforce. This supply-side disruption could result in additional shortages and has resulted in an increase in the inflation forecast for early 2022. As expected, in mid-December the Federal Reserve indicated that it will conclude its large-scale asset purchase program as soon as March 2022 and that three 25 basis point rate hikes would follow in 2022. Additional Omicron-induced inflationary pressures could result in even more aggressive tightening, which is a downside risk to The Conference Board's forecast. This forecast includes spending associated with the bipartisan infrastructure package approved in 2021. However, it does not incorporate the proposed Build Back Better social and climate package.

The 2021 annual growth is currently estimated to be 5.6% for the year and The Conference Board forecasts that the U.S. economy will grow by an estimated 3.5% in 2022 and an estimated 2.9% in 2023. If Omicron and other future variants evolve to be less severe, it could help the U.S. economy "return to normal" pre-pandemic levels. While we are cautiously optimistic about 2022 from a U.S. economic standpoint, risks related to supply chain disruption, slowing job growth, significant and persistent tightening in financial market conditions, inflation, and geopolitical tensions could halt this recovery.

Our strategy evolution continues into a commercially-oriented regional bank that consistently delivers top quartile performance. This is accomplished by continuing to focus on the fundamentals of basic banking, which are loan growth, noninterest income growth, prudent capital deployment, and expense management. Execution of these fundamentals will help us deliver meaningful positive operating leverage.

Organic loan growth continues to be our priority. As we enter into 2022, our commercial loan production and pipeline are at record high levels, yet we continue to adhere to our disciplined underwriting process. We believe our approach to downgrading troubled credits early and a patient approach to resolving issues results in better outcomes for our clients and ultimately lower costs for Old National Bank. Despite the lingering challenges due to the pandemic in 2021, overall credit quality remains healthy. Old National has not experienced any specific sector credit related weaknesses, yet we remain watchful for any credits that deserve extra attention as we slowly return to a pre-pandemic economic environment.

As we look ahead to 2022 and our anticipated partnership with First Midwest, we are positioned to close the merger after the close of business and after the end of regular trading hours on the NASDAQ Stock Market on February 15, 2022. We have established the organizational structure and leadership positions for all client segments and support areas and have communicated those decisions throughout the organization. Further, we also agreed upon our core processing system and supporting applications. Finally, we are initiating our recruiting process for talent in Chicago, as we anticipate that the Chicago and Minneapolis markets will be a significant focus in 2022.

FINANCIAL HIGHLIGHTS

The following table sets forth certain financial highlights of Old National:

(dollars and shares in thousands, except per share data)	Three Months Ended			Years Ended	
	December 31,		September 30,	December 31,	December 31,
	2021	2021	2020	2021	2020
Income Statement:					
Net interest income	\$ 146,781	\$ 151,572	\$ 161,079	\$ 596,400	\$ 596,094
Taxable equivalent adjustment (1)	3,442	3,501	3,517	13,913	13,586
Net interest income - tax equivalent basis	150,223	155,073	164,596	610,313	609,680
Provision for credit losses	(1,914)	(4,613)	(1,100)	(28,812)	38,395
Noninterest income	51,484	54,515	58,552	214,219	239,274
Noninterest expense	131,937	121,274	142,318	500,569	541,417
Net income	56,188	71,746	74,120	277,538	226,409
Per Common Share Data:					
Weighted average diluted shares	166,128	165,939	165,631	165,929	166,177
Net income (diluted)	\$ 0.34	\$ 0.43	\$ 0.44	\$ 1.67	\$ 1.36
Cash dividends	0.14	0.14	0.14	0.56	0.56
Common dividend payout ratio (2)	41 %	33 %	31 %	33 %	41 %
Book value	\$ 18.16	\$ 18.31	\$ 17.98	\$ 18.16	\$ 17.98
Stock price	18.12	16.95	16.56	18.12	16.56
Tangible common book value (3)	11.70	11.83	11.43	11.70	11.43
Performance Ratios:					
Return on average assets	0.93 %	1.20 %	1.30 %	1.17 %	1.04 %
Return on average common equity	7.49	9.48	10.11	9.26	7.87
Return on tangible common equity (3)	11.98	15.05	16.20	14.74	12.54
Return on average tangible common equity (3)	12.07	15.13	16.57	14.89	13.27
Net interest margin (3)	2.77	2.92	3.26	2.89	3.18
Efficiency ratio (3)	64.27	56.86	62.37	59.65	62.91
Net charge-offs (recoveries) to average loans	(0.04)	(0.09)	(0.03)	(0.03)	0.02
Allowance for credit losses to ending loans	0.79	0.79	0.95	0.79	0.95
Non-performing loans to ending loans	0.92	0.94	1.20	0.92	1.20
Balance Sheet:					
Total loans, excluding loans held for sale	\$13,601,846	\$ 13,584,828	\$ 13,786,479	\$13,601,846	\$ 13,786,479
Total assets	24,453,564	24,018,733	22,960,622	24,453,564	22,960,622
Total deposits	18,569,195	18,196,149	17,037,453	18,569,195	17,037,453
Total borrowed funds	2,575,240	2,536,303	2,676,554	2,575,240	2,676,554
Total shareholders' equity	3,012,018	3,035,892	2,972,656	3,012,018	2,972,656
Capital Ratios:					
Risk-based capital ratios:					
Tier 1 common equity	12.04 %	12.08 %	11.75 %	12.04 %	11.75 %
Tier 1	12.04	12.08	11.75	12.04	11.75
Total	12.77	12.84	12.69	12.77	12.69
Leverage ratio (to average assets)	8.59	8.54	8.20	8.59	8.20
Total equity to assets (averages)	12.35	12.69	12.83	12.60	13.20
Tangible common equity to tangible assets (3)	8.30	8.55	8.64	8.30	8.64
Nonfinancial Data:					
Full-time equivalent employees	2,374	2,410	2,445	2,374	2,445
Banking centers	162	162	162	162	162

(1) Calculated using the federal statutory tax rate in effect of 21% for all periods.

(2) Cash dividends per share divided by net income per share (basic).

(3) Represents a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section for reconciliations to GAAP financial measures.

NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures presented below are used by our management and our Board of Directors on a regular basis in addition to our GAAP results to facilitate the assessment of our financial performance. Management believes these non-GAAP financial measures enhance an investor's understanding of our financial results by providing a meaningful basis for period-to-period comparisons, assisting in operating results analysis, and predicting future performance. This information supplements our GAAP reported results, and should not be viewed in isolation

from, or as a substitute for, our GAAP results. Accordingly, this financial information should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2021, included elsewhere in this report. Non-GAAP financial measures exclude certain items that are included in the financial results presented in accordance with GAAP. Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. Although these non-GAAP financial measures are frequently used by investors to evaluate a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP. These non-GAAP measures are not necessarily comparable to similar measures that may be represented by other companies.

The following table presents GAAP to non-GAAP reconciliations.

(dollars and shares in thousands, except per share data)	Three Months Ended December 31,		Years Ended December 31,	
	2021	2020	2021	2020
Tangible common book value:				
Shareholders' equity (GAAP)	\$ 3,012,018	\$ 2,972,656	\$ 3,012,018	\$ 2,972,656
Deduct: Goodwill	1,036,994	1,036,994	1,036,994	1,036,994
Intangible assets	34,678	46,014	34,678	46,014
Tangible shareholders' equity (non-GAAP)	\$ 1,940,346	\$ 1,889,648	\$ 1,940,346	\$ 1,889,648
Period end common shares	165,838	165,367	165,838	165,367
Tangible common book value	11.70	11.43	11.70	11.43
Return on tangible common equity:				
Net income (GAAP)	\$ 56,188	\$ 74,120	\$ 277,538	\$ 226,409
Add: Intangible amortization (net of tax)	1,930	2,433	8,502	10,585
Tangible net income (non-GAAP)	\$ 58,118	\$ 76,553	\$ 286,040	\$ 236,994
Tangible shareholders' equity (non-GAAP) (see above)	\$ 1,940,346	\$ 1,889,648	\$ 1,940,346	\$ 1,889,648
Return on tangible common equity	11.98 %	16.20 %	14.74 %	12.54 %
Return on average tangible common equity:				
Tangible net income (non-GAAP) (see above)	\$ 58,118	\$ 76,553	\$ 286,040	\$ 236,994
Average shareholders' equity (GAAP)	\$ 2,998,825	\$ 2,932,590	\$ 2,997,520	\$ 2,875,460
Deduct: Average goodwill	1,036,994	1,036,994	1,036,994	1,036,994
Average intangible assets	35,992	47,536	40,071	52,740
Average tangible shareholders' equity (non-GAAP)	\$ 1,925,839	\$ 1,848,060	\$ 1,920,455	\$ 1,785,726
Return on average tangible common equity	12.07 %	16.57 %	14.89 %	13.27 %
Net interest margin:				
Net interest income (GAAP)	\$ 146,781	\$ 161,079	\$ 596,400	\$ 596,094
Taxable equivalent adjustment	3,442	3,517	13,913	13,586
Net interest income - taxable equivalent basis (non-GAAP)	\$ 150,223	\$ 164,596	\$ 610,313	\$ 609,680
Average earning assets	\$ 21,670,723	\$ 20,181,991	\$ 21,152,209	\$ 19,158,681
Net interest margin	2.77 %	3.26 %	2.89 %	3.18 %
Efficiency ratio:				
Noninterest expense (GAAP)	\$ 131,937	\$ 142,318	\$ 500,569	\$ 541,417
Deduct: Intangible amortization expense	2,573	3,244	11,336	14,091
Adjusted noninterest expense (non-GAAP)	\$ 129,364	\$ 139,074	\$ 489,233	\$ 527,326
Net interest income - taxable equivalent basis (non-GAAP) (see above)	\$ 150,223	\$ 164,596	\$ 610,313	\$ 609,680
Noninterest income	51,484	58,552	214,219	239,274
Deduct: Debt securities gains (losses), net	435	161	4,327	10,767
Adjusted total revenue (non-GAAP)	\$ 201,272	\$ 222,987	\$ 820,205	\$ 838,187
Efficiency ratio	64.27 %	62.37 %	59.65 %	62.91 %
Tangible common equity to tangible assets:				
Tangible shareholders' equity (non-GAAP) (see above)	\$ 1,940,346	\$ 1,889,648	\$ 1,940,346	\$ 1,889,648
Assets (GAAP)	\$ 24,453,564	\$ 22,960,622	\$ 24,453,564	\$ 22,960,622
Add: Trust overdrafts	—	26	—	26
Deduct: Goodwill	1,036,994	1,036,994	1,036,994	1,036,994
Intangible assets	34,678	46,014	34,678	46,014
Tangible assets (non-GAAP)	\$ 23,381,892	\$ 21,877,640	\$ 23,381,892	\$ 21,877,640
Tangible common equity to tangible assets	8.30 %	8.64 %	8.30 %	8.64 %

RESULTS OF OPERATIONS

The following table sets forth certain income statement information of Old National:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Income Statement Summary:			
Net interest income	\$ 596,400	\$ 596,094	\$ 604,273
Provision for credit losses (1)	(28,812)	38,395	4,747
Noninterest income	214,219	239,274	199,317
Noninterest expense	500,569	541,417	508,487
Other Data:			
Return on average common equity	9.26 %	7.87 %	8.57 %
Return on tangible common equity (2)	14.74 %	12.54 %	14.30 %
Return on average tangible common equity (2)	14.89 %	13.27 %	14.97 %
Efficiency ratio (2)	59.65 %	62.91 %	60.35 %
Tier 1 leverage ratio	8.59 %	8.20 %	8.88 %
Net charge-offs (recoveries) to average loans	(0.03)%	0.02 %	0.05 %

(1) Beginning January 1, 2020, with the adoption of CECL, calculation is based on current expected credit loss methodology. Prior to January 1, 2020, calculation is based on incurred loss methodology.

(2) Represents a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” section for reconciliations to GAAP financial measures.

Comparison of Fiscal Years 2021 and 2020

Net Interest Income

Net interest income is the most significant component of our earnings, comprising 74% of 2021 revenues. Net interest income and net interest margin are influenced by many factors, primarily the volume and mix of earning assets, funding sources, and interest rate fluctuations. Other factors include the level of accretion income on purchased loans, prepayment risk on mortgage and investment-related assets, and the composition and maturity of interest-earning assets and interest-bearing liabilities. The path of the economy continues to depend on the course of COVID-19. Progress on vaccinations and an easing of supply constraints are expected to support continued gains on economic activity. Risks to the economic outlook remain, including from new variants of the virus.

Interest rates remained at near historic lows during 2021 after declining dramatically in the first half of 2020 due to the COVID-19 pandemic. The Federal Reserve’s Federal Funds range is currently in a target range of 0.00% to 0.25%, with the Effective Fed Funds Rate in the 0.05% to 0.10% range. If interest rates decline further, our interest rate spread could decline, which may result in a decrease in our net interest income. However, management has taken balance sheet restructuring, derivative, and deposit pricing actions to help mitigate this risk.

Loans typically generate more interest income than investment securities with similar maturities. Funding from client deposits generally costs less than wholesale funding sources. Factors such as general economic activity, Federal Reserve monetary policy, and price volatility of competing alternative investments, can also exert significant influence on our ability to optimize our mix of assets and funding, net interest income, and net interest margin.

Net interest income is the excess of interest received from interest-earning assets over interest paid on interest-bearing liabilities. For analytical purposes, net interest income is presented in the table that follows, adjusted to a taxable equivalent basis to reflect what our tax-exempt assets would need to yield in order to achieve the same after-tax yield as a taxable asset. We used the federal statutory tax rate in effect of 21% for all periods. This analysis portrays the income tax benefits related to tax-exempt assets and helps to facilitate a comparison between taxable and tax-exempt assets. Management believes that it is a standard practice in the banking industry to present net interest margin and net interest income on a fully taxable equivalent basis. Therefore, management believes these measures provide useful information for both management and investors by allowing them to make better peer comparisons.

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Net interest income (GAAP)	\$ 596,400	\$ 596,094	\$ 604,273
Conversion to fully taxable equivalent	13,913	13,586	12,940
Net interest income - taxable equivalent basis (non-GAAP)	<u>\$ 610,313</u>	<u>\$ 609,680</u>	<u>\$ 617,213</u>
Average earning assets	\$ 21,152,209	\$ 19,158,681	\$ 17,385,180
Net interest margin	2.82 %	3.11 %	3.48 %
Net interest margin - taxable equivalent basis	2.89 %	3.18 %	3.55 %

Net interest income was \$596.4 million in 2021, a \$0.3 million increase from \$596.1 million in 2020. Taxable equivalent net interest income was \$610.3 million in 2021, a \$0.6 million increase from \$609.7 million in 2020. The net interest margin on a fully taxable equivalent basis was 2.89% in 2021, a 29 basis point decrease compared to 3.18% in 2020. The increase in net interest income in 2021 when compared to 2020 was primarily due to higher average earning assets and lower costs of average interest-bearing liabilities. Substantially offsetting these increases were lower yields on average earning assets. Net interest income in both 2021 and 2020 included accretion income (interest income in excess of contractual interest income) associated with acquired loans. Accretion income totaled \$16.7 million in 2021, compared to \$23.3 million in 2020. We expect accretion income on loans to decrease over time, but this may be offset by future acquisitions. Net interest income in 2021 included \$44.4 million of interest and net fees combined on PPP loans, compared to \$38.0 million in 2020. Unamortized fees on remaining PPP loans totaled \$6.4 million at December 31, 2021.

The following table presents a three-year average balance sheet and for each major asset and liability category, its related interest income and yield, or its expense and rate for the years ended December 31.

(Tax equivalent basis, dollars in thousands)	2021			2020			2019		
	Average Balance	Income (1)/ Expense	Yield/ Rate	Average Balance	Income (1)/ Expense	Yield/ Rate	Average Balance	Income (1)/ Expense	Yield/ Rate
Earning Assets									
Money market and other interest-earning investments	\$ 450,158	\$ 589	0.13 %	\$ 174,494	\$ 568	0.33 %	\$ 67,069	\$ 1,670	2.49 %
Investment securities:									
Treasury and government-sponsored agencies	1,573,855	24,209	1.54	547,054	12,124	2.22	657,233	16,091	2.45
Mortgage-backed securities	3,356,950	60,479	1.80	3,246,520	70,611	2.17	2,866,600	73,835	2.58
States and political subdivisions	1,548,939	50,115	3.24	1,347,490	47,034	3.49	1,202,210	44,716	3.72
Other securities	443,606	10,680	2.41	485,430	11,990	2.47	495,847	16,138	3.25
Total investment securities	6,923,350	145,483	2.10	5,626,494	141,759	2.52	5,221,890	150,780	2.89
Loans: (2)									
Commercial	3,763,099	138,063	3.67	3,843,089	140,473	3.66	3,023,421	141,215	4.67
Commercial real estate	6,168,146	228,568	3.71	5,477,562	234,670	4.28	5,044,623	275,853	5.47
Residential real estate loans	2,269,989	83,578	3.68	2,352,444	94,202	4.00	2,281,047	96,613	4.24
Consumer	1,577,467	56,281	3.57	1,684,598	65,222	3.87	1,747,130	77,196	4.42
Total loans	13,778,701	506,490	3.68	13,357,693	534,567	4.00	12,096,221	590,877	4.88
Total earning assets	21,152,209	\$ 652,562	3.09 %	19,158,681	\$ 676,894	3.53 %	17,385,180	\$ 743,327	4.28 %
Less: Allowance for credit losses (3)	(117,436)			(115,321)			(56,624)		
Non-Earning Assets									
Cash and due from banks	256,860			327,053			251,857		
Other assets	2,492,054			2,414,602			2,453,001		
Total assets	\$ 23,783,687			\$ 21,785,015			\$ 20,033,414		
Interest-Bearing Liabilities									
Checking and NOW accounts	\$ 4,974,477	\$ 2,080	0.04 %	\$ 4,465,120	\$ 5,450	0.12 %	\$ 3,902,765	\$ 15,598	0.40 %
Savings accounts	3,648,019	2,003	0.05	3,113,435	3,156	0.10	2,878,135	8,142	0.28
Money market accounts	2,092,661	1,756	0.08	1,866,197	4,585	0.25	1,789,065	14,130	0.79
Time deposits	1,020,359	5,115	0.50	1,421,216	14,978	1.05	1,921,991	31,494	1.64
Total interest-bearing deposits	11,735,516	10,954	0.09	10,865,968	28,169	0.26	10,491,956	69,364	0.66
Federal funds purchased and interbank borrowings	1,113	—	—	138,257	1,296	0.94	241,618	5,656	2.34
Securities sold under agreements to repurchase	392,777	397	0.10	375,961	854	0.23	342,654	2,517	0.73
FHLB advances	1,902,407	21,075	1.11	2,055,155	27,274	1.33	1,775,987	37,452	2.11
Other borrowings	269,484	9,823	3.65	242,642	9,621	3.96	251,194	11,125	4.43
Total borrowed funds	2,565,781	31,295	1.22	2,812,015	39,045	1.39	2,611,453	56,750	2.17
Total interest-bearing liabilities	\$ 14,301,297	\$ 42,249	0.30 %	\$ 13,677,983	\$ 67,214	0.49 %	\$ 13,103,409	\$ 126,114	0.96 %
Noninterest-Bearing Liabilities and Shareholders' Equity									
Demand deposits	6,163,937			4,945,506			3,887,470		
Other liabilities	320,933			286,066			261,403		
Shareholders' equity	2,997,520			2,875,460			2,781,132		
Total liabilities and shareholders' equity	\$ 23,783,687			\$ 21,785,015			\$ 20,033,414		
Net interest rate spread		2.79 %			3.04 %		3.32 %		
Net interest margin (4)		2.89			3.18		3.55		
Taxable equivalent adjustment	\$ 13,913			\$ 13,586			\$ 12,940		

(1) Interest income is reflected on a fully taxable equivalent basis.

(2) Includes loans held for sale.

(3) Beginning January 1, 2020, with the adoption of CECL, calculation is based on current expected credit loss methodology. Prior to January 1, 2020, calculation was based on incurred loss model.

(4) Net interest margin is defined as net interest income on a tax equivalent basis as a percentage of average earning assets.

The yield on average earning assets decreased 44 basis points from 3.53% in 2020 to 3.09% in 2021 and the cost of interest-bearing liabilities decreased 19 basis points from 0.49% in 2020 to 0.30% in 2021. Average earning assets increased by \$1.994 billion, or 10%. The increase in average earning assets consisted of a \$1.297 billion increase in

investment securities, a \$421.0 million increase in loans, and a \$275.7 million increase in money market and other interest-earning investments. Average interest-bearing liabilities increased \$623.3 million, or 5%. The increase in average interest-bearing liabilities consisted of an \$869.5 million increase in interest-bearing deposits, a \$16.8 million increase in securities sold under agreements to repurchase, and a \$26.8 million increase in other borrowings, partially offset by a \$137.1 million decrease in federal funds purchased and interbank borrowings and a \$152.7 million decrease in FHLB advances. Average noninterest-bearing deposits increased by \$1.218 billion.

The increase in average earning assets in 2021 compared to 2020 was due to increases in average investment securities, average loans, and average money market and other interest-earning investments. The loan portfolio, including loans held for sale, which generally has an average yield higher than the investment portfolio, was 65% of average interest earning assets in 2021, compared to 70% in 2020.

Average loans including loans held for sale increased \$421.0 million in 2021 compared to 2020 due to higher average commercial real estate loans, partially offset by lower average commercial loans, residential real estate loans, and consumer loans. Excluding the \$258.6 million decrease in average PPP loans, average commercial loans increased reflecting organic growth.

Average investments increased \$1.297 billion in 2021 compared to 2020 reflecting excess liquidity.

Average non-interest-bearing deposits increased \$1.218 billion in 2021 compared to 2020 primarily due to PPP funds on deposit. Average interest-bearing deposits increased \$869.5 million in 2021 compared to 2020.

Average borrowed funds decreased \$246.2 million in 2021 compared to 2020 primarily due to decreases in FHLB advances and federal funds purchased and interbank borrowings, partially offset by increases in other borrowings and securities sold under agreements to repurchase.

The following table presents fluctuations in taxable equivalent net interest income attributable to changes in the average balances of assets and liabilities and the yields earned or rates paid for the years ended December 31.

(dollars in thousands)	From 2020 to 2021			From 2019 to 2020		
	Total Change (1)	Attributed to Volume	Attributed to Rate	Total Change (1)	Attributed to Volume	Attributed to Rate
Interest Income						
Money market and other interest-earning investments	\$ 21	\$ 628	\$ (607)	\$ (1,102)	\$ 1,511	\$ (2,613)
Investment securities (2)	3,724	29,963	(26,239)	(9,021)	10,938	(19,959)
Loans (2)	(28,077)	16,163	(44,240)	(56,310)	56,052	(112,362)
Total interest income	(24,332)	46,754	(71,086)	(66,433)	68,501	(134,934)
Interest Expense						
Checking and NOW deposits	(3,370)	419	(3,789)	(10,148)	1,474	(11,622)
Savings deposits	(1,153)	417	(1,570)	(4,986)	452	(5,438)
Money market deposits	(2,829)	371	(3,200)	(9,545)	399	(9,944)
Time deposits	(9,863)	(3,127)	(6,736)	(16,516)	(6,694)	(9,822)
Federal funds purchased and interbank borrowings	(1,296)	(640)	(656)	(4,360)	(1,694)	(2,666)
Securities sold under agreements to repurchase	(457)	27	(484)	(1,663)	160	(1,823)
Federal Home Loan Bank advances	(6,199)	(1,859)	(4,340)	(10,178)	4,796	(14,974)
Other borrowings	202	1,021	(819)	(1,504)	(359)	(1,145)
Total interest expense	(24,965)	(3,371)	(21,594)	(58,900)	(1,466)	(57,434)
Net interest income	\$ 633	\$ 50,125	\$ (49,492)	\$ (7,533)	\$ 69,967	\$ (77,500)

(1) The variance not solely due to rate or volume is allocated equally between the rate and volume variance.

(2) Interest on investment securities and loans includes the effect of taxable equivalent adjustments of \$9.9 million and \$4.0 million, respectively, in 2021; \$8.9 million and \$4.7 million, respectively, in 2020; and \$7.7 million and \$5.2 million, respectively, in 2019; using the federal statutory tax rate in effect of 21%.

Provision for Credit Losses

Old National recorded a provision for credit losses recapture of \$28.8 million in 2021, compared to an expense of \$38.4 million in 2020. Net recoveries totaled \$4.8 million in 2021, compared to net charge-offs of \$3.0 million in 2020. The provision for credit losses recapture in 2021 reflected the improved economic forecast. The provision for credit losses expense in 2020 reflected the implementation of ASC 326 and the macroeconomic factors surrounding the COVID-19 pandemic. PPP loans were factored in the provision for credit losses in 2021 and 2020; however due to the SBA guaranty and our borrowers' adherence to the PPP terms, the provision impact was insignificant. Continued loan growth in future periods, a decline in our current level of recoveries, or an increase in charge-offs could result in an increase in provision expense. Additionally, with the adoption of CECL beginning on January 1, 2020, provision expense may become more volatile due to changes in CECL model assumptions of credit quality, macroeconomic factors and conditions, and loan composition, which drive the allowance for credit losses balance. For additional information about non-performing loans, charge-offs, and additional items impacting the provision, refer to the "Risk Management – Credit Risk" section of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Noninterest Income

We generate revenues in the form of noninterest income through client fees, sales commissions, and other gains and losses from our core banking franchise and other related businesses, such as wealth management, investment consulting, and investment products. This source of revenue as a percentage of total revenue was 26% in 2021 compared to 29% in 2020.

The following table details the components of noninterest income:

(dollars in thousands)	Years Ended December 31,			% Change From Prior Year	
	2021	2020	2019	2021	2020
Wealth management fees	\$ 40,409	\$ 36,806	\$ 37,072	9.8 %	(0.7)%
Service charges on deposit accounts	34,685	35,081	44,915	(1.1)	(21.9)
Debit card and ATM fees	20,739	20,178	21,652	2.8	(6.8)
Mortgage banking revenue	42,558	62,775	26,622	(32.2)	135.8
Investment product fees	24,639	21,614	21,785	14.0	(0.8)
Capital markets income	21,997	22,480	13,270	(2.1)	69.4
Company-owned life insurance	10,589	12,031	11,539	(12.0)	4.3
Debt securities gains (losses), net	4,327	10,767	1,923	(59.8)	459.9
Other income	14,276	17,542	20,539	(18.6)	(14.6)
Total noninterest income	\$ 214,219	\$ 239,274	\$ 199,317	(10.5)%	20.0 %
Noninterest income to total revenue (1)	26.0 %	28.2 %	24.4 %		

(1) Total revenue includes the effect of a taxable equivalent adjustment of \$13.9 million in 2021, \$13.6 million in 2020, and \$12.9 million in 2019.

The decrease in noninterest income in 2021 compared to 2020 was primarily due to lower mortgage banking revenue and lower debt securities gains.

Wealth management fees increased \$3.6 million in 2021 compared to 2020 primarily due to higher personal trust fees, fiduciary account fees, and corporate trust fees.

Mortgage banking revenue decreased \$20.2 million in 2021 compared to 2020 reflecting lower refinance transactions related to higher rates in 2021, which caused pipeline levels to drop and gain on sale margins to partially normalize.

Investment product fees increased \$3.0 million in 2021 compared to 2020 reflecting higher investment and advisor fees.

Debt securities gains (losses), net decreased \$6.4 million in 2021 compared to 2020 primarily due to lower realized gains on sales of available-for-sale securities in 2021.

Other income decreased \$3.3 million in 2021 compared to 2020 primarily due to lower branded card incentives and \$1.5 million of swap termination fees in 2021.

Noninterest Expense

The following table details the components of noninterest expense:

(dollars in thousands)	Years Ended December 31,			% Change From Prior Year	
	2021	2020	2019	2021	2020
Salaries and employee benefits	\$ 284,098	\$ 293,590	\$ 289,452	(3.2)%	1.4 %
Occupancy	54,834	55,316	55,255	(0.9)	0.1
Equipment	16,704	16,690	16,903	0.1	(1.3)
Marketing	12,684	10,874	15,898	16.6	(31.6)
Data processing	47,047	41,086	37,589	14.5	9.3
Communication	10,073	9,731	10,702	3.5	(9.1)
Professional fees	20,077	15,755	22,854	27.4	(31.1)
FDIC assessment	6,059	6,722	6,030	(9.9)	11.5
Amortization of intangibles	11,336	14,091	16,911	(19.6)	(16.7)
Amortization of tax credit investments	6,770	18,788	2,749	(64.0)	583.4
Other expense	30,887	58,774	34,144	(47.4)	72.1
Total noninterest expense	\$ 500,569	\$ 541,417	\$ 508,487	(7.5)%	6.5 %

Noninterest expense decreased \$40.8 million in 2021 compared to 2020 reflecting \$42.6 million of charges in 2020 related to the ONB Way strategic initiative and lower amortization of tax credit investments in 2021. These decreases were partially offset by \$14.6 million of diligence and merger charges in 2021 associated with the anticipated First Midwest merger.

Salaries and employee benefits is the largest component of noninterest expense. Salaries and employee benefits decreased \$9.5 million in 2021 compared to 2020. Personnel expenses related to the ONB Way strategic initiative totaling \$8.3 million in 2020 were the primary driver of this decline.

Marketing expenses increased \$1.8 million in 2021 compared to 2020 primarily due to higher advertising expenses.

Data processing expenses increased \$6.0 million in 2021 compared to 2020 related to the modernization of our technology infrastructure.

Professional fees increased \$4.3 million in 2021 compared to 2020. Professional fees in 2021 included \$10.0 million related to the First Midwest merger. Professional fees in 2020 included \$2.8 million of consulting fees related to the ONB Way strategic initiative.

Amortization of intangibles decreased \$2.8 million in 2021 compared to 2020 primarily due to lower amortization of core deposit intangibles.

Amortization of tax credit investments decreased \$12.0 million in 2021 compared to 2020. The recognition of tax credit amortization expense is contingent upon the successful completion of the rehabilitation of a historic building or completion of a solar project within the reporting period. Many factors including weather, labor availability, building regulations, inspections, and other unexpected construction delays related to a rehabilitation project can cause a project to exceed its estimated completion date. See Note 10 to the consolidated financial statements for additional information on our tax credit investments.

Other expense decreased \$27.9 million in 2021 compared to 2020 primarily due to lease termination charges and impairments on long-lived assets related to banking center consolidations that were part of the ONB Way strategic initiative totaling \$27.1 million in 2020.

Provision for Income Taxes

We record a provision for income taxes currently payable and for income taxes payable or benefits to be received in the future, which arise due to timing differences in the recognition of certain items for financial statement and income tax purposes. The major difference between the effective tax rate applied to our financial statement income and the federal statutory tax rate is caused by a tax benefit from our tax credit investments and interest on tax-exempt securities and loans. The effective tax rate was 18.1% in 2021 compared to 11.4% in 2020. The higher effective tax rate in 2021 compared to 2020 was primarily the result of an increase in pre-tax book income and lower federal tax credits available. See Note 16 to the consolidated financial statements for additional details on Old National's income tax provision.

Comparison of Fiscal Years 2020 and 2019

In 2020, we generated net income of \$226.4 million and diluted net income per share of \$1.36 compared to \$238.2 million and diluted net income per share of \$1.38, respectively, in 2019. The 2020 earnings included a \$40.0 million increase in noninterest income and a \$23.0 million decrease in income tax expense. These favorable variances in net income were offset by an \$8.2 million decrease in net interest income, a \$32.9 million increase in noninterest expense, and a \$33.6 million increase in provision for credit losses. High commercial loan production and mortgage production, consistently strong credit quality metrics, and low cost of total deposits all contributed to favorable 2020 performance when compared to 2019.

Net interest income was \$596.1 million in 2020, an \$8.2 million decrease from \$604.3 million in 2019. Taxable equivalent net interest income was \$609.7 million in 2020, a \$7.5 million decrease from \$617.2 million in 2019. Average earning assets increased by \$1.774 billion in 2020 and the yield on average earning assets decreased 75 basis points from 4.28% in 2019 to 3.53% in 2020.

The provision for credit losses was an expense of \$38.4 million in 2020, compared to an expense of \$4.7 million in 2019. The increase in provision for credit losses expense reflected the implementation of ASC 326 and the macroeconomic factors surrounding the COVID-19 pandemic. Charge-offs remained low during 2020 and we continued to see positive trends in credit quality.

Noninterest income increased \$40.0 million in 2020 compared to 2019 primarily due to higher mortgage banking revenue, higher capital markets income, and higher debt securities gains. These increases were partially offset by lower service charges on deposit accounts.

Noninterest expense increased \$32.9 million in 2020 compared to 2019 reflecting higher charges related to the ONB Way and higher commissions and corporate incentives, partially offset by fewer employees at December 31, 2020.

The provision for income taxes was \$29.1 million in 2020 compared to \$52.2 million in 2019. Old National's effective tax rate was 11.4% in 2020 compared to 18.0% in 2019. The lower effective tax rate in 2020 compared to 2019 was primarily the result of an increase in federal tax credits available.

FINANCIAL CONDITION

Overview

At December 31, 2021, our assets were \$24.454 billion, a 7% increase compared to \$22.961 billion at December 31, 2020. The increase was primarily due to higher investment securities and organic loan growth, excluding the decline in PPP loans.

We have observed signs of an economic recovery in the United States since the onset of COVID-19, with jobs, consumer spending, manufacturing, and other indicators rebounding from their weakest levels. However, there have been concerns about the emergence of communicable strains of the virus, whether enough people will agree to be vaccinated, supply chain issues, labor supply constraints, and inflation. Economic uncertainty remains and bouts of elevated volatility are expected to continue.

Earning Assets

Our earning assets are comprised of investment securities, portfolio loans, loans held for sale, money market investments, interest earning accounts with the Federal Reserve, and equity securities. Earning assets were \$21.851 billion at December 31, 2021, an increase of \$1.538 billion compared to earning assets of \$20.313 billion at December 31, 2020.

Investment Securities

We classify substantially all of our investment securities as available-for-sale to give management the flexibility to sell the securities prior to maturity if needed, based on fluctuating interest rates or changes in our funding requirements.

Equity securities are recorded at fair value and totaled \$13.2 million at December 31, 2021 compared to \$2.5 million at December 31, 2020. The increase in equity securities was primarily due to an increase in mutual funds.

At December 31, 2021, the investment securities portfolio, including equity securities, was \$7.565 billion compared to \$6.142 billion at December 31, 2020, an increase of \$1.423 billion, or 23%. Investment securities represented 35% of earning assets at December 31, 2021, compared to 30% at December 31, 2020. Stronger commercial loan demand in the future could result in management's decision to reduce the securities portfolio. As of December 31, 2021, we had no intent to sell any securities that were in an unrealized loss position nor is it expected that we would be required to sell the securities prior to their anticipated recovery.

The investment securities available-for-sale portfolio had net unrealized losses of \$6.0 million at December 31, 2021, compared to net unrealized gains of \$186.3 million at December 31, 2020. The change in net unrealized gains (losses) from December 31, 2020 to December 31, 2021 was primarily due to an increase in long-term interest rates impacting market values for mortgage-backed, U.S. government-sponsored entities and agencies, and tax exempt municipal securities.

The investment portfolio had an effective duration of 4.26 at December 31, 2021, compared to 4.08 at December 31, 2020. Effective duration measures the percentage change in value of the portfolio in response to a change in interest rates. Generally, there is more uncertainty in interest rates over a longer average maturity, resulting in a higher duration percentage. The weighted average yields on investment securities, on a taxable equivalent basis, were 2.10% in 2021 and 2.52% in 2020.

Loan Portfolio

We lend primarily to consumers and small to medium-sized commercial and commercial real estate clients in many diverse industries including manufacturing, agribusiness, transportation, mining, wholesaling, and retailing. Our policy is to concentrate our lending activity in the geographic market areas we serve, primarily Indiana, Kentucky, Michigan, Minnesota, and Wisconsin.

The following table presents the composition of the loan portfolio at December 31.

(dollars in thousands)	2021	2020
Commercial (1)	\$ 3,391,769	\$ 3,956,422
Commercial real estate	6,380,674	5,946,512
Consumer	1,574,114	1,635,123
Total loans excluding residential real estate	11,346,557	11,538,057
Residential real estate	2,255,289	2,248,422
Total loans	13,601,846	13,786,479
Less: Allowance for credit losses	107,341	131,388
Net loans	\$ 13,494,505	\$ 13,655,091

(1) Includes remaining PPP loans of \$169.0 million at December 31, 2021, compared to \$943.0 million at December 31, 2020.

The following table presents the maturity distribution and rate sensitivity of loans at December 31, 2021 and an analysis of these loans that have predetermined and floating interest rates.

(dollars in thousands)	Within 1 Year	After 1 - 5 Years	After 5 - 15 Years	After 15 Years	Total	% of Total
Commercial						
Interest rates:						
Predetermined	\$ 171,531	\$ 965,676	\$ 546,563	\$ 40,131	\$ 1,723,901	51 %
Floating	558,915	647,115	330,586	131,252	1,667,868	49
Total	\$ 730,446	\$ 1,612,791	\$ 877,149	\$ 171,383	\$ 3,391,769	100 %
Commercial Real Estate						
Interest rates:						
Predetermined	\$ 122,594	\$ 1,483,156	\$ 747,289	\$ 20,683	\$ 2,373,722	37 %
Floating	374,985	1,879,944	1,638,692	113,331	4,006,952	63
Total	\$ 497,579	\$ 3,363,100	\$ 2,385,981	\$ 134,014	\$ 6,380,674	100 %
Residential Real Estate						
Interest rates:						
Predetermined	\$ 2,850	\$ 67,419	\$ 607,554	\$ 1,314,485	\$ 1,992,308	88 %
Floating	52	1,296	29,941	231,692	262,981	12
Total	\$ 2,902	\$ 68,715	\$ 637,495	\$ 1,546,177	\$ 2,255,289	100 %
Consumer						
Interest rates:						
Predetermined	\$ 17,266	\$ 576,701	\$ 382,979	\$ 5,897	\$ 982,843	62 %
Floating	9,974	99,292	205,482	276,523	591,271	38
Total	\$ 27,240	\$ 675,993	\$ 588,461	\$ 282,420	\$ 1,574,114	100 %

Commercial and Commercial Real Estate Loans

Commercial and commercial real estate loans are the largest classification within earning assets, representing 45% at December 31, 2021, compared to 49% at December 31, 2020. At December 31, 2021, commercial and commercial real estate loans were \$9.772 billion, a decrease of \$130.5 million compared to December 31, 2020 driven by a decline in PPP loans, partially offset by organic loan growth. As of December 31, 2021, total PPP loans were \$169.0 million, compared to \$943.0 million at December 31, 2020.

The following table provides detail on commercial loans by industry classification (as defined by the North American Industry Classification System) and by loan size at December 31.

(dollars in thousands)	2021			2020		
	Outstanding	Exposure	Nonaccrual	Outstanding	Exposure	Nonaccrual
By Industry:						
Manufacturing	\$ 612,873	\$ 1,152,774	\$ 6,689	\$ 586,074	\$ 1,019,149	\$ 11,036
Construction	310,649	744,610	1,429	462,140	903,604	1,036
Health care and social assistance	376,664	550,400	444	412,807	604,493	691
Public administration	247,770	357,310	—	299,748	371,846	—
Wholesale trade	240,618	438,357	1,598	241,432	483,253	3,647
Educational services	216,384	295,065	—	245,896	418,277	1,428
Other services	121,577	260,413	2,542	194,822	307,205	2,363
Professional, scientific, and technical services	141,364	279,185	937	182,228	320,983	864
Finance and insurance	162,920	232,847	44	186,079	246,551	57
Retail trade	131,303	289,478	945	151,869	329,160	1,788
Real estate rental and leasing	204,612	347,991	504	169,935	356,169	759
Transportation and warehousing	134,072	243,086	1,594	139,398	216,495	1,397
Administrative and support and waste management and remediation services	86,307	149,417	—	119,220	173,538	383
Agriculture, forestry, fishing, and hunting	114,699	164,364	1,521	145,624	192,602	358
Accommodation and food services	78,689	108,724	2,399	105,560	118,497	3,239
Utilities	26,322	75,439	—	88,607	98,996	—
Arts, entertainment, and recreation	71,055	110,574	2,189	82,305	111,729	2,590
Information	43,713	78,877	1,809	61,883	95,774	2,286
Mining	30,161	62,231	5	57,142	77,067	19
Management of companies and enterprises	15,124	36,046	—	13,605	28,276	—
Other	24,893	24,943	—	10,048	10,086	—
Total	\$ 3,391,769	\$ 6,002,131	\$ 24,649	\$ 3,956,422	\$ 6,483,750	\$ 33,941
By Loan Size:						
Less than \$200,000	8 %	6 %	7 %	11 %	8 %	10 %
\$200,000 to \$1,000,000	18	16	42	20	18	40
\$1,000,000 to \$5,000,000	31	29	51	34	32	50
\$5,000,000 to \$10,000,000	15	16	—	15	15	—
\$10,000,000 to \$25,000,000	18	18	—	14	16	—
Greater than \$25,000,000	10	15	—	6	11	—
Total	100 %	100 %	100 %	100 %	100 %	100 %

The following table provides detail on commercial real estate loans classified by property type at December 31.

(dollars in thousands)	2021		2020	
	Outstanding	%	Outstanding	%
By Property Type:				
Multifamily	\$ 1,995,803	31 %	\$ 1,598,614	27 %
Retail	1,037,034	16	1,041,384	17
Office	1,018,973	16	1,001,589	17
Warehouse / Industrial	851,956	14	821,022	14
Single family	333,221	5	341,273	6
Other (1)	1,143,687	18	1,142,630	19
Total	\$ 6,380,674	100 %	\$ 5,946,512	100 %

(1) Other includes construction and land development properties, senior housing properties, religion properties, and mixed use properties.

Residential Real Estate Loans

Residential real estate loans held in our portfolio, primarily 1-4 family properties, increased \$6.9 million at December 31, 2021 compared to December 31, 2020. Future increases in interest rates could result in a decline in the level of refinancings and new originations of residential real estate loans.

Consumer Loans

Consumer loans, including automobile loans and personal and home equity loans and lines of credit, decreased \$61.0 million, at December 31, 2021 compared to December 31, 2020 primarily due to decreases in consumer indirect and consumer direct loans.

Allowance for Credit Losses on Loans and Unfunded Commitments

Beginning January 1, 2020, with the adoption of CECL, we calculated allowance for credit losses using current expected credit losses methodology. As of January 1, 2020, Old National increased the allowance for credit losses for loans by \$41.3 million and increased the allowance for credit losses for unfunded loan commitments by \$4.5 million, since the ASU covers credit losses over the expected life of a loan as well as considering future changes in macroeconomic conditions. The increase related to the acquired loan portfolio totaled \$27.1 million.

At December 31, 2021, the allowance for credit losses was \$107.3 million, compared to \$131.4 million at December 31, 2020. The decrease in the allowance for credit losses reflected the improved economic forecast. Continued loan growth in future periods, a decline in our current level of recoveries, or an increase in charge-offs could result in an increase in provision expense. Additionally, with the adoption of CECL beginning on January 1, 2020, provision expense may be more volatile due to changes in CECL model assumptions of credit quality, macroeconomic factors and conditions, and loan composition, which drive the allowance for credit losses balance.

We maintain an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans, modified to take into account the probability of a drawdown on the commitment. The allowance for credit losses on unfunded loan commitments is classified as a liability account on the balance sheet within accrued expenses and other liabilities, while the corresponding provision for these credit losses is recorded as a component of other expense. The allowance for credit losses on unfunded loan commitments totaled \$10.9 million at December 31, 2021, compared to \$11.7 million at December 31, 2020.

Additional information about our Allowance for Credit Losses is included in the “Risk Management – Credit Risk” section of Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Notes 1 and 4 to the consolidated financial statements.

Loans Held for Sale

Mortgage loans held for immediate sale in the secondary market were \$35.5 million at December 31, 2021, compared to \$63.3 million at December 31, 2020. Certain mortgage loans are committed for sale at or prior to

origination at a contracted price to an outside investor. Other mortgage loans held for immediate sale are hedged with TBA forward agreements and committed for sale when they are ready for delivery and remain on the Company's balance sheet for a short period of time (typically 30 to 60 days). These loans are sold without recourse, beyond customary representations and warranties, and Old National has not experienced material losses arising from these sales. Mortgage originations are subject to volatility due to interest rates and home sales, among other factors.

We have elected the fair value option for residential loans held for sale. The aggregate fair value exceeded the unpaid principal balance by \$1.3 million at December 31, 2021 and \$3.5 million at December 31, 2020.

Other Assets

Other assets increased \$26.6 million since December 31, 2020 primarily due to higher tax credit investments and net deferred tax assets related to net unrealized gains (losses) on investment securities. These increases were partially offset by lower derivative assets.

Funding

Total funding, comprised of deposits and wholesale borrowings, was \$21.144 billion at December 31, 2021, an increase of \$1.430 billion from \$19.714 billion at December 31, 2020. Total deposits were \$18.569 billion, an increase of \$1.532 billion compared to December 31, 2020. Noninterest-bearing demand deposits increased \$669.4 million from December 31, 2020 to December 31, 2021. Interest-bearing checking and NOW deposits increased \$361.0 million from December 31, 2020 to December 31, 2021, while savings deposits increased \$402.7 million. Money market deposits increased \$261.0 million from December 31, 2020 to December 31, 2021. Time deposits decreased \$162.5 million.

We use wholesale funding to augment deposit funding and to help maintain our desired interest rate risk position. At December 31, 2021, wholesale borrowings, including federal funds purchased and interbank borrowings, securities sold under agreements to repurchase, FHLB advances, and other borrowings, totaled \$2.575 billion, a decrease of \$101.3 million from December 31, 2020. The decrease in wholesale funding from December 31, 2020 to December 31, 2021 was due to decreases in FHLB advances, securities sold under agreements to repurchase, and federal funds purchased and interbank borrowings, partially offset by an increase in other borrowings. Wholesale funding as a percentage of total funding was 12% at December 31, 2021, compared to 14% at December 31, 2020. See Notes 12, 13, and 14 to the consolidated financial statements for additional details on our financing activities.

The following table details the average balances of all funding sources for the years ended December 31.

(dollars in thousands)	2021	2020	2019	% Change From Prior Year	
				2021	2020
Demand deposits	\$ 6,163,937	\$ 4,945,506	\$ 3,887,470	24.6 %	27.2 %
Interest-bearing checking and NOW deposits	4,974,477	4,465,120	3,902,765	11.4	14.4
Savings deposits	3,648,019	3,113,435	2,878,135	17.2	8.2
Money market deposits	2,092,661	1,866,197	1,789,065	12.1	4.3
Time deposits	1,020,359	1,421,216	1,921,991	(28.2)	(26.1)
Total deposits	17,899,453	15,811,474	14,379,426	13.2	10.0
Federal funds purchased and interbank borrowings	1,113	138,257	241,618	(99.2)	(42.8)
Securities sold under agreements to repurchase	392,777	375,961	342,654	4.5	9.7
Federal Home Loan Bank advances	1,902,407	2,055,155	1,775,987	(7.4)	15.7
Other borrowings	269,484	242,642	251,194	11.1	(3.4)
Total funding sources	\$ 20,465,234	\$ 18,623,489	\$ 16,990,879	9.9 %	9.6 %

At December 31, 2021, time deposits in excess of the FDIC insurance limit and estimated time deposits that are otherwise uninsured by maturity were as follows:

(dollars in thousands)	Individual Instruments in Denominations that Meet or Exceed the FDIC Insurance Limit	Estimated Aggregate Time Deposits that Meet or Exceed the FDIC Insurance Limit and Otherwise Uninsured Time Deposits
Three months or less	\$ 95,506	\$ 111,993
Over three through six months	55,170	68,582
Over six through 12 months	44,856	89,236
Over 12 months	57,219	120,946
Total	\$ 252,751	\$ 390,757

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities increased \$33.5 million, or 18%, from December 31, 2020 primarily due to increases in unfunded commitments on low income housing tax credit investments and derivative liabilities.

Capital

Shareholders' equity totaled \$3.012 billion, or 12% of total assets, at December 31, 2021 and \$2.973 billion, or 13% of total assets, at December 31, 2020. The change in unrealized gains (losses) on available-for-sale investment securities decreased equity by \$148.3 million during 2021. Old National paid cash dividends of \$0.56 per share in 2021, which reduced equity by \$92.8 million. Old National's Common Stock is traded on the NASDAQ under the symbol "ONB" with 36,320 shareholders of record at December 31, 2021.

Capital Adequacy

Old National and the banking industry generally are subject to various regulatory capital requirements administered by the federal banking agencies. Management routinely analyzes Old National's capital to ensure an optimized capital structure. Accordingly, such evaluations may result in Old National taking a capital action. For additional information on capital adequacy see Note 24 to the consolidated financial statements.

Management views stress testing as an integral part of the Company's risk management and strategic planning activities. Old National performs stress testing periodically throughout the year. The primary objective of the stress test is to ensure that Old National has a robust, forward-looking stress testing process and maintains sufficient capital to continue operations throughout times of economic and financial stress. Management also uses the stress testing framework to evaluate decisions relating to pricing, loan concentrations, capital deployment, and mergers and acquisitions to ensure that strategic decisions align with Old National's risk appetite statement. Old National's stress testing process incorporates key risks that include strategic, market, liquidity, credit, operational, regulatory, compliance, legal, and reputational risks. Old National's stress testing policy outlines steps that will be taken if stress test results do not meet internal thresholds under severely adverse economic scenarios.

RISK MANAGEMENT

Overview

Old National has adopted a Risk Appetite Statement to enable the Board of Directors, Executive Leadership Group, and Senior Management to better assess, understand, and mitigate the risks of Old National. The Risk Appetite Statement addresses the following major risks: strategic, market, liquidity, credit, operational/technology/cybersecurity, talent management, regulatory/compliance/legal, and reputational. Our Chief Risk Officer is independent of management and reports directly to the Chair of the Board's Enterprise Risk Management Committee. The following discussion addresses these major risks: credit, market, liquidity, operational/technology/cybersecurity, and regulatory/compliance/legal.

Credit Risk

Credit risk represents the risk of loss arising from an obligor's inability or failure to meet contractual payment or performance terms. Our primary credit risks result from our investment and lending activities.

Investment Activities

We carry a higher exposure to loss in our pooled trust preferred securities, which are collateralized debt obligations, due to illiquidity in that market and the performance of the underlying collateral. At December 31, 2021, we had pooled trust preferred securities with a fair value of \$9.5 million, or less than 1% of the available-for-sale securities portfolio. These securities remained classified as available-for-sale and the unrealized loss on our pooled trust preferred securities was \$4.3 million at December 31, 2021. The fair value of these securities is expected to improve as we get closer to maturity, but may be adversely impacted by credit deterioration.

All of our mortgage-backed securities are backed by U.S. government-sponsored or federal agencies. Municipal bonds, corporate bonds, and other debt securities are evaluated by reviewing the credit-worthiness of the issuer and general market conditions. See Note 3 to the consolidated financial statements for additional details about our investment security portfolio.

Counterparty Exposure

Counterparty exposure is the risk that the other party in a financial transaction will not fulfill its obligation. We define counterparty exposure as nonperformance risk in transactions involving federal funds sold and purchased, repurchase agreements, correspondent bank relationships, and derivative contracts with companies in the financial services industry. Old National manages exposure to counterparty risk in connection with its derivatives transactions by generally engaging in transactions with counterparties having ratings of at least "A" by Standard & Poor's Rating Service or "A2" by Moody's Investors Service. Total credit exposure is monitored by counterparty and managed within limits that management believes to be prudent. Old National's net counterparty exposure was an asset of \$422.3 million at December 31, 2021.

Lending Activities

Commercial

Commercial and industrial loans are made primarily for the purpose of financing equipment acquisition, expansion, working capital, and other general business purposes. Lease financing consists of direct financing leases and is used by commercial clients to finance capital purchases ranging from computer equipment to transportation equipment. The credit decisions for these transactions are based upon an assessment of the overall financial capacity of the applicant. A determination is made as to the applicant's ability to repay in accordance with the proposed terms as well as an overall assessment of the risks involved. In addition to an evaluation of the applicant's financial condition, a determination is made of the probable adequacy of the primary and secondary sources of repayment, such as additional collateral or personal guarantees, to be relied upon in the transaction. Credit agency reports of the applicant's credit history supplement the analysis of the applicant's creditworthiness.

Commercial mortgages and construction loans are offered to real estate investors, developers, and builders primarily domiciled in the geographic market areas we serve: Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. These loans are secured by first mortgages on real estate at LTV margins deemed appropriate for the property type, quality, location, and sponsorship. Generally, these LTV ratios do not exceed 80%. The commercial properties are predominantly non-residential properties such as retail centers, industrial properties and, to a lesser extent, more specialized properties. Substantially all of our commercial real estate loans are secured by properties located in our primary market area.

In the underwriting of our commercial real estate loans, we obtain appraisals for the underlying properties. Decisions to lend are based on the economic viability of the property and the creditworthiness of the borrower. In evaluating a proposed commercial real estate loan, we primarily emphasize the ratio of the property's projected net cash flows to the loan's debt service requirement. The debt service coverage ratio normally is not less than 120% and it is computed after deduction for a vacancy factor and property expenses as appropriate. In addition, a personal guarantee of the loan or a portion thereof is often required from the principal(s) of the borrower. In most cases, we require title insurance insuring the priority of our lien, fire and extended coverage casualty insurance, and flood

insurance, if appropriate, in order to protect our security interest in the underlying property. In addition, business interruption insurance or other insurance may be required.

Construction loans are underwritten against projected cash flows derived from rental income, business income from an owner-occupant, or the sale of the property to an end-user. We may mitigate the risks associated with these types of loans by requiring fixed-price construction contracts, performance and payment bonding, controlled disbursements, and pre-sale contracts or pre-lease agreements.

Consumer

We offer a variety of first mortgage and junior lien loans to consumers within our markets, with residential home mortgages comprising our largest consumer loan category. These loans are secured by a primary residence and are underwritten using traditional underwriting systems to assess the credit risks of the consumer. Decisions are primarily based on LTV ratios, DTI ratios, liquidity, and credit scores. A maximum LTV ratio of 80% is generally required, although higher levels are permitted with mortgage insurance or other mitigating factors. We offer fixed rate mortgages and variable rate mortgages with interest rates that are subject to change every year after the first, third, fifth, or seventh year, depending on the product and are based on indexed rates such as prime. We do not offer payment-option facilities, sub-prime loans, or any product with negative amortization.

Home equity loans are secured primarily by second mortgages on residential property of the borrower. The underwriting terms for the home equity product generally permit borrowing availability, in the aggregate, up to 90% of the appraised value of the collateral property at the time of origination. We offer fixed and variable rate home equity loans, with variable rate loans underwritten at fully-indexed rates. Decisions are primarily based on LTV ratios, DTI ratios, and credit scores. We do not offer home equity loan products with reduced documentation.

Automobile loans include loans and leases secured by new or used automobiles. We originate automobile loans and leases primarily on an indirect basis through selected dealerships. We require borrowers to maintain collision insurance on automobiles securing consumer loans, with us listed as loss payee. Our procedures for underwriting automobile loans include an assessment of an applicant's overall financial capacity, including credit history and the ability to meet existing obligations and payments on the proposed loan. Although an applicant's creditworthiness is the primary consideration, the underwriting process also includes a comparison of the value of the collateral security to the proposed loan amount.

Asset Quality

Community-based lending personnel, along with region-based independent underwriting and analytic support staff, extend credit under guidelines established and administered by our Enterprise Risk Committee. This committee, which meets quarterly, is made up of independent outside directors. The committee monitors credit quality through its review of information such as delinquencies, credit exposures, peer comparisons, problem loans, and charge-offs. In addition, the committee reviews and approves recommended loan policy changes to assure our policy remains appropriate for the current lending environment.

We lend to commercial and commercial real estate clients in many diverse industries including manufacturing, agribusiness, transportation, mining, wholesaling, and retailing. Old National manages concentrations of credit exposure by industry, product, geography, client relationship, and loan size. At December 31, 2021, our average commercial loan size was approximately \$205,000 and our average commercial real estate loan size was approximately \$940,000. In addition, while loans to lessors of residential and non-residential real estate exceed 10% of total loans, no individual sub-segment category within those broader categories reaches the 10% threshold. At December 31, 2021, we had minimal exposure to foreign borrowers and no sovereign debt. Our policy is to concentrate our lending activity in the geographic market areas we serve, primarily Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. We have experienced an adverse impact from COVID-19 during 2020 and 2021; however, the depth of this crisis is ongoing and its effect is very broad-based. Management believes that trends in under-performing, criticized, and classified loans will be highly dependent on the distribution of vaccinations, as well as the length of time it will take consumers and businesses to return to their pre-pandemic spending routines.

The following table presents a summary of under-performing, criticized, and classified assets at December 31:

(dollars in thousands)	2021	2020
Total nonaccrual loans	\$ 106,691	\$ 147,339
TDRs still accruing	18,378	17,749
Total past due loans (90 days or more and still accruing)	7	167
Other real estate owned	2,030	1,324
Total under-performing assets	\$ 127,106	\$ 166,579
Classified loans (includes nonaccrual, TDRs still accruing, past due 90 days, and other problem loans)	\$ 269,270	\$ 304,782
Other classified assets (1)	4,338	3,706
Criticized loans	235,910	287,192
Total criticized and classified assets	\$ 509,518	\$ 595,680
Asset Quality Ratios:		
Nonaccrual loans/total loans (2)	0.78 %	1.07 %
Non-performing loans/total loans (2) (3)	0.92	1.20
Under-performing assets/total loans and other real estate owned (2)	0.93	1.21
Under-performing assets/total assets	0.52	0.73
Allowance for credit losses/under-performing assets	84.45	78.87
Allowance for credit losses/nonaccrual loans	100.61	89.17

(1) Includes one pooled trust preferred security and two insurance policies at December 31, 2021.

(2) Loans exclude loans held for sale.

(3) Non-performing loans include nonaccrual loans and TDRs still accruing.

Under-performing assets totaled \$127.1 million at December 31, 2021, compared to \$166.6 million at December 31, 2020. Under-performing assets as a percentage of total loans and other real estate owned at December 31, 2021 were 0.93%, a 28 basis point improvement from 1.21% at December 31, 2020.

Nonaccrual loans decreased \$40.6 million from December 31, 2020 to December 31, 2021 primarily due to lower commercial real estate and commercial nonaccrual loans. As a percentage of nonaccrual loans, the allowance for credit losses was 100.61% at December 31, 2021, compared to 89.17% at December 31, 2020.

If nonaccrual and renegotiated loans outstanding at December 31, 2021 and 2020, respectively, had been accruing interest throughout the year in accordance with their original terms, interest income of approximately \$5.1 million in 2021 and \$5.8 million in 2020 would have been recorded on these loans. The amount of interest income actually recorded on nonaccrual and renegotiated loans was \$1.3 million in 2021 and \$2.9 million in 2020.

Total criticized and classified assets were \$509.5 million at December 31, 2021, a decrease of \$86.2 million from December 31, 2020. Other classified assets include investment securities that fell below investment grade rating totaling \$4.3 million at December 31, 2021, compared to \$3.7 million at December 31, 2020.

Old National may choose to restructure the contractual terms of certain loans. The decision to restructure a loan, versus aggressively enforcing the collection of the loan, may benefit Old National by increasing the ultimate probability of collection.

Any loans that are modified are reviewed by Old National to identify if a TDR has occurred, which is when, for economic or legal reasons related to a borrower's financial difficulties, Old National Bank grants a concession to the borrower that it would not otherwise consider. Terms may be modified to fit the ability of the borrower to repay in line with its current financial status. The modification of the terms of such loans includes one or a combination of the following: a reduction of the stated interest rate of the loan, an extension of the maturity date at a stated rate of interest lower than the current market rate of new debt with similar risk, or a permanent reduction of the recorded investment of the loan.

Loans modified in a TDR are typically placed on nonaccrual status until we determine that the future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate a period of performance according to the restructured terms for six months.

If we are unable to resolve a nonperforming loan issue, the credit will be charged off when it is apparent there will be a loss. For large commercial type loans, each relationship is individually analyzed for evidence of apparent loss based on quantitative benchmarks or subjectively based upon certain events or particular circumstances. For residential and consumer loans, a charge off is recorded at the time foreclosure is initiated or when the loan becomes 120 to 180 days past due, whichever is earlier.

For commercial TDRs, an allocated reserve is established within the allowance for credit losses for the difference between the carrying value of the loan and its computed value. To determine the computed value of the loan, one of the following methods is selected: (1) the present value of expected cash flows discounted at the loan's original effective interest rate, (2) the loan's observable market price, or (3) the fair value of the collateral, if the loan is collateral dependent. The allocated reserve is established as the difference between the carrying value of the loan and the collectable value. If there are significant changes in the amount or timing of the loan's expected future cash flows, impairment is recalculated and the valuation allowance is adjusted accordingly.

When a residential or consumer loan is identified as a TDR, the loan is typically written down to its collateral value less selling costs.

At December 31, 2021, TDRs consisted of \$7.4 million of commercial loans, \$17.2 million of commercial real estate loans, \$0.1 million of BBCC loans, \$2.4 million of residential real estate loans, \$2.7 million of direct consumer loans, and \$0.2 million of home equity loans, totaling \$30.0 million. TDRs included within nonaccrual loans totaled \$11.7 million at December 31, 2021. At December 31, 2020, our TDRs consisted of \$11.1 million of commercial loans, \$17.6 million of commercial real estate loans, \$0.1 million of BBCC loans, \$2.8 million of residential real estate loans, \$0.8 million of direct consumer loans, and \$0.3 million of home equity loans, totaling \$32.7 million. TDRs included within nonaccrual loans totaled \$14.9 million at December 31, 2020.

Old National has allocated specific reserves to clients whose loan terms have been modified in TDRs totaling \$0.7 million at December 31, 2021 and \$1.6 million at December 31, 2020. Old National had not committed to lend any additional funds to clients with outstanding loans that are classified as TDRs at December 31, 2021 or December 31, 2020.

The terms of certain other loans were modified during 2021 and 2020 that did not meet the definition of a TDR. It is our process to review all classified and criticized loans that, during the period, have been renewed, have entered into a forbearance agreement, have gone from principal and interest to interest only, or have extended the maturity date. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on its debt in the foreseeable future without the modification. The evaluation is performed under our internal underwriting policy. We also evaluate whether a concession has been granted or if we were adequately compensated through a market interest rate, additional collateral, or a bona fide guarantee. We also consider whether the modification was insignificant relative to the other terms of the agreement or the delay in a payment.

In general, once a modified loan is considered a TDR, the loan will always be considered a TDR until it is paid in full, otherwise settled, sold, or charged off. However, guidance also permits for loans to be removed from TDR status when subsequently restructured under these circumstances: (1) at the time of the subsequent restructuring, the borrower is not experiencing financial difficulties, and this is documented by a current credit evaluation at the time of the restructuring, (2) under the terms of the subsequent restructuring agreement, the institution has granted no concession to the borrower; and (3) the subsequent restructuring agreement includes market terms that are no less favorable than those that would be offered for a comparable new loan. For loans subsequently restructured that have cumulative principal forgiveness, the loan should continue to be measured in accordance with ASC 310-10, *Receivables – Overall*. However, consistent with ASC 310-40-50-2, *Troubled Debt Restructurings by Creditors, Creditor Disclosure of Troubled Debt Restructurings*, the loan would not be required to be reported in the years following the restructuring if the subsequent restructuring meets both of these criteria: (1) has an interest rate at the time of the subsequent restructuring that is not less than a market interest rate; and (2) is performing in compliance with its modified terms after the subsequent restructuring.

We have developed relief programs to assist borrowers in financial need due to the effects of the COVID-19 pandemic. The Interagency Statement issued by our banking regulators encourages financial institutions to work prudently with borrowers who are or may be unable to meet their contractual payment obligations due to the effects of COVID-19. Additionally, Section 4013 of the CARES Act further provides that a qualified loan modification is exempt by law from classification as a TDR as defined by GAAP, from the period beginning March 1, 2020 until the earlier of December 31, 2020 or the date that is 60 days after the date on which the national emergency concerning

the COVID-19 outbreak declared by the President of the United States under the National Emergencies Act terminates. The Interagency Statement was subsequently revised in April 2020 to clarify the interaction of the original guidance with Section 4013 of the CARES Act, as well as setting forth the banking regulators' views on consumer protection considerations. Additionally, section 541 of the CAA extends the relief provided by the CARES Act for financial institutions to suspend the GAAP accounting treatment for troubled debt restructuring to January 1, 2022. After this date, we will follow the GAAP accounting treatment to determine if new modifications meet the definition of a TDR. In accordance with such guidance, during 2020 and throughout 2021 we offered short-term modifications in response to COVID-19 to borrowers who were current and otherwise not past due. These included short-term (180 days or less) modifications in the form of payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that were insignificant. These loan deferrals totaled \$6.4 million at December 31, 2021.

U.S. Small Business Administration Paycheck Protection Program

In 2020, Section 1102 of the CARES Act created the PPP, a program administered by the SBA to provide loans to small businesses for payroll and other basic expenses during the COVID-19 pandemic. Old National participated in the PPP as a lender. During 2020, Old National originated over 9,700 loans with balances of approximately \$1.518 billion to new and existing clients through the PPP. As of December 31, 2021, we have received payment from the SBA on 9,502, or 97%, of these loans totaling \$1.503 billion.

On December 27, 2020, the CAA was signed into law. The CAA, among other things, extended the life of the PPP, effectively creating a second round of PPP loans for eligible businesses. Old National participated in the CAA's second round of PPP lending. During 2021, Old National originated approximately 6,200 loans totaling \$583.7 million through the second round of the PPP. As of December 31, 2021, we have received payment from the SBA on 4,566, or 74%, of these loans totaling \$424.1 million. Additionally, section 541 of the CAA extended the relief provided by the CARES Act for financial institutions to suspend the GAAP accounting treatment for troubled debt restructuring to January 1, 2022.

At December 31, 2021, remaining PPP loans totaled \$169.0 million.

Allowance for Credit Losses on Loans and Unfunded Commitments

Beginning January 1, 2020, with the adoption of CECL, we calculated allowance for credit losses using current expected credit losses methodology. As of January 1, 2020, Old National increased the allowance for credit losses for loans by \$41.3 million and increased the allowance for credit losses for unfunded loan commitments by \$4.5 million, since the ASU covers credit losses over the expected life of a loan as well as considering future changes in macroeconomic conditions. The increase related to the acquired loan portfolio totaled \$27.1 million.

Credit quality within the loans held for investment portfolio is continuously monitored by management and is reflected within the allowance for credit losses for loans. The allowance for credit losses is an estimate of expected losses inherent within the Company's loans held for investment portfolio. Credit quality is assessed and monitored by evaluating various attributes and the results of those evaluations are utilized in underwriting new loans and in our process for estimating expected credit losses. Expected credit loss inherent in non-cancelable off-balance-sheet credit exposures is accounted for as a separate liability included in other liabilities on the balance sheet. The allowance for credit losses for loans held for investment is adjusted by a credit loss expense, which is reported in earnings, and reduced by the charge-off of loan amounts, net of recoveries. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit loss estimation process involves procedures to appropriately consider the unique characteristics of our loan portfolio segments. These segments are further disaggregated into loan classes based on the level at which credit risk of the loan is monitored. When computing the level of expected credit losses, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history, delinquency status, and other credit trends and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods, evaluations of the overall loan portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the allowance and credit loss expense in those future periods.

The allowance level is influenced by loan volumes, loan AQR migration or delinquency status, changes in historical loss experience, and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The methodology for estimating the amount of expected credit losses reported in the

allowance for credit losses has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

The loan categories used to monitor and analyze interest income and yields are different than the portfolio segments used to determine the allowance for credit losses for loans. The allowance for credit losses was calculated by pooling loans of similar credit risk characteristics and credit monitoring procedures. The four loan portfolios are classified into seven segments of loans - commercial, commercial real estate, BBCC, residential real estate, indirect, direct, and home equity. The commercial and commercial real estate loan categories shown on the balance sheet include the same pool of loans as the commercial, commercial real estate, and BBCC portfolio segments. The consumer loan category shown on the balance sheet is comprised of the same loans in the indirect, direct, and home equity portfolio segments. The portfolio segment reclassifications follow:

(dollars in thousands)	Statement Balance	Segment Portfolio Reclassifications		After Reclassifications
December 31, 2021				
Commercial	\$ 3,391,769	\$ (191,557)	\$ 3,200,212	
Commercial real estate	6,380,674	(159,190)	6,221,484	
BBCC	N/A	350,747	350,747	
Residential real estate	2,255,289	—	2,255,289	
Consumer	1,574,114	(1,574,114)	N/A	
Indirect	N/A	873,139	873,139	
Direct	N/A	140,385	140,385	
Home equity	N/A	560,590	560,590	
Total	\$ 13,601,846	\$ —	\$ 13,601,846	
December 31, 2020				
Commercial	\$ 3,956,422	\$ (198,722)	\$ 3,757,700	
Commercial real estate	5,946,512	(171,701)	5,774,811	
BBCC	N/A	370,423	370,423	
Residential real estate	2,248,422	—	2,248,422	
Consumer	1,635,123	(1,635,123)	N/A	
Indirect	N/A	913,902	913,902	
Direct	N/A	164,807	164,807	
Home equity	N/A	556,414	556,414	
Total	\$ 13,786,479	\$ —	\$ 13,786,479	

The following table details activity in our allowance for credit losses for loans for the years ended December 31:

(dollars in thousands)	2021	2020
Balance at beginning of period	\$ 131,388	\$ 54,619
Impact of adopting ASC 326	—	41,347
Loans charged-off:		
Commercial	1,228	5,593
Commercial real estate	264	4,323
BBCC	144	95
Residential real estate	346	824
Indirect	1,087	2,754
Direct	1,159	1,763
Home equity	82	201
Total charge-offs	4,310	15,553
Recoveries on charged-off loans:		
Commercial	791	3,629
Commercial real estate	4,403	4,515
BBCC	105	140
Residential real estate	339	633
Indirect	1,682	1,922
Direct	777	819
Home equity	978	922
Total recoveries	9,075	12,580
Net charge-offs (recoveries)	(4,765)	2,973
Provision for credit losses	(28,812)	38,395
Balance at end of period	\$ 107,341	\$ 131,388
Average loans for the year (1)	\$ 13,766,590	\$ 13,341,677
Asset Quality Ratios:		
Allowance/year-end loans (1)	0.79 %	0.95 %
Allowance/average loans (1)	0.78	0.98

(1) Loans exclude loans held for sale.

The following table details net charge-offs to average loans outstanding by loan category for the years ended December 31:

(dollars in thousands)	2021	2020
Commercial:		
Net charge-offs (recoveries)	\$ 437	\$ 1,964
Average loans for the year	\$ 3,553,527	\$ 3,520,397
Net charge-offs (recoveries)/average loans	0.01 %	0.06 %
Commercial real estate:		
Net charge-offs (recoveries)	\$ (4,139)	\$ (192)
Average loans for the year	\$ 6,022,408	\$ 5,436,791
Net charge-offs (recoveries)/average loans	(0.07)%	— %
BBCC:		
Net charge-offs (recoveries)	\$ 39	\$ (45)
Average loans for the year	\$ 355,310	\$ 363,463
Net charge-offs (recoveries)/average loans	0.01 %	(0.01)%
Residential real estate:		
Net charge-offs (recoveries)	\$ 7	\$ 191
Average loans for the year (1)	\$ 2,257,878	\$ 2,336,428
Net charge-offs (recoveries)/average loans	— %	0.01 %
Indirect:		
Net charge-offs (recoveries)	\$ (595)	\$ 832
Average loans for the year	\$ 879,525	\$ 935,233
Net charge-offs (recoveries)/average loans	(0.07)%	0.09 %
Direct:		
Net charge-offs (recoveries)	\$ 382	\$ 944
Average loans for the year	\$ 150,620	\$ 195,795
Net charge-offs (recoveries)/average loans	0.25 %	0.48 %
Home equity:		
Net charge-offs (recoveries)	\$ (896)	\$ (721)
Average loans for the year	\$ 547,322	\$ 553,570
Net charge-offs (recoveries)/average loans	(0.16)%	(0.13)%
Total loans:		
Net charge-offs (recoveries)	\$ (4,765)	\$ 2,973
Average loans for the year (1)	\$ 13,766,590	\$ 13,341,677
Net charge-offs (recoveries)/average loans	(0.03)%	0.02 %

(1) Average loans exclude loans held for sale.

The allowance for credit losses was \$107.3 million at December 31, 2021, compared to \$131.4 million at December 31, 2020. The decrease in the allowance for credit losses reflected the improved economic forecast. There were no industry segments representing a significant share of total net charge-offs. Continued loan growth in future periods, a decline in our current level of recoveries, or an increase in charge-offs could result in an increase in provision expense. Additionally, with the adoption of CECL beginning on January 1, 2020, provision expense may become more volatile due to changes in CECL model assumptions of credit quality, macroeconomic factors and conditions, and loan composition, which drive the allowance for credit losses balance.

Prior to January 1, 2020, we calculated allowance for loan losses using incurred losses methodology. The activity in our allowance for loan losses for the year ended December 31, 2019 was as follows:

(dollars in thousands)	2019
Balance at beginning of period	\$ 55,461
Loans charged-off:	
Commercial	3,819
Commercial real estate	2,846
Residential real estate	661
Consumer credit	7,463
Total charge-offs	14,789
Recoveries on charged-off loans:	
Commercial	1,650
Commercial real estate	3,774
Residential real estate	146
Consumer credit	3,630
Total recoveries	9,200
Net charge-offs (recoveries)	5,589
Provision for loan losses	4,747
Balance at end of period	\$ 54,619
Average loans for the year (1)	\$ 12,087,429
Asset Quality Ratios:	
Allowance/year-end loans (1)	0.45 %
Allowance/average loans (1)	0.45
Net charge-offs (recoveries)/average loans	0.05

(1) Loans exclude loans held for sale.

The following table details the allowance for credit losses for loans by loan category and the percent of loans in each category compared to total loans at December 31.

(dollars in thousands)	2021		2020	
	Allowance Amount	% of Loans to Total Loans	Allowance Amount	% of Loans to Total Loans
Commercial	\$ 27,232	23.5 %	\$ 30,567	27.3 %
Commercial real estate	64,004	45.8	75,810	41.9
BBCC	2,458	2.6	6,120	2.7
Residential real estate	9,347	16.6	12,608	16.3
Indirect	1,743	6.4	3,580	6.6
Direct	528	1.0	855	1.2
Home equity	2,029	4.1	1,848	4.0
Total	\$ 107,341	100.0 %	\$ 131,388	100.0 %

We maintain an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans, modified to take into account the probability of a drawdown on the commitment. The allowance for credit losses on unfunded loan commitments is classified as a liability account on the balance sheet within accrued expenses and other liabilities, while the corresponding provision for these credit losses is recorded as a component of other expense. The allowance for credit losses on unfunded loan commitments totaled \$10.9 million at December 31, 2021, compared to \$11.7 million at December 31, 2020.

Market Risk

Market risk is the risk that the estimated fair value of our assets, liabilities, and derivative financial instruments will decline as a result of changes in interest rates or financial market volatility, or that our net income will be significantly reduced by interest rate changes.

The objective of our interest rate management process is to maximize net interest income while operating within acceptable limits established for interest rate risk and maintaining adequate levels of funding and liquidity.

Potential cash flows, sales, or replacement value of many of our assets and liabilities, especially those that earn or pay interest, are sensitive to changes in the general level of interest rates. This interest rate risk arises primarily from our normal business activities of gathering deposits and extending loans. Many factors affect our exposure to changes in interest rates, such as general economic and financial conditions, client preferences, historical pricing relationships, and re-pricing characteristics of financial instruments. Our earnings can also be affected by the monetary and fiscal policies of the U.S. Government and its agencies, particularly the Federal Reserve.

In managing interest rate risk, we, through our Funds Management Committee, a committee of the Board of Directors, establish guidelines, for asset and liability management, including measurement of short and long-term sensitivities to changes in interest rates. Based on the results of our analysis, we may use different techniques to manage changing trends in interest rates including:

- adjusting balance sheet mix or altering interest rate characteristics of assets and liabilities;
- changing product pricing strategies;
- modifying characteristics of the investment securities portfolio; or
- using derivative financial instruments, to a limited degree.

A key element in our ongoing process is to measure and monitor interest rate risk using a model to quantify the likely impact of changing interest rates on Old National's results of operations. The model quantifies the effects of various possible interest rate scenarios on projected net interest income. The model measures the impact on net interest income relative to a base case scenario. The base case scenario assumes that the balance sheet and interest rates are held at current levels. Interest rates are floored at 0.00% in the down 50 basis points scenario. The model shows our projected net interest income sensitivity based on interest rate changes only and does not consider other forecast assumptions.

The following table illustrates our projected net interest income sensitivity over a two-year cumulative horizon based on the asset/liability model as of December 31, 2021 and 2020:

(dollars in thousands)	Immediate Rate Decrease		Immediate Rate Increase		
	-50 Basis Points	Base	+100 Basis Points	+200 Basis Points	+300 Basis Points
December 31, 2021					
Projected interest income:					
Money market, other interest earning investments, and investment securities	\$ 286,047	\$ 306,020	\$ 343,964	\$ 380,103	\$ 414,696
Loans	836,118	867,676	1,007,875	1,151,879	1,291,113
Total interest income	1,122,165	1,173,696	1,351,839	1,531,982	1,705,809
Projected interest expense:					
Deposits	14,032	23,628	108,236	193,024	277,809
Borrowings	71,218	79,068	111,178	146,967	183,450
Total interest expense	85,250	102,696	219,414	339,991	461,259
Net interest income	\$ 1,036,915	\$ 1,071,000	\$ 1,132,425	\$ 1,191,991	\$ 1,244,550
Change from base	\$ (34,085)		\$ 61,425	\$ 120,991	\$ 173,550
% change from base	(3.18)%		5.74 %	11.30 %	16.20 %
December 31, 2020					
Projected interest income:					
Money market, other interest earning investments, and investment securities	\$ 262,254	\$ 276,027	\$ 304,939	\$ 325,867	\$ 343,376
Loans	856,007	886,057	1,018,491	1,152,321	1,283,582
Total interest income	1,118,261	1,162,084	1,323,430	1,478,188	1,626,958
Projected interest expense:					
Deposits	17,574	26,598	106,018	185,434	264,847
Borrowings	63,262	67,864	103,057	137,662	173,915
Total interest expense	80,836	94,462	209,075	323,096	438,762
Net interest income	\$ 1,037,425	\$ 1,067,622	\$ 1,114,355	\$ 1,155,092	\$ 1,188,196
Change from base	\$ (30,197)		\$ 46,733	\$ 87,470	\$ 120,574
% change from base	(2.83)%		4.38 %	8.19 %	11.29 %

Our asset sensitivity increased year over year primarily due to deposit growth, higher mix of floating rate loans, and changes in our hedging strategies.

A key element in the measurement and modeling of interest rate risk is the re-pricing assumptions of our transaction deposit accounts, which have no contractual maturity dates. Because the models are driven by expected behavior in various interest rate scenarios and many factors besides market interest rates affect our net interest income, we recognize that model outputs are not guarantees of actual results. For this reason, we model many different combinations of interest rates and balance sheet assumptions to understand our overall sensitivity to market interest rate changes, including shocks, ramps, yield curve flattening, yield curve steepening, as well as forecasts of likely interest rate scenarios tested. At December 31, 2021, our projected net interest income sensitivity based on the asset/liability models we utilize was within the limits of our interest rate risk policy for the scenarios tested.

We use cash flow and fair value hedges, primarily interest rate swaps, collars, and floors, to mitigate interest rate risk. Derivatives designated as hedging instruments were in a net asset position with a fair value of \$1.3 million at December 31, 2021, compared to a net asset position with a fair value of \$15.2 million at December 31, 2020. See Note 20 to the consolidated financial statements for further discussion of derivative financial instruments.

Liquidity Risk

Liquidity risk arises from the possibility that we may not be able to satisfy current or future financial commitments, or may become unduly reliant on alternative funding sources. The Funds Management Committee of the Board of Directors establishes liquidity risk guidelines and, along with the Balance Sheet Management Committee, monitors liquidity risk. The objective of liquidity management is to ensure we have the ability to fund balance sheet growth and meet deposit and debt obligations in a timely and cost-effective manner. Management monitors liquidity through a regular review of asset and liability maturities, funding sources, and loan and deposit forecasts. We maintain strategic and contingency liquidity plans to ensure sufficient available funding to satisfy requirements for balance sheet growth, properly manage capital markets' funding sources and to address unexpected liquidity requirements. On June 5, 2020, we filed an automatic shelf registration statement with the SEC that permits us to issue an unspecified amount of debt or equity securities.

Loan repayments and maturing investment securities are a relatively predictable source of funds. However, deposit flows, calls of investment securities and prepayments of loans and mortgage-related securities are strongly influenced by interest rates, the housing market, general and local economic conditions, and competition in the marketplace. We continually monitor marketplace trends to identify patterns that might improve the predictability of the timing of deposit flows or asset prepayments.

A maturity schedule for Old National Bank's time deposits is shown in the following table at December 31, 2021.

(dollars in thousands)	Amount	Rate
Maturity Bucket		
2022	\$ 663,230	0.27 %
2023	149,526	0.74
2024	86,502	0.85
2025	33,469	0.66
2026	23,165	0.59
2027 and beyond	4,521	1.03
Total	\$ 960,413	0.42 %

Our ability to acquire funding at competitive prices is influenced by rating agencies' views of our credit quality, liquidity, capital, and earnings. Moody's Investors Service places us in an investment grade that indicates a low risk of default. For both Old National and Old National Bank:

- Moody's Investors Service affirmed the Long-Term Rating of "A3" for Old National's senior unsecured/issuer rating on February 17, 2021.
- Moody's Investors Service affirmed Old National Bank's long-term deposit rating of "Aa3" on February 17, 2021. The bank's short-term deposit rating was affirmed at "P-1" and the bank's issuer rating was affirmed at "A3."

Moody's Investors Service concluded a rating review of Old National Bank on February 17, 2021. The rating outlook from Moody's Investors Service was moved from "Stable" to "Ratings Under Review" on June 2, 2021 due to the merger announced June 1, 2021.

The credit ratings of Old National and Old National Bank at December 31, 2021 are shown in the following table.

	Moody's Investors Service	
	Long-term	Short-term
Old National	A3	N/A
Old National Bank	Aa3	P-1

Old National Bank maintains relationships in capital markets with brokers and dealers to issue certificates of deposit and short-term and medium-term bank notes as well. At December 31, 2021, Old National and its subsidiaries had the following availability of liquid funds and borrowings:

(dollars in thousands)	Parent Company	Subsidiaries
Available liquid funds:		
Cash and due from banks	\$ 107,900	\$ 714,119
Unencumbered government-issued debt securities	—	3,426,534
Unencumbered investment grade municipal securities	—	1,082,926
Unencumbered corporate securities	—	157,842
Availability of borrowings:		
Amount available from Federal Reserve discount window*	—	429,431
Amount available from Federal Home Loan Bank Indianapolis*	—	428,863
Total available funds	\$ 107,900	\$ 6,239,715

* Based on collateral pledged

Old National Bancorp has routine funding requirements consisting primarily of operating expenses, dividends to shareholders, debt service, net derivative cash flows, and funds used for acquisitions. Old National Bancorp can obtain funding to meet its obligations from dividends and management fees collected from its subsidiaries, operating line of credit, and through the issuance of debt securities. Additionally, Old National Bancorp has a shelf registration in place with the SEC permitting ready access to the public debt and equity markets. At December 31, 2021, Old National Bancorp's other borrowings outstanding were \$213.6 million. Management believes the Company has the ability to generate and obtain adequate amounts of liquidity to meet its requirements in the short-term and the long-term.

Federal banking laws regulate the amount of dividends that may be paid by banking subsidiaries without prior approval. Prior regulatory approval is required if dividends to be declared in any year would exceed net earnings of the current year plus retained net profits for the preceding two years. Prior regulatory approval to pay dividends was not required in 2020 or 2021 and is not currently required. At December 31, 2021, Old National Bank could pay dividends of \$268.1 million without prior regulatory approval.

Operational/Technology/Cybersecurity Risk

Operational/technology/cybersecurity risk is the danger that inadequate information systems, operational problems, breaches in internal controls, information security breaches, fraud, or unforeseen catastrophes will result in unexpected losses and other adverse impacts to Old National, such as reputational harm. We maintain frameworks, programs, and internal controls to prevent or minimize financial loss from failure of systems, people, or processes. This includes specific programs and frameworks intended to prevent or limit the effects of cybersecurity risk including, but not limited to, cyber-attacks or other information security breaches that might allow unauthorized transactions or unauthorized access to client, team member, or company sensitive information. Metrics and measurements are used by our management team in the management of day-to-day operations to ensure effective client service, minimization of service disruptions, and oversight of cybersecurity risk. We continually monitor and report on operational, technology, and cybersecurity risks related to business disruptions and systems failures; cyber-attacks, information security or data breaches; clients, products, and business practices; damage to physical assets; employee and workplace safety; execution, delivery, and process management; and external and internal fraud.

The Enterprise Risk Management Committee of the Board of Directors is responsible for the oversight, guidance, and monitoring of risks, including operational/technology/cybersecurity risks, being taken by the Company. The monitoring is accomplished through ongoing review of management reports, data on risks and policy limits, and consistent discussion on enterprise risk management strategies, policies, and risk assessments.

Regulatory/Compliance/Legal Risk

Regulatory/compliance/legal risk is the risk that the Company violated or was not in compliance with applicable laws, regulations or practices, industry standards, or ethical standards. The legal portion assesses the risk that unenforceable contracts, lawsuits, or adverse judgments can disrupt or otherwise negatively impact the

Company. The Board of Directors expects that we will perform business in a manner compliant with applicable laws and/or regulations and expects issues to be identified, analyzed, and remediated in a timely and complete manner.

MATERIAL CONTRACTUAL OBLIGATIONS, COMMITMENTS, AND CONTINGENT LIABILITIES

The following table presents our material fixed and determinable contractual obligations and significant commitments at December 31, 2021. Further discussion of each obligation or commitment is included in the referenced note to the consolidated financial statements.

(dollars in thousands)	Note Reference	Payments Due In			Total
		One Year or Less	Over One Year		
Deposits without stated maturity		\$ 17,608,782	\$ —	\$ 17,608,782	
IRAs, consumer, and brokered certificates of deposit	11	663,230	297,183	960,413	
Securities sold under agreements to repurchase	12	392,275	—	392,275	
Federal Home Loan Bank advances	13	27,500	1,858,519	1,886,019	

We are party to various derivative contracts as a means to manage the balance sheet and our related exposure to changes in interest rates, to manage our residential real estate loan origination and sale activity, and to provide derivative contracts to our clients. Since the derivative liabilities recorded on the balance sheet change frequently and do not represent the amounts that may ultimately be paid under these contracts, these liabilities are not included in the table of contractual obligations presented above. Further discussion of derivative instruments is included in Note 20 to the consolidated financial statements.

In the normal course of business, various legal actions and proceedings are pending against us and our affiliates which are incidental to the business in which they are engaged. Further discussion of contingent liabilities is included in Note 21 to the consolidated financial statements.

In addition, liabilities recorded under FASB ASC 740-10 (FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*) are not included in the table because the amount and timing of any cash payments cannot be reasonably estimated. Further discussion of income taxes and liabilities is included in Note 16 to the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

Our most significant accounting policies are described in Note 1 to the consolidated financial statements. Certain of these accounting policies require management to use significant judgment and estimates, which can have a material impact on the carrying value of certain assets and liabilities, and we consider these policies to be our critical accounting estimates. The judgment and assumptions made are based upon historical experience, future forecasts, or other factors that management believes to be reasonable under the circumstances. Because of the nature of the judgment and assumptions, actual results could differ from estimates, which could have a material effect on our financial condition and results of operations.

The following accounting policies materially affect our reported earnings and financial condition and require significant judgments and estimates. Management has reviewed these critical accounting estimates and related disclosures with our Audit Committee.

Goodwill

- **Description.** For acquisitions, we are required to record the assets acquired, including identified intangible assets such as goodwill, and the liabilities assumed at their fair value. These often involve estimates based on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques that may include estimates of attrition, inflation, asset growth rates, or other relevant factors. The carrying value of goodwill recorded must be reviewed for impairment on an annual basis, as well as on an interim basis if events or changes indicate that the asset might be impaired. An impairment loss must be recognized for any excess of carrying value over fair value of the goodwill.

- **Judgments and Uncertainties.** The determination of fair values is based on valuations using management's assumptions of future growth rates, future attrition, discount rates, multiples of earnings or other relevant factors.
- **Effect if Actual Results Differ From Assumptions.** Changes in these factors, as well as downturns in economic or business conditions, could have a significant adverse impact on the carrying value of goodwill and could result in impairment losses affecting our financial statements as a whole and our banking subsidiary in which the goodwill resides.
- **Pandemic.** A prolonged COVID-19 outbreak, or any other epidemic that harms the global economy, U.S. economy, or the economies in which we operate could adversely affect our operations. Based on the required annual impairment test as of August 31, 2021, we have concluded that our goodwill was not impaired. On a quarterly basis, we will continue to evaluate our qualitative assessment assumptions, which are subject to risks and uncertainties, including: (1) forecasted revenues, expenses, and cash flows; (2) current discount rates; (3) our market capitalization; (4) observable market transactions and multiples; (5) changes to the regulatory environment; and (6) the nature and amount of government support that has been and is expected to be provided in the future. A prolonged economic downturn or deterioration in the economic outlook may lead management to conclude that an interim quantitative impairment test of our goodwill is required prior to the annual impairment test conducted on August 31.

Allowance for Credit Losses for Loans

- **Description.** The allowance for credit losses for loans represents management's estimate of all expected credit losses over the expected contractual life of our loan portfolio. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then-existing loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for credit losses in those future periods.
- The allowance for credit losses for loans, as reported in our consolidated statements of financial condition, is adjusted by an expense for credit losses, which is recognized in earnings, and reduced by the charge-off of loan amounts, net of recoveries.
- **Judgments and Uncertainties.** We utilize a discounted cashflow approach to determine the allowance for credit losses for performing loans and nonperforming loans. Expected cashflows are created for each loan and discounted using the effective yield method. The discounted sum of expected cashflows is then compared to the amortized cost and any shortfall is recorded as reserve. Expected cashflows are created using a combination of contractual payment schedules, calculated PDs, LGD and prepayment assumptions as well as qualitative factors. For the commercial and commercial real estate loans, the PD is forecast using a regression model to determine the likelihood of a loan moving into nonaccrual within the time horizon. For residential and consumer loans, the PD is forecast using a regression model to determine the likelihood of a loan being charged-off within the time horizon. The regression models use combinations of variables to assess systematic and unsystematic risk. Variables used for unsystematic risk are borrower specific and help to gauge the risk of default from an individual borrower. Variables for systematic risk, risk inherent to all borrowers, come from the use of forward-looking economic forecasts and include variables such as unemployment rate, gross domestic product, and house price index. The LGD is defined as credit loss incurred when an obligor of the bank defaults. Qualitative factors include items such as changes in lending policies or procedures and economic uncertainty in forward-looking forecasts.
- **Effect if Actual Results Differ From Assumptions.** The allowance represents management's best estimate, but significant downturns in circumstances relating to loan quality and economic conditions could result in a requirement for additional allowance. Likewise, an upturn in loan quality and improved economic conditions may allow a reduction in the required allowance. In either instance, unanticipated changes could have a significant impact on results of operations.

One of the most significant judgments used in determining the allowance for credit losses is the macroeconomic forecast provided by a third party. The economic indices sourced from the macroeconomic forecast and used in projecting loss rates include the national unemployment rate, changes in commercial real estate prices, changes in home values, and changes in the United States gross domestic product. The economic index used in the calculation to which the calculation may be most sensitive is the national unemployment rate. Each reporting period, several macroeconomic forecast scenarios are considered by

management. Management selects the macroeconomic forecast that is most reflective of expectations at that point in time. Changes in the macroeconomic forecast, especially for the national unemployment rate, could significantly impact the calculated estimated credit losses.

The expense for credit loss recorded through earnings is the amount necessary to maintain the allowance for credit losses at the amount of expected credit losses inherent within the loans held for investment portfolio. The amount of expense and the corresponding level of allowance for credit losses for loans are based on our evaluation of the collectability of the loan portfolio based on historical loss experience, reasonable and supportable forecasts, and other significant qualitative and quantitative factors.

Derivative Financial Instruments

- **Description.** As part of our overall interest rate risk management, we use derivative instruments to reduce exposure to changes in interest rates and market prices for financial instruments. The application of the hedge accounting policy requires judgment in the assessment of hedge effectiveness, identification of similar hedged item groupings and measurement of changes in the fair value of derivative financial instruments and hedged items. To the extent hedging relationships are found to be effective, changes in fair value of the derivatives are offset by changes in the fair value of the related hedged item or recorded to other comprehensive income. Management believes hedge effectiveness is evaluated properly in preparation of the financial statements. All of the derivative financial instruments we use have an active market and indications of fair value can be readily obtained. We are not using the “short-cut” method of accounting for any fair value derivatives.
- **Judgments and Uncertainties.** The application of the hedge accounting policy requires judgment in the assessment of hedge effectiveness, identification of similar hedged item groupings and measurement of changes in the fair value of derivative financial instruments and hedged items.
- **Effect if Actual Results Differ From Assumptions.** To the extent hedging relationships are found to be effective, changes in fair value of the derivatives are offset by changes in the fair value of the related hedged item or recorded to other comprehensive income. However, if in the future the derivative financial instruments used by us no longer qualify for hedge accounting treatment, all changes in fair value of the derivative would flow through the consolidated statements of income in other noninterest income, resulting in greater volatility in our earnings.

Income Taxes

- **Description.** We are subject to the income tax laws of the U.S., its states, and the municipalities in which we operate. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant government taxing authorities. We review income tax expense and the carrying value of deferred tax assets quarterly; and as new information becomes available, the balances are adjusted as appropriate. FASB ASC 740-10 (FIN 48) prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. See Note 16 to the consolidated financial statements for a further description of our provision and related income tax assets and liabilities.
- **Judgments and Uncertainties.** In establishing a provision for income tax expense, we must make judgments and interpretations about the application of these inherently complex tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions. Disputes over interpretations of the tax laws may be subject to review/adjudication by the court systems of the various tax jurisdictions or may be settled with the taxing authority upon examination or audit.
- **Effect if Actual Results Differ From Assumptions.** Although management believes that the judgments and estimates used are reasonable, actual results could differ and we may be exposed to losses or gains that could be material. To the extent we prevail in matters for which reserves have been established, or are required to pay amounts in excess of our reserves, our effective income tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement would result in an increase in our effective income tax rate in the period of resolution. A favorable tax settlement would result in a reduction in our effective income tax rate in the period of resolution.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee and the Audit Committee has reviewed our disclosure relating to it in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk” of this Form 10-K is incorporated herein by reference in response to this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF MANAGEMENT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the financial statements and related financial information appearing in this annual report on Form 10-K. The financial statements and notes have been prepared in conformity with accounting principles generally accepted in the United States and include some amounts which are estimates based upon currently available information and management's judgment of current conditions and circumstances. Financial information throughout this annual report on Form 10-K is consistent with that in the financial statements.

Management maintains a system of internal accounting controls, which is believed to provide, in all material respects, reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and recorded, and the financial records are reliable for preparing financial statements and maintaining accountability for assets. In addition, Old National has a Code of Business Conduct and Ethics, a Senior Financial and Executive Officer Code of Ethics and Corporate Governance Guidelines that outline high levels of ethical business standards. Old National has also appointed a Chief Ethics Officer and had a third party perform an independent validation of our ethics program. All systems of internal accounting controls are based on management's judgment that the cost of controls should not exceed the benefits to be achieved and that no system can provide absolute assurance that control objectives are achieved. Management believes Old National's system provides the appropriate balance between cost of controls and the related benefits.

In order to monitor compliance with this system of controls, Old National maintains an extensive internal audit program. Internal audit reports are issued to appropriate officers and significant audit exceptions, if any, are reviewed with management and the Audit Committee.

The Board of Directors, through an Audit Committee comprised solely of independent outside directors, oversees management's discharge of its financial reporting responsibilities. The Audit Committee meets regularly with Old National's independent registered public accounting firm, Crowe LLP, and the managers of financial reporting, internal audit, and risk. During these meetings, the committee meets privately with the independent registered public accounting firm as well as with financial reporting and internal audit personnel to review accounting, auditing, and financial reporting matters. The appointment of the independent registered public accounting firm is made by the Audit Committee.

The consolidated financial statements in this annual report on Form 10-K have been audited by Crowe LLP, for the purpose of determining that the consolidated financial statements are presented fairly, in all material respects in conformity with accounting principles generally accepted in the United States. Crowe LLP's report on the financial statements follows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Old National is responsible for establishing and maintaining adequate internal control over financial reporting. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Old National's management assessed the effectiveness of Old National's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework*. Based on that assessment Old National has concluded that, as of December 31, 2021, Old National's internal control over financial reporting is effective. Old National's independent registered public accounting firm has audited the effectiveness of Old National's internal control over financial reporting as of December 31, 2021 as stated in their report, which follows.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of Old National Bancorp
Evansville, Indiana

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Old National Bancorp (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for credit losses effective January 1, 2020 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 326, Financial Instruments – Credit Losses (ASC 326). The Company adopted the credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting

principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Allowance and Provision for Credit Losses on Loans

The allowance for credit losses (the "ACL") is an accounting estimate of expected credit losses over the contractual life of financial assets carried at amortized cost and off-balance-sheet credit exposures as described in Notes 1 and 4 of the consolidated financial statements. A financial asset (or a group of financial assets), including the Company's loan portfolio, is required to be measured at amortized cost to be presented at the net amount expected to be collected. Estimates of expected credit losses for loans are based on historical experience, current conditions and reasonable and supportable forecasts over the expected life of the loans. In order to estimate the expected credit losses, the Company utilizes several loss estimation models.

The Company utilizes a discounted cash flow ("DCF") approach with probability of default ("PD") methodology. The PD regression models use combinations of variables to assess risk including unsystematic risk to help gauge the risk of default from an individual borrower and variables for systematic risk applicable to all borrowers. Other assumptions used to determine the quantitative allowance include the loss given default (LGD), which is defined as credit loss incurred when an obligor of the bank defaults, and prepayment assumptions. Expected cashflows are created for each loan using reasonable and supportable forecasts and discounted using the loan's effective yield. The discounted sum of expected cashflows is then compared to the amortized cost and any shortfall is recorded as a component of the ACL. Qualitative adjustments are applied to the quantitative component to adjust for factors such as current conditions.

The ACL and related Provision for Credit Losses was identified by us as a critical audit matter because of the extent of auditor judgment applied and significant audit effort to evaluate the significant subjective and complex judgments made by management throughout calculation, including the need to involve our valuation services specialists. The principal considerations resulting in our determination included the following:

- Significant auditor judgment in evaluating the selection and application of the reasonable and supportable forecast of economic variables and reasonableness of other model assumptions.
- Significant auditor judgment and effort in evaluating the qualitative factors used in the calculation related to adjustments for economic uncertainty in the forward-looking forecast.
- Significant audit effort related to the completeness and accuracy of the high volume of data used and data flow between systems.

The primary procedures performed to address the critical audit matter included:

- Testing the effectiveness of management's internal controls over preparation and evaluation of the ACL calculation, significant model assumptions, development and reasonableness of qualitative factors, completeness and accuracy of data used in the calculation, systems used in the development of the estimate, and the appropriateness of the overall calculation.
- With the assistance of our valuation specialists, evaluating the effectiveness of management's internal controls over PD model monitoring and validation of the assumptions, calculations, and functionality of the PD and DCF models.
- Evaluating management's judgments in the selection and application of reasonable and supportable forecasts of economic variables.
- Substantively testing management's process for developing qualitative factors and assessing the reasonableness, relevance, and reliability of data used to develop qualitative factors, including evaluating management's judgments and assumptions for reasonableness.
- Substantively testing the mathematical accuracy of the DCF model at a loan level, including the completeness and accuracy of loan data used in the model.
- Substantively testing the completeness and accuracy of data used in the calculation and the data flow between the various systems.

The logo for Crowe LLP, featuring the company name in a stylized, handwritten font.

Crowe LLP

We have served as the Company's auditor since 2005, which is the year the engagement letter was signed for the audit of the 2006 financial statements.

Louisville, Kentucky
February 10, 2022

OLD NATIONAL BANCORP
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2021	2020
(dollars and shares in thousands, except per share data)		
Assets		
Cash and due from banks	\$ 172,663	\$ 268,208
Money market and other interest-earning investments	649,356	321,504
Total cash and cash equivalents	822,019	589,712
Equity securities, at fair value	13,211	2,547
Investment securities - available-for-sale, at fair value:		
U.S. Treasury	235,584	10,208
U.S. government-sponsored entities and agencies	1,542,773	841,988
Mortgage-backed securities	3,698,831	3,339,098
States and political subdivisions	1,654,986	1,492,162
Other securities	249,892	286,659
Total investment securities - available-for-sale	7,382,066	5,970,115
Federal Home Loan Bank/Federal Reserve Bank stock, at cost	169,375	169,433
Loans held for sale, at fair value	35,458	63,250
Loans:		
Commercial	3,391,769	3,956,422
Commercial real estate	6,380,674	5,946,512
Residential real estate	2,255,289	2,248,422
Consumer credit, net of unearned income	1,574,114	1,635,123
Total loans, net of unearned income	13,601,846	13,786,479
Allowance for credit losses	(107,341)	(131,388)
Net loans	13,494,505	13,655,091
Premises and equipment, net	476,186	464,408
Operating lease right-of-use assets	69,560	76,197
Accrued interest receivable	84,109	85,306
Goodwill	1,036,994	1,036,994
Other intangible assets	34,678	46,014
Company-owned life insurance	463,324	456,110
Other assets	372,079	345,445
Total assets	\$ 24,453,564	\$ 22,960,622
Liabilities		
Deposits:		
Noninterest-bearing demand	\$ 6,303,106	\$ 5,633,672
Interest-bearing:		
Checking and NOW	5,338,022	4,977,046
Savings	3,798,494	3,395,747
Money market	2,169,160	1,908,118
Time deposits	960,413	1,122,870
Total deposits	18,569,195	17,037,453
Federal funds purchased and interbank borrowings	276	1,166
Securities sold under agreements to repurchase	392,275	431,166
Federal Home Loan Bank advances	1,886,019	1,991,435
Other borrowings	296,670	252,787
Operating lease liabilities	76,236	86,598
Accrued expenses and other liabilities	220,875	187,361
Total liabilities	21,441,546	19,987,966
Commitments and contingencies (Note 21)		
Shareholders' Equity		
Preferred stock, series A, 2,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$1.00 per share stated value, 300,000 shares authorized, 165,838 and 165,367 shares issued and outstanding, respectively	165,838	165,367
Capital surplus	1,880,545	1,875,626
Retained earnings	968,010	783,892
Accumulated other comprehensive income (loss), net of tax	(2,375)	147,771
Total shareholders' equity	3,012,018	2,972,656
Total liabilities and shareholders' equity	\$ 24,453,564	\$ 22,960,622

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
(dollars and shares in thousands, except per share data)	2021	2020	2019
Interest Income			
Loans including fees:			
Taxable	\$ 490,042	\$ 515,980	\$ 569,718
Nontaxable	12,392	13,908	15,919
Investment securities:			
Taxable	98,031	98,953	113,832
Nontaxable	37,595	33,899	29,248
Money market and other interest-earning investments	589	568	1,670
Total interest income	638,649	663,308	730,387
Interest Expense			
Deposits	10,954	28,169	69,364
Federal funds purchased and interbank borrowings	—	1,296	5,656
Securities sold under agreements to repurchase	397	854	2,517
Federal Home Loan Bank advances	21,075	27,274	37,452
Other borrowings	9,823	9,621	11,125
Total interest expense	42,249	67,214	126,114
Net interest income	596,400	596,094	604,273
Provision for credit losses (1)	(28,812)	38,395	4,747
Net interest income after provision for credit losses	625,212	557,699	599,526
Noninterest Income			
Wealth management fees	40,409	36,806	37,072
Service charges on deposit accounts	34,685	35,081	44,915
Debit card and ATM fees	20,739	20,178	21,652
Mortgage banking revenue	42,558	62,775	26,622
Investment product fees	24,639	21,614	21,785
Capital markets income	21,997	22,480	13,270
Company-owned life insurance	10,589	12,031	11,539
Debt securities gains (losses), net	4,327	10,767	1,923
Other income	14,276	17,542	20,539
Total noninterest income	214,219	239,274	199,317
Noninterest Expense			
Salaries and employee benefits	284,098	293,590	289,452
Occupancy	54,834	55,316	55,255
Equipment	16,704	16,690	16,903
Marketing	12,684	10,874	15,898
Data processing	47,047	41,086	37,589
Communication	10,073	9,731	10,702
Professional fees	20,077	15,755	22,854
FDIC assessment	6,059	6,722	6,030
Amortization of intangibles	11,336	14,091	16,911
Amortization of tax credit investments	6,770	18,788	2,749
Other expense	30,887	58,774	34,144
Total noninterest expense	500,569	541,417	508,487
Income before income taxes	338,862	255,556	290,356
Income tax expense	61,324	29,147	52,150
Net income	\$ 277,538	\$ 226,409	\$ 238,206
Net income per common share - basic	1.68	1.37	1.39
Net income per common share - diluted	1.67	1.36	1.38
Weighted average number of common shares outstanding - basic	165,178	165,509	171,907
Weighted average number of common shares outstanding - diluted	165,929	166,177	172,687
Dividends per common share	0.56	0.56	0.52

(1) Beginning January 1, 2020, with the adoption of CECL, calculation is based on current expected credit loss methodology.

Prior to January 1, 2020, calculation was based on incurred loss methodology.

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Net income	\$ 277,538	\$ 226,409	\$ 238,206
Other comprehensive income (loss):			
Change in debt securities available-for-sale:			
Unrealized holding gains (losses) for the period	(187,955)	125,214	123,006
Reclassification adjustment for securities (gains) losses realized in income	(4,327)	(10,767)	(1,923)
Income tax effect	43,997	(25,243)	(27,604)
Unrealized gains (losses) on available-for-sale debt securities	(148,285)	89,204	93,479
Change in securities held-to-maturity:			
Adjustment for securities transferred to available-for-sale	—	—	8,200
Amortization of unrealized losses on securities transferred from available-for-sale	—	—	2,812
Income tax effect	—	—	(2,497)
Changes from securities held-to-maturity	—	—	8,515
Change in cash flow hedges:			
Net unrealized derivative gains (losses) on cash flow hedges	1,898	8,261	(543)
Reclassification adjustment for (gains) losses realized in net income	(4,605)	(5,153)	(596)
Income tax effect	666	(764)	280
Changes from cash flow hedges	(2,041)	2,344	(859)
Change in defined benefit pension plans:			
Amortization of net loss recognized in income	239	21	30
Income tax effect	(59)	(5)	(8)
Changes from defined benefit pension plans	180	16	22
Other comprehensive income (loss), net of tax	(150,146)	91,564	101,157
Comprehensive income	\$ 127,392	\$ 317,973	\$ 339,363

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(dollars in thousands, except per share data)	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2018	\$ 175,141	\$ 2,031,695	\$ 527,684	\$ (44,950)	\$ 2,689,570
Cumulative effect of change in accounting principles	—	—	6,322	—	6,322
Balance, January 1, 2019	175,141	2,031,695	534,006	(44,950)	2,695,892
Net income	—	—	238,206	—	238,206
Other comprehensive income (loss)	—	—	—	101,157	101,157
Dividends - common stock (\$0.52 per share)	—	—	(89,474)	—	(89,474)
Common stock issued	36	531	—	—	567
Common stock repurchased	(6,174)	(96,239)	—	—	(102,413)
Share-based compensation expense	—	7,993	—	—	7,993
Stock activity under incentive compensation plans	613	465	(553)	—	525
Balance, December 31, 2019	169,616	1,944,445	682,185	56,207	2,852,453
Cumulative effect of change in accounting principles	—	—	(31,150)	—	(31,150)
Balance, January 1, 2020	169,616	1,944,445	651,035	56,207	2,821,303
Net income	—	—	226,409	—	226,409
Other comprehensive income (loss)	—	—	—	91,564	91,564
Dividends - common stock (\$0.56 per share)	—	—	(92,946)	—	(92,946)
Common stock issued	43	534	—	—	577
Common stock repurchased	(5,115)	(77,243)	—	—	(82,358)
Share-based compensation expense	—	7,707	—	—	7,707
Stock activity under incentive compensation plans	823	183	(606)	—	400
Balance, December 31, 2020	165,367	1,875,626	783,892	147,771	2,972,656
Net income	—	—	277,538	—	277,538
Other comprehensive income (loss)	—	—	—	(150,146)	(150,146)
Dividends - common stock (\$0.56 per share)	—	—	(92,829)	—	(92,829)
Common stock issued	35	548	—	—	583
Common stock repurchased	(208)	(3,523)	—	—	(3,731)
Share-based compensation expense	—	7,497	—	—	7,497
Stock activity under incentive compensation plans	644	397	(591)	—	450
Balance, December 31, 2021	\$ 165,838	\$ 1,880,545	\$ 968,010	\$ (2,375)	\$ 3,012,018

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Cash Flows From Operating Activities			
Net income	\$ 277,538	\$ 226,409	\$ 238,206
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	27,276	28,911	26,719
Amortization of other intangible assets	11,336	14,091	16,911
Amortization of tax credit investments	6,770	18,788	2,749
Net premium amortization on investment securities	16,305	18,798	19,210
Accretion income related to acquired loans	(16,747)	(23,331)	(42,772)
Share-based compensation expense	7,497	7,707	7,993
Provision for credit losses	(28,812)	38,395	4,747
Debt securities (gains) losses, net	(4,327)	(10,767)	(1,923)
Net (gains) losses on sales of loans and other assets	(36,677)	(23,787)	(7,370)
Increase in cash surrender value of company-owned life insurance	(10,589)	(12,031)	(11,539)
Residential real estate loans originated for sale	(1,215,015)	(1,432,488)	(854,848)
Proceeds from sales of residential real estate loans	1,274,812	1,455,067	834,024
(Increase) decrease in interest receivable	1,198	(183)	4,340
(Increase) decrease in other assets	2,641	(105,969)	22,253
Increase (decrease) in accrued expenses and other liabilities	17,174	20,210	(24,944)
Net cash flows provided by (used in) operating activities	330,380	219,820	233,756
Cash Flows From Investing Activities			
Purchases of investment securities available-for-sale	(3,321,653)	(2,803,406)	(2,366,089)
Purchases of Federal Home Loan Bank/Federal Reserve Bank stock	—	(10,025)	(21,142)
Purchases of equity securities	(11,000)	—	—
Proceeds from maturities, prepayments, and calls of investment securities available-for-sale	1,511,510	1,990,383	1,175,272
Proceeds from sales of investment securities available-for-sale	198,886	299,885	424,140
Proceeds from maturities, prepayments, and calls of investment securities held-to-maturity	—	—	115,648
Proceeds from sales of investment securities held-to-maturity	—	—	9,921
Proceeds from sales of Federal Home Loan Bank/Federal Reserve Bank stock	58	4,691	23
Proceeds from sales of equity securities	544	39,296	130
Loan originations and payments, net	206,145	(1,644,119)	163,551
Proceeds from company-owned life insurance death benefits	3,375	4,888	6,796
Proceeds from sale of premises and equipment and other assets	29,244	7,826	3,769
Purchases of premises and equipment and other assets	(48,692)	(30,871)	(37,423)
Net cash flows provided by (used in) investing activities	(1,431,583)	(2,141,452)	(525,404)
Cash Flows From Financing Activities			
Net increase (decrease) in:			
Deposits	1,531,742	2,484,056	203,448
Federal funds purchased and interbank borrowings	(890)	(349,248)	80,279
Securities sold under agreements to repurchase	(38,891)	103,384	(34,512)
Other borrowings	36,187	4,171	(4,377)
Payments for maturities of Federal Home Loan Bank advances	(146,505)	(751,505)	(377,978)
Payments for modification of Federal Home Loan Bank advances	(2,156)	(31,124)	—
Proceeds from Federal Home Loan Bank advances	50,000	950,000	575,000
Cash dividends paid on common stock	(92,829)	(92,946)	(89,474)
Common stock repurchased	(3,731)	(82,358)	(102,413)
Proceeds from exercise of stock options	—	—	280
Common stock issued	583	577	567
Net cash flows provided by (used in) financing activities	1,333,510	2,235,007	250,820
Net increase (decrease) in cash and cash equivalents	232,307	313,375	(40,828)
Cash and cash equivalents at beginning of period	589,712	276,337	317,165
Cash and cash equivalents at end of period	\$ 822,019	\$ 589,712	\$ 276,337

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NATURE OF OPERATIONS

Old National Bancorp, a financial holding company headquartered in Evansville, Indiana, operates primarily in Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. Its principal subsidiary is Old National Bank. Through its bank and non-bank affiliates, Old National Bancorp provides to its clients a plethora of financial services including loan, deposit, wealth management, investment consulting, and investment products.

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Old National Bancorp and its wholly-owned subsidiaries (hereinafter collectively referred to as “Old National”) and have been prepared in conformity with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry. Such principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

All significant intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the current presentation. Such reclassifications had no effect on prior year net income or shareholders’ equity and were insignificant amounts.

Equity Securities

Equity securities consist of mutual funds for Community Reinvestment Act qualified investments and mutual funds held in trusts associated with deferred compensation plans for former directors. Equity securities are recorded at fair value with changes in fair value recognized in other income.

Investment Securities

Old National classified all of its debt investment securities as available-for-sale at December 31, 2021 and December 31, 2020. Debt securities classified as available-for-sale are recorded at fair value with the unrealized gains and losses recorded in other comprehensive income, net of tax. Realized gains and losses affect income and the prior fair value adjustments are reclassified within shareholders’ equity. Prior to the fourth quarter of 2019, Old National also had debt securities classified as held-to-maturity. Debt securities classified as held-to-maturity, which management had the intent and ability to hold to maturity, were reported at amortized cost. Interest income included amortization of purchase premiums or discounts. Premiums and discounts were amortized on the level-yield method. Anticipated prepayments were considered when amortizing premiums and discounts on mortgage-backed securities. Gains and losses on the sale of available-for-sale debt securities are determined using the specific-identification method.

Available-for-sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. For available-for-sale debt securities in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security’s amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the criteria, we evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security and the issuer, among other factors. If this assessment indicates that a credit loss exists, we compare the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of applicable taxes. Accrued interest receivable on available-for-sale debt securities is excluded from the estimate of credit losses.

Federal Home Loan Bank/Federal Reserve Bank Stock

Old National is a member of the FHLB system and its regional Federal Reserve Bank. Members are required to own a certain amount of stock based on the level of borrowings and other factors. FHLB and Federal Reserve Bank stock are carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans Held for Sale

Loans that Old National has originated with an intent to sell are classified as loans held for sale and are recorded at fair value, determined individually, as of the balance sheet date. The loan's fair value includes the servicing value of the loans as well as any accrued interest. Conventional mortgage production is sold with servicing rights retained. Certain loans, such as government guaranteed mortgage loans are sold on servicing released basis. Mortgage loans held for immediate sale in the secondary market were \$35.5 million at December 31, 2021, compared to \$63.3 million at December 31, 2020.

Loans

Loans that Old National intends to hold for investment purposes are classified as portfolio loans. Portfolio loans are carried at the principal balance outstanding, net of earned interest, purchase premiums or discounts, deferred loan fees and costs, and an allowance for credit losses. Interest income is accrued on the principal balances of loans outstanding. For all loan classes, a loan is generally placed on nonaccrual status when principal or interest becomes 90 days past due unless it is well secured and in the process of collection, or earlier when concern exists as to the ultimate collectability of principal or interest. Interest accrued but not received is reversed against earnings. Cash interest received on these loans is applied to the principal balance until the principal is recovered or until the loan returns to accrual status. Loans may be returned to accrual status when all the principal and interest amounts contractually due are brought current, remain current for a prescribed period, and future payments are reasonably assured.

Old National has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. PCD loans are recorded at the amount paid. An allowance for credit losses is determined using the same methodology as other loans held for investment. The initial allowance for credit losses determined on a collective basis is allocated to individual loans. The sum of the loan's purchase price and initial allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is accreted or amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through provision for credit losses.

Allowance for Credit Losses for Loans

Credit quality within the loans held for investment portfolio is continuously monitored by management and is reflected within the allowance for credit losses for loans. With the adoption of ASC 326 effective January 1, 2020, the allowance for credit losses is an estimate of expected losses inherent within the Company's loans held for investment portfolio. Credit quality is assessed and monitored by evaluating various attributes and the results of those evaluations are utilized in underwriting new loans and in our process for estimating expected credit losses. Expected credit loss inherent in non-cancelable off-balance-sheet credit exposures is accounted for as a separate liability included in other liabilities on the balance sheet. The allowance for credit losses for loans held for investment is adjusted by a credit loss expense, which is reported in earnings, and reduced by the charge-off of loan amounts, net of recoveries. Old National has made a policy election to report accrued interest receivable as a separate line item on the balance sheet.

The allowance for credit loss estimation process involves procedures to appropriately consider the unique characteristics of its loan portfolio segments. These segments are further disaggregated into loan classes based on the level at which credit risk is monitored. When computing the level of expected credit losses, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history, delinquency status, and other credit trends and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods evaluations of the overall loan portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the allowance and credit loss expense in those future periods.

The allowance level is influenced by loan volumes, loan AQR migration or delinquency status, changes in historical loss experience, and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The methodology for estimating the amount of expected credit losses reported in the allowance for credit losses has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

We utilize a discounted cashflow approach to determine the allowance for credit losses for performing loans and nonperforming loans. Expected cashflows are created for each loan and discounted using the effective yield method. The discounted sum of expected cashflows is then compared to the amortized cost and any shortfall is recorded as reserve. Expected cashflows are created using a combination of contractual payment schedules, calculated PDs, LGD, and prepayment assumptions as well as qualitative factors. For the commercial and commercial real estate loans, the PD is forecast using a regression model to determine the likelihood of a loan moving into nonaccrual within the time horizon. For residential and consumer loans, the PD is forecast using a regression model to determine the likelihood of a loan being charged-off within the time horizon. The regression models use combinations of variables to assess systematic and unsystematic risk. Variables used for unsystematic risk are borrower specific and help to gauge the risk of default from an individual borrower. Variables for systematic risk, risk inherent to all borrowers, come from the use of forward-looking economic forecasts and include variables such as unemployment rate, gross domestic product, and house price index. The LGD is defined as credit loss incurred when an obligor of the bank defaults. Qualitative factors include items such as changes in lending policies or procedures and economic uncertainty in forward-looking forecasts.

Prior to the adoption of ASC 326 on January 1, 2020, Old National calculated allowance for loan losses using incurred losses methodology. Further information regarding Old National's policies and methodology used to estimate the allowance for credit losses for loans is presented in Note 4 to the consolidated financial statements.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Land is stated at cost. Depreciation is charged to operating expense over the useful lives of the assets, principally on the straight-line method. Useful lives for premises and equipment are as follows: buildings and building improvements – 10 to 39 years; and furniture and equipment – 3 to 7 years. Leasehold improvements are depreciated over the lesser of their useful lives or the term of the lease. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Interest costs on construction of qualifying assets are capitalized.

Premises and equipment are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are adjusted to fair value. Such impairments are included in other expense.

Goodwill and Other Intangible Assets

Goodwill arises from business combinations and is determined as the excess of the cost of acquired entities over the fair value of identifiable assets acquired less liabilities assumed as of the acquisition date. Amortization of goodwill and indefinite-lived assets is not recorded. However, the recoverability of goodwill and other intangible assets are tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. Other intangible assets, including core deposits and customer business relationships, are amortized primarily on an accelerated basis over their estimated useful lives, generally over a period of 5 to 15 years.

Company-Owned Life Insurance

Old National has purchased, as well as obtained through acquisitions, life insurance policies on certain key executives. Old National records company-owned life insurance at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Loan Servicing Rights

When loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gain on sales of loans. Fair value is based on market prices for comparable servicing

contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. Loan servicing rights are included in other assets on the balance sheet.

Loan servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type, term, and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If Old National later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported with mortgage banking revenue on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses. Servicing fee income, which is reported on the income statement as mortgage banking revenue, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loan and are recorded as income when earned.

Derivative Financial Instruments

As part of Old National's overall interest rate risk management, Old National uses derivative instruments, including TBA forward agreements and interest rate swaps, collars, caps, and floors. All derivative instruments are recognized on the balance sheet at their fair value. At the inception of the derivative contract, Old National designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the change in value of the derivative, as well as the offsetting change in value of the hedged item attributable to the hedged risk, are recognized in current earnings during the period of the change in fair values. For a cash flow hedge, the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, in noninterest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income.

Old National formally documents all relationships between derivatives and hedged items, as well as the risk-management objective and strategy for undertaking various hedge transactions. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Old National also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. Old National discontinues hedge accounting prospectively when it is determined that (1) the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; (2) the derivative expires, is sold, or terminated; (3) the derivative instrument is de-designated as a hedge because the forecasted transaction is no longer probable of occurring; (4) a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as noninterest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transaction is still expected to occur, changes in value that were accumulated in other comprehensive income are amortized or accreted into earnings over the same periods which the hedged transactions will affect earnings.

Old National enters into various stand-alone mortgage-banking derivatives in order to hedge the risk associated with the fluctuation of interest rates. Changes in fair value are recorded as mortgage banking revenue. Old National also enters into various stand-alone derivative contracts to provide derivative products to clients, which are carried at fair value with changes in fair value recorded as other noninterest income.

Old National is exposed to losses if a counterparty fails to make its payments under a contract in which Old National is in the net receiving position. Old National anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. In addition, Old National obtains collateral above certain thresholds of the fair value of its hedges for each counterparty based upon their credit standing. All of the contracts to which Old National is a party settle monthly, quarterly, or semiannually. Further, Old National has netting agreements with the dealers with which it does business.

Credit-Related Financial Instruments

In the ordinary course of business, Old National's bank subsidiary has entered into credit-related financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit. The notional amount of these commitments is not reflected in the consolidated financial statements until they are funded. Old National maintains an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans, modified to take into account the probability of a drawdown on the commitment. The allowance for credit losses on unfunded loan commitments is classified as a liability account on the balance sheet and is adjusted as a provision for credit loss expense included in other expense.

Repossessed Collateral

Other real estate owned and repossessed personal property are initially recorded at the fair value of the property less estimated cost to sell and are included in other assets on the balance sheet. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through the completion of a deed in lieu of foreclosure or through a similar legal agreement. Any excess recorded investment over the fair value of the property received is charged to the allowance for credit losses. Any subsequent write-downs are recorded in noninterest expense, as are the costs of operating the properties. Gains or losses resulting from the sale of collateral are recognized in noninterest expense at the date of sale.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

We purchase certain securities, generally U.S. government-sponsored entity and agency securities, under agreements to resell. The amounts advanced under these agreements represent short-term secured loans and are reflected as assets in the accompanying consolidated balance sheets. We also sell certain securities under agreements to repurchase. These agreements are treated as collateralized financing transactions. These secured borrowings are reflected as liabilities in the accompanying consolidated balance sheets and are recorded at the amount of cash received in connection with the transaction. Short-term securities sold under agreements to repurchase generally mature within one to four days from the transaction date. Securities, generally U.S. government and federal agency securities, pledged as collateral under these financing arrangements can be repledged by the secured party. Additional collateral may be required based on the fair value of the underlying securities.

Share-Based Compensation

Compensation cost is recognized for stock options, stock appreciation rights, and restricted stock awards and units issued to employees based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options and appreciation rights, while the market price of our Common Stock at the date of grant is used for restricted stock awards. The market price of our Common Stock at the date of grant less the present value of dividends expected to be paid during the performance period is used for restricted stock units where the performance measure is based on an internal performance measure. A third party provider is used to value certain restricted stock units where the performance measure is based on total shareholder return. Compensation expense is recognized over the required service period. Forfeitures are recognized as they occur.

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

We recognize a tax position as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

We recognize interest and/or penalties related to income tax matters in income tax expense.

Old National is a limited partner in several tax-advantaged limited partnerships whose purpose is to invest in approved qualified affordable housing, renewable energy, or other renovation or community revitalization projects. These investments are included in other assets on the balance sheet, with any unfunded commitments included with other liabilities. Certain of these assets qualify for the proportional amortization method and are amortized over the period that Old National expects to receive the tax credits, with the expense included within income tax expense on the consolidated statements of income. The other investments are accounted for under the equity method, with the expense included within noninterest expense on the consolidated statements of income. All of our tax credit investments are evaluated for impairment at the end of each reporting period.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. See Note 21 to the consolidated financial statements for further disclosure.

Cash Equivalents and Cash Flows

For the purpose of presentation in the accompanying consolidated statement of cash flows, cash and cash equivalents are defined as cash, due from banks, federal funds sold and resell agreements, and money market investments, which have maturities less than 90 days. Cash flows from loans, either originated or acquired, are classified at that time according to management’s intent to either sell or hold the loan for the foreseeable future. When management’s intent is to sell the loan, the cash flows of that loan are presented as operating cash flows. When management’s intent is to hold the loan for the foreseeable future, the cash flows of that loan are presented as investing cash flows.

The following table summarizes supplemental cash flow information:

	Years Ended December 31,		
(dollars in thousands)	2021	2020	2019
Cash payments:			
Interest	\$ 42,196	\$ 70,043	\$ 127,713
Income taxes (net of refunds)	31,875	24,436	5,494
Noncash Investing and Financing Activities:			
Securities transferred from held-to-maturity to available-for-sale	—	—	381,992
Transfer of premises and equipment to assets held for sale	9,539	16,661	2,689
Operating lease right-of-use assets obtained in exchange for lease obligations	776	(116)	113,498
Finance lease right-of-use assets obtained in exchange for lease obligations	7,477	5,225	7,871

Business Combinations

Old National accounts for business combinations using the acquisition method of accounting. The accounts of an acquired entity are included as of the date of acquisition, and any excess of purchase price over the fair value of the net assets acquired is capitalized as goodwill. Alternatively, a gain is recorded if the fair value of the net assets acquired exceeds the purchase price. Old National typically issues Common Stock and/or pays cash for an acquisition, depending on the terms of the acquisition agreement. The value of Common Stock issued is determined based on the market price of the stock as of the closing of the acquisition. Acquisition costs are expensed when incurred. There were no acquisitions during 2021, 2020, or 2019.

Impact of Accounting Changes

Accounting Guidance Adopted in 2021

FASB ASC 715 – In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The amendments in this update became effective for fiscal years ending after December 15, 2020 and did not have a material impact on the financial statements.

FASB ASC 740 – In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This ASU removes specific exceptions to the general principles in Topic 740 in GAAP. It eliminates the need for an organization to analyze whether the following apply in a given period: (1) exception to the incremental approach for intraperiod tax allocation; (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments; and (3) exception in interim period income tax accounting for year-to-date losses that exceed anticipated losses. The ASU also improves financial statement preparers' application of income tax-related guidance and simplifies GAAP for: (1) franchise taxes that are partially based on income; (2) transactions with a government that result in a step up in the tax basis of goodwill; (3) separate financial statements of legal entities that are not subject to tax; and (4) enacted changes in tax laws in interim periods. The amendments in this update became effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years and did not have a material impact on the financial statements.

FASB ASC 321, 323, and 815 – In January 2020, the FASB issued ASU No. 2020-01, *Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions Between Topic 321, Topic 323, and Topic 815 (a Consensus of the Emerging Issues Task Force)*. The ASU clarifies the interaction between ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and the ASU on equity method investments. ASU 2016-01 provides companies with an alternative to measure certain equity securities without a readily determinable fair value at cost, minus impairment, if any, unless an observable transaction for an identical or similar security occurs. ASU 2020-01 clarifies that for purposes of applying the Topic 321 measurement alternative, an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting under Topic 323, immediately before applying or upon discontinuing the equity method. In addition, the new ASU provides direction that a company should not consider whether the underlying securities would be accounted for under the equity method or the fair value option when it is determining the accounting for certain forward contracts and purchased options, upon either settlement or exercise. The amendments in this update became effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The amendments are to be applied prospectively and did not have a material impact on the consolidated financial statements.

Acquisitions and Dispositions of Businesses and Related Pro Forma Information – In May 2020, the SEC issued a final rule that revises the circumstances that require financial statements and related pro forma information for acquisitions and dispositions of businesses. The intent of the rule is to allow for more meaningful conclusions on when an acquired or disposed business is significant as well as to improve the related disclosure requirements. The changes are intended to improve the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs to prepare the disclosure. The final rule was effective January 1, 2021.

FASB ASC 310 – In October 2020, the FASB issued ASU No. 2020-08, *Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs*, to clarify that an entity should reevaluate whether a callable debt security is within the scope of ASC paragraph 310-20-35-33 for each reporting period. The ASU was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The new guidance did not have a material impact on the consolidated financial statements.

FASB ASC 470 – In October 2020, the FASB issued ASU No. 2020-09, *Debt (Topic 470) Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762*, which amends and supersedes various SEC paragraphs to reflect SEC Release No. 33-10762. That release amends the financial disclosure requirements applicable to registered debt offerings that include credit enhancements, such as subsidiary guarantees. These changes are intended to both improve the quality of disclosure and increase the likelihood that issuers will conduct debt offerings

on a registered basis. The final rules were effective on January 4, 2021. The amendments did not have a material impact on the consolidated financial statements.

Codification Improvements – In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*. The amendments improve codification by having all disclosure-related guidance available in the disclosure sections of the codification. Prior to this ASU, various disclosure requirements or options to present information on the face of the financial statements or as a note to the financial statements were not included in the appropriate disclosure sections of the codification. The codification improvements also contain various other minor amendments to codification that are not expected to have a significant effect on current accounting practice. The amendments became effective for annual periods beginning after December 15, 2020.

FASB ASC 848 – In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides temporary, optional guidance to ease the potential burden in accounting for, or recognizing the effects of, the transition away from the LIBOR or other interbank offered rate on financial reporting. To help with the transition to new reference rates, the ASU provides optional expedients and exceptions for applying GAAP to affected contract modifications and hedge accounting relationships. The main provisions include:

- A change in a contract's reference interest rate would be accounted for as a continuation of that contract rather than as the creation of a new one for contracts, including loans, debt, leases, and other arrangements, that meet specific criteria.
- When updating its hedging strategies in response to reference rate reform, an entity would be allowed to preserve its hedge accounting.

The guidance is applicable only to contracts or hedge accounting relationships that reference LIBOR or another reference rate expected to be discontinued. Because the guidance is meant to help entities through the transition period, it will be in effect for a limited time and will not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, for which an entity has elected certain optional expedients that are retained through the end of the hedging relationship. The amendments in this ASU are effective March 12, 2020 through December 31, 2022.

ASU 2020-04 permits relief solely for reference rate reform actions and permits different elections over the effective date for legacy and new activity. Accordingly, Old National is evaluating and reassessing the elections on a quarterly basis. For current elections in effect regarding the assertion of the probability of forecasted transactions, Old National elects the expedient to assert the probability of the hedged interest payments and receipts regardless of any expected modification in terms related to reference rate reform.

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which addresses questions about whether Topic 848 can be applied to derivative instruments that do not reference a rate that is expected to be discontinued but that use an interest rate for margining, discounting, or contract price alignment that is expected to be modified as a result of reference rate reform, commonly referred to as the “discounting transition.” The amendments clarify that certain optional expedients and exceptions in Topic 848 do apply to derivatives that are affected by the discounting transition. The amendments in ASU 2021-01 are effective immediately.

Old National believes the adoption of this guidance on activities subsequent to December 31, 2021 through December 31, 2022 will not have a material impact on the consolidated financial statements.

Guidance on Non-TDR Loan Modifications due to COVID-19 – The CAA, which was signed into law on December 27, 2020, extends certain provisions of the CARES Act. Section 4013 of the CARES Act provided temporary relief from TDR accounting and is amended by Division N, Section 540 of the CAA, by extending the end date from December 31, 2020, to the earlier of January 1, 2022, or 60 days after the date on which the COVID-19 national emergency terminates. In response, the OCC updated its two-page reference guide, “TDR Designation and COVID-19 Loan Modifications,” to conform to the extended TDR provisions. In accordance with such guidance, we are offering short-term modifications made in response to COVID-19 to borrowers who are current and otherwise not past due. These include short-term (180 days or less) modifications in the form of payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant. See Note 4 to the consolidated financial statements for further information on non-TDR loan modifications.

Accounting Guidance Pending Adoption

FASB ASC 470 and 815 – In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, to clarify the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments in this update reduce the number of accounting models for convertible debt instruments and convertible preferred stock by removing the cash conversion model and the beneficial conversion feature model. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in-capital. In addition, this ASU improves disclosure requirements for convertible instruments and earnings-per-share guidance. The ASU also revises the derivative scope exception guidance to reduce form-over-substance-based accounting conclusions driven by remote contingent events. The amendments in this update are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption will be permitted, but no earlier than for fiscal years beginning after December 15, 2020. Old National is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

FASB ASC 842 – In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*, to amend the lease classification requirements for lessors to align them with practice under ASC Topic 840. Lessors should classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if both of the following criteria are met: (1) The lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria in ASC paragraphs 842-10-25-2 through 25-3; and (2) The lessor would have otherwise recognized a day-one loss. When a lease is classified as operating, the lessor does not recognize a net investment in the lease, does not derecognize the underlying asset, and, therefore, does not recognize a selling profit or loss. The amendments in this update are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. Old National is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

FASB ASC 205, 942, and 946 – In August 2021, the FASB issued ASU 2021-06, *Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services—Investment Companies (Topic 946): Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, and No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants*. This ASU incorporates recent SEC rule changes into the FASB Codification, including SEC Final Rule Releases No. 33-10786, *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, and No. 33-10835, *Update of Statistical Disclosures for Bank and Savings and Loan Registrants*. The amendments in this update are effective upon addition to the FASB Codification and will not have a material impact on the consolidated financial statements.

FASB ASC 805 – In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities From Contracts With Customers*, to address diversity in practice and inconsistency related to the accounting for revenue contracts with customers acquired in a business combination. The amendments require that the acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The ASU also provides certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination and applies to contract assets and contract liabilities from other contracts to which the provisions of Topic 606 apply. The amendments in this update are effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Entities should apply the amendments prospectively to business combinations that occur after the effective date. Early adoption is permitted, including in any interim period, for public business entities for periods for which financial statements have not yet been issued, and for all other entities for periods for which financial statements have not yet been made available for issuance. The new guidance will not have a material impact on the consolidated financial statements.

NOTE 2 – ACQUISITION AND DIVESTITURE ACTIVITY

Pending Acquisition

First Midwest Bancorp, Inc.

On May 30, 2021, Old National entered into a definitive merger agreement with First Midwest to combine in an all-stock merger of equals transaction. Under the terms of the merger agreement, which was unanimously approved by the Boards of Directors of both companies, First Midwest stockholders will receive 1.1336 shares of Old National common stock for each share of First Midwest common stock they own. Holders of First Midwest Common Stock will receive cash in lieu of fractional shares. Each share of 7.000% fixed-rate non-cumulative perpetual preferred stock, Series A, no par value, and each share of 7.000% fixed-rate non-cumulative perpetual preferred stock, Series C, no par value, of First Midwest will be converted into the right to receive one share of a newly created series of preferred stock of Old National having terms that are not materially less favorable than the First Midwest preferred stock. Following completion of the transaction, former First Midwest stockholders are expected to collectively represent approximately 44% of the combined company. The new organization will operate under the Old National Bancorp and Old National Bank names, with headquarters and the main office located in Evansville, Indiana and commercial and consumer banking operations headquartered in Chicago, Illinois. First Midwest reported loans totaling \$14.665 billion, assets totaling \$21.778 billion, and deposits totaling \$17.191 billion at December 31, 2021. Based on Old National's December 31, 2021 closing price of \$18.12 per share, this represents a total transaction value of approximately \$2.4 billion. The transaction value is likely to change until closing due to fluctuations in the price of Old National common stock and is also subject to adjustment under certain circumstances as provided in the merger agreement. During the third quarter of 2021, we received approval of the merger from the OCC and the shareholders of Old National and First Midwest. On January 25, 2022, the OCC granted us an extension of 60 days to April 20, 2022 for consummating the bank merger. On January 27, 2022, we received Federal Reserve approval for the merger. With all necessary regulatory approvals received, the merger is expected to occur after the close of business and after the end of regular trading hours on the NASDAQ Stock Market on February 15, 2022, subject to customary closing conditions.

Transaction costs totaling \$11.0 million associated with the merger have been expensed through December 31, 2021 and additional transaction and integration costs will be expensed in future periods as incurred.

Divestitures

Based on an ongoing assessment of our service and delivery network, Old National consolidated 31 banking centers throughout its footprint in 2020: ten banking centers in each of Wisconsin and Indiana, five in Michigan, four in Minnesota, and two in Kentucky.

NOTE 3 – INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of the available-for-sale investment securities portfolio and the corresponding amounts of unrealized gains, unrealized losses, and basis adjustments recognized in accumulated other comprehensive income (loss):

(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Basis Adjustments (1)	Fair Value
December 31, 2021					
Available-for-Sale					
U.S. Treasury	\$ 234,555	\$ 1,233	\$ (7,751)	\$ 7,547	\$ 235,584
U.S. government-sponsored entities and agencies	1,575,994	7,354	(37,014)	(3,561)	1,542,773
Mortgage-backed securities - Agency	3,737,484	27,421	(66,074)	—	3,698,831
States and political subdivisions	1,587,172	69,696	(1,882)	—	1,654,986
Pooled trust preferred securities	13,756	—	(4,260)	—	9,496
Other securities	235,072	6,578	(1,254)	—	240,396
Total available-for-sale securities	\$ 7,384,033	\$ 112,282	\$ (118,235)	\$ 3,986	\$ 7,382,066
December 31, 2020					
Available-for-Sale					
U.S. Treasury	\$ 9,909	\$ 299	\$ —	\$ —	\$ 10,208
U.S. government-sponsored entities and agencies	841,133	5,744	(3,921)	(968)	841,988
Mortgage-backed securities - Agency	3,249,002	91,086	(990)	—	3,339,098
States and political subdivisions	1,405,868	86,325	(31)	—	1,492,162
Pooled trust preferred securities	13,763	—	(5,850)	—	7,913
Other securities	265,079	14,260	(593)	—	278,746
Total available-for-sale securities	\$ 5,784,754	\$ 197,714	\$ (11,385)	\$ (968)	\$ 5,970,115

(1) Basis adjustments represent the cumulative fair value adjustments included in the carrying amounts of fixed-rate investment securities assets in fair value hedging arrangements.

Proceeds from sales or calls of available-for-sale investment securities and the resulting realized gains and realized losses were as follows:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Proceeds from sales of available-for-sale debt securities	\$ 198,886	\$ 299,885	\$ 424,140
Proceeds from calls of available-for-sale debt securities	158,818	465,179	441,851
Total	\$ 357,704	\$ 765,064	\$ 865,991
Realized gains on sales of available-for-sale debt securities	\$ 4,188	\$ 11,172	\$ 4,620
Realized gains on calls of available-for-sale debt securities	317	121	93
Realized losses on sales of available-for-sale debt securities	(145)	(500)	(2,760)
Realized losses on calls of available-for-sale debt securities	(33)	(26)	(30)
Debt securities gains (losses), net	\$ 4,327	\$ 10,767	\$ 1,923

Investment securities pledged to secure public and other funds had a carrying value of \$2.701 billion at December 31, 2021 and \$2.427 billion at December 31, 2020.

At December 31, 2021, Old National had a concentration of investment securities issued by certain states and their political subdivisions. The aggregate market value issued by Indiana was \$647.6 million, which represented 21.5% of shareholders' equity. Of the Indiana municipal bonds, 97% are rated "A" or better, and the remaining 3% generally represent non-rated local interest bonds where Old National has a market presence.

All of the mortgage-backed securities in the investment portfolio are residential mortgage-backed securities. The amortized cost and fair value of the investment securities portfolio are shown by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Weighted average yield is based on amortized cost.

At December 31, 2021				
(dollars in thousands)	Amortized Cost	Fair Value	Weighted Average Yield	
Maturity				
Available-for-Sale				
Within one year	\$ 101,565	\$ 102,886	2.87 %	
One to five years	2,377,074	2,389,054	2.05 %	
Five to ten years	2,496,036	2,449,808	1.75 %	
Beyond ten years	2,409,358	2,440,318	2.40 %	
Total	\$ 7,384,033	\$ 7,382,066	2.07 %	

The following table summarizes the available-for-sale investment securities with unrealized losses for which an allowance for credit losses has not been recorded by aggregated major security type and length of time in a continuous unrealized loss position:

(dollars in thousands)	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021						
Available-for-Sale						
U.S. Treasury	\$ 91,063	\$ (7,751)	\$ —	\$ —	\$ 91,063	\$ (7,751)
U.S. government-sponsored entities and agencies	1,032,566	(21,167)	312,949	(15,847)	1,345,515	(37,014)
Mortgage-backed securities - Agency	2,415,923	(59,277)	163,685	(6,797)	2,579,608	(66,074)
States and political subdivisions	178,570	(1,849)	2,729	(33)	181,299	(1,882)
Pooled trust preferred securities	—	—	9,496	(4,260)	9,496	(4,260)
Other securities	56,976	(943)	21,133	(311)	78,109	(1,254)
Total available-for-sale	\$ 3,775,098	\$ (90,987)	\$ 509,992	\$ (27,248)	\$ 4,285,090	\$ (118,235)

December 31, 2020						
Available-for-Sale						
U.S. government-sponsored entities and agencies	\$ 355,528	\$ (3,921)	\$ —	\$ —	\$ 355,528	\$ (3,921)
Mortgage-backed securities - Agency	275,833	(895)	3,572	(95)	279,405	(990)
States and political subdivisions	3,497	(31)	—	—	3,497	(31)
Pooled trust preferred securities	—	—	7,913	(5,850)	7,913	(5,850)
Other securities	19,404	(70)	24,871	(523)	44,275	(593)
Total available-for-sale	\$ 654,262	\$ (4,917)	\$ 36,356	\$ (6,468)	\$ 690,618	\$ (11,385)

Available-for-sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. For available-for-sale debt securities in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the criteria, we evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security and the issuer, among other factors. If this assessment indicates that a credit loss exists, we compare the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of applicable taxes. No allowance for credit losses for available-for-sale debt securities

was needed at December 31, 2021 or December 31, 2020. Accrued interest receivable on available-for-sale debt securities is excluded from the estimate of credit losses and totaled \$35.5 million at December 31, 2021 and \$27.0 million at December 31, 2020.

The U.S. government sponsored entities and agencies and mortgage-backed securities – agency are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major credit rating agencies, and have a long history of no credit losses. Therefore, for those securities, we do not record expected credit losses.

Prior to the adoption of ASC 326 on January 1, 2020, we did not record OTTI in 2019.

At December 31, 2021, Old National's securities portfolio consisted of 1,918 securities, 357 of which were in an unrealized loss position. The unrealized losses attributable to our U.S. Treasury, U.S. government-sponsored entities and agencies, agency mortgage-backed securities, states and political subdivisions, and other securities are the result of fluctuations in interest rates. Old National's pooled trust preferred securities are evaluated using collateral-specific assumptions to estimate the expected future interest and principal cash flows. At December 31, 2021, we had no intent to sell any securities that were in an unrealized loss position nor is it expected that we would be required to sell the securities prior to their anticipated recovery.

Old National's pooled trust preferred securities have experienced credit defaults. However, we believe that the value of the instruments lies in the full and timely interest payments that will be received through maturity, the steady amortization that will be experienced until maturity, and the full return of principal by the final maturity of the collateralized debt obligations. Old National did not recognize any losses on these securities for the years ended December 31, 2021 or December 31, 2020.

Equity Securities

Old National's equity securities with readily determinable fair values totaled \$13.2 million at December 31, 2021 and \$2.5 million at December 31, 2020. There were gains on equity securities of \$0.2 million during 2021, \$1.4 million during 2020, and \$0.7 million during 2019. Old National also has equity securities without readily determinable fair values that are included in other assets that totaled \$186.0 million at December 31, 2021 and \$105.8 million at December 31, 2020. These equity securities without readily determinable fair values are illiquid investments that consist of partnerships, limited liability companies, and other ownership interests that support affordable housing, economic development, and community revitalization initiatives in low-to-moderate income neighborhoods. There were no impairments or adjustments on equity securities without readily determinable fair values, except for amortization of tax credit investments during 2021 and 2019. There were impairments on these securities totaling \$117 thousand in 2020.

NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans

Old National's loans consist primarily of loans made to consumers and commercial clients in many diverse industries including manufacturing, agribusiness, transportation, mining, wholesaling, and retailing. Most of Old National's lending activity occurs within our principal geographic markets of Indiana, Kentucky, Michigan, Minnesota, and Wisconsin. Old National manages concentrations of credit exposure by industry, product, geography, client relationship, and loan size. While loans to lessors of both residential and non-residential real estate exceed 10% of total loans, no individual sub-segment category within those broader categories reaches the 10% threshold.

The loan categories used to monitor and analyze interest income and yields are different than the portfolio segments used to determine the allowance for credit losses for loans. The allowance for credit losses was calculated by pooling loans of similar credit risk characteristics and credit monitoring procedures. The four loan portfolios are classified into seven segments of loans - commercial, commercial real estate, BBCC, residential real estate, indirect, direct, and home equity. The commercial and commercial real estate loan categories shown on the balance sheet include the same pool of loans as the commercial, commercial real estate, and BBCC portfolio segments. The consumer loan category shown on the balance sheet is comprised of the same loans in the indirect, direct, and home equity portfolio segments. The portfolio segment reclassifications follow:

(dollars in thousands)	Statement Balance	Segment Portfolio Reclassifications	After Reclassifications
December 31, 2021			
Commercial	\$ 3,391,769	\$ (191,557)	\$ 3,200,212
Commercial real estate	6,380,674	(159,190)	6,221,484
BBCC	N/A	350,747	350,747
Residential real estate	2,255,289	—	2,255,289
Consumer	1,574,114	(1,574,114)	N/A
Indirect	N/A	873,139	873,139
Direct	N/A	140,385	140,385
Home equity	N/A	560,590	560,590
Total	\$ 13,601,846	\$ —	\$ 13,601,846
December 31, 2020			
Commercial	\$ 3,956,422	\$ (198,722)	\$ 3,757,700
Commercial real estate	5,946,512	(171,701)	5,774,811
BBCC	N/A	370,423	370,423
Residential real estate	2,248,422	—	2,248,422
Consumer	1,635,123	(1,635,123)	N/A
Indirect	N/A	913,902	913,902
Direct	N/A	164,807	164,807
Home equity	N/A	556,414	556,414
Total	\$ 13,786,479	\$ —	\$ 13,786,479

The composition of loans by portfolio segment follows:

(dollars in thousands)	December 31,	
	2021	2020
Commercial (1) (2)	\$ 3,200,212	\$ 3,757,700
Commercial real estate	6,221,484	5,774,811
BBCC	350,747	370,423
Residential real estate	2,255,289	2,248,422
Indirect	873,139	913,902
Direct	140,385	164,807
Home equity	560,590	556,414
Total loans	\$ 13,601,846	\$ 13,786,479
Allowance for credit losses	(107,341)	(131,388)
Net loans	\$ 13,494,505	\$ 13,655,091

(1) Includes direct finance leases of \$25.1 million at December 31, 2021 and \$32.3 million at December 31, 2020.

(2) Includes remaining PPP loans of \$169.0 million at December 31, 2021 and \$943.0 million December 31, 2020.

The risk characteristics of each loan portfolio segment are as follows:

Commercial

Commercial loans are classified primarily on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being

financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its clients.

Section 1102 of the CARES Act created the PPP, a program administered by the SBA to provide loans to small businesses for payroll and other basic expenses during the COVID-19 pandemic. Old National participated in the PPP as a lender. These loans are eligible to be forgiven if certain conditions are satisfied and are fully guaranteed by the SBA. Additionally, loan payments will also be deferred for the first six months of the loan term. No collateral or personal guarantees were required. Neither the government nor lenders are permitted to charge the recipients any fees. During 2020, Old National originated over 9,700 loans with balances of approximately \$1.518 billion to new and existing clients through the PPP.

On December 27, 2020, the CAA was signed into law. The CAA, among other things, extended the life of the PPP, effectively creating a second round of PPP loans for eligible businesses. Old National participated in the CAA's second round of PPP lending. During 2021, Old National originated approximately 6,200 loans totaling \$583.7 million through the second round of the PPP. Additionally, section 541 of the CAA extended the relief provided by the CARES Act for financial institutions to suspend the GAAP accounting treatment for troubled debt restructuring to January 1, 2022.

At December 31, 2021, remaining PPP loans totaled \$169.0 million.

Commercial Real Estate

Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts, and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be adversely affected by conditions in the real estate markets or in the general economy. The properties securing Old National's commercial real estate portfolio are diverse in terms of type and geographic location. Management monitors and evaluates commercial real estate loans based on collateral, geography, and risk grade criteria. In addition, management tracks the level of owner-occupied commercial real estate loans versus non-owner occupied loans.

Included with commercial real estate are construction loans, which are underwritten utilizing independent appraisal reviews, sensitivity analysis of absorption and lease rates, financial analysis of the developers and property owners, and feasibility studies, if available. Construction loans are generally based on estimates of costs and value associated with the complete project. These estimates may be inaccurate. Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders (including Old National), sales of developed property, or an interim loan commitment from Old National until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions, and the availability of long-term financing.

At 230%, Old National Bank's commercial real estate loans as a percentage of its risk-based capital remained well below the regulatory guideline limit of 300% at December 31, 2021.

BBCC

BBCC loans are typically granted to small businesses with gross revenues of less than \$5 million and aggregate debt of less than \$1 million. Old National has established minimum debt service coverage ratios, minimum FICO scores for owners and guarantors, and the ability to show relatively stable earnings as criteria to help mitigate risk. Repayment of these loans depends on the personal income of the borrowers and the cash flows of the business. These factors can be affected by changes in economic conditions such as unemployment levels.

Residential

With respect to residential loans that are secured by 1-4 family residences and are generally owner occupied, Old National typically establishes a maximum loan-to-value ratio and generally requires private mortgage insurance if

that ratio is exceeded. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels. Repayment can also be impacted by changes in residential property values. Portfolio risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Indirect

Indirect loans are secured by automobile collateral, generally new and used cars and trucks from auto dealers that operate within our footprint. Old National typically mitigates the risk of indirect loans by establishing minimum FICO scores, maximum loan-to-value ratios, and maximum debt-to-income ratios. Repayment of these loans depends largely on the personal income of the borrowers, which can be affected by changes in economic conditions such as unemployment levels. Portfolio risk is mitigated by the fact that the loans are of smaller amounts spread over many borrowers, conservative credit policies, and ongoing reviews of dealer relationships.

Direct

Direct loans are typically secured by collateral such as auto or real estate or are unsecured. Old National has established conservative underwriting standards such as minimum FICO scores, maximum loan-to-value ratios, and maximum debt-to-income ratios. Repayment of these loans depends largely on the personal income of the borrowers, which can be affected by changes in economic conditions such as unemployment levels. Portfolio risk is mitigated by the fact that the loans are of smaller amounts spread over many borrowers along with conservative credit policies.

Home Equity

Home equity loans are generally secured by 1-4 family residences that are owner occupied. Old National has established conservative underwriting standards such as minimum FICO scores, maximum loan-to-value ratios, and maximum debt-to-income ratios. Repayment of these loans depends largely on the personal income of the borrowers, which can be affected by changes in economic conditions such as unemployment levels. Portfolio risk is mitigated by the fact that the loans are of smaller amounts spread over many borrowers, along with conservative credit policies as well as monitoring of updated borrower credit scores.

Related Party Loans

In the ordinary course of business, Old National grants loans to certain executive officers, directors, and significant subsidiaries (collectively referred to as “related parties”).

Activity in related party loans is presented in the following table:

	Years Ended December 31,		
(dollars in thousands)	2021	2020	2019
Balance at beginning of period	\$ 2,444	\$ 2,345	\$ 9,310
New loans	41,962	1,848	1,218
Repayments	(20,093)	(1,715)	(2,063)
Officer and director changes	—	(34)	(6,120)
Balance at end of period	\$ 24,313	\$ 2,444	\$ 2,345

Allowance for Credit Losses

Loans

Credit quality within the loans held for investment portfolio is continuously monitored by management and is reflected within the allowance for credit losses for loans. The allowance for credit losses is an estimate of expected losses inherent within the Company’s loans held for investment portfolio. Credit quality is assessed and monitored by evaluating various attributes and the results of those evaluations are utilized in underwriting new loans and in our process for estimating expected credit losses. Expected credit loss inherent in non-cancelable off-balance-sheet credit exposures is accounted for as a separate liability included in other liabilities on the balance sheet. The allowance for credit losses for loans held for investment is adjusted by a credit loss expense, which is reported in earnings, and reduced by the charge-off of loan amounts, net of recoveries. Old National has made a policy election to report accrued interest receivable as a separate line item on the balance sheet. Accrued interest receivable on

loans is excluded from the estimate of credit losses and totaled \$47.6 million at December 31, 2021 and \$57.3 million at December 31, 2020.

The allowance for credit loss estimation process involves procedures to appropriately consider the unique characteristics of its loan portfolio segments. These segments are further disaggregated into loan classes based on the level at which credit risk is monitored. When computing the level of expected credit losses, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history, delinquency status, and other credit trends and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods evaluations of the overall loan portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the allowance and credit loss expense in those future periods.

The allowance level is influenced by loan volumes, loan AQR migration or delinquency status, changes in historical loss experience, and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The methodology for estimating the amount of expected credit losses reported in the allowance for credit losses has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

The allowance for credit losses decreased for the year ended December 31, 2021 primarily due to changes in the economic forecast. The forecast scenario includes improved unemployment and house price index. In addition to the quantitative inputs, several qualitative factors were considered. These factors include the risk that unemployment and gross domestic product prove to be more severe and/or prolonged than our baseline forecast, the consumption of the vaccine is less than anticipated, the presence of communicable strains of the virus, and supply chain issues. The mitigating impact of the economy remaining open was also considered. Old National's activity in the allowance for credit losses for loans by portfolio segment was as follows:

(dollars in thousands)	Balance at Beginning of Period	Impact of Adopting ASC 326	Sub-Total	Charge-offs	Recoveries	Provision for Credit Losses	Balance at End of Period
Year Ended December 31, 2021							
Allowance for credit losses:							
Commercial	\$ 30,567	\$ —	\$ 30,567	\$ (1,228)	\$ 791	\$ (2,898)	\$ 27,232
Commercial real estate	75,810	—	75,810	(264)	4,403	(15,945)	64,004
BBCC	6,120	—	6,120	(144)	105	(3,623)	2,458
Residential real estate	12,608	—	12,608	(346)	339	(3,254)	9,347
Indirect	3,580	—	3,580	(1,087)	1,682	(2,432)	1,743
Direct	855	—	855	(1,159)	777	55	528
Home equity	1,848	—	1,848	(82)	978	(715)	2,029
Total	\$ 131,388	\$ —	\$ 131,388	\$ (4,310)	\$ 9,075	\$ (28,812)	\$ 107,341
Year Ended December 31, 2020							
Allowance for credit losses:							
Commercial	\$ 21,359	\$ 7,150	\$ 28,509	\$ (5,593)	\$ 3,629	\$ 4,022	\$ 30,567
Commercial real estate	20,535	25,548	46,083	(4,323)	4,515	29,535	75,810
BBCC	2,279	3,702	5,981	(95)	140	94	6,120
Residential real estate	2,299	6,986	9,285	(824)	633	3,514	12,608
Indirect	5,319	(1,669)	3,650	(2,754)	1,922	762	3,580
Direct	1,863	(1,059)	804	(1,763)	819	995	855
Home equity	965	689	1,654	(201)	922	(527)	1,848
Total	\$ 54,619	\$ 41,347	\$ 95,966	\$ (15,553)	\$ 12,580	\$ 38,395	\$ 131,388

PPP loans were factored in the provision for credit losses for the years ended December 31, 2021 and 2020; however, due to the SBA guaranty and our borrowers' adherence to the PPP terms, the provision impact was insignificant.

Unfunded Loan Commitments

Old National maintains an allowance for credit losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for credit losses for loans, modified to take into account the probability of a drawdown on the commitment. The allowance for credit losses on unfunded loan commitments is classified as a liability account on the balance sheet. Old National's activity in the allowance for credit losses on unfunded loan commitments was as follows:

	Years Ended December 31,	
(dollars in thousands)	2021	2020
Allowance for credit losses on unfunded loan commitments:		
Balance at beginning of period	\$ 11,689	\$ 2,656
Impact of adopting ASC 326	—	4,549
Sub-Total	11,689	7,205
Expense (reversal of expense) for credit losses	(810)	4,484
Balance at end of period	\$ 10,879	\$ 11,689

Credit Quality

Old National's management monitors the credit quality of its loans on an ongoing basis with the AQR for commercial loans reviewed annually or at renewal and the performance of its residential and consumer loans based upon the accrual status refreshed at least quarterly. Internally, management assigns an AQR to each non-homogeneous commercial, commercial real estate, and BBCC loan in the portfolio. The primary determinants of the AQR are the reliability of the primary source of repayment and the past, present, and projected financial condition of the borrower. The AQR will also consider current industry conditions. Major factors used in determining the AQR can vary based on the nature of the loan, but commonly include factors such as debt service coverage, internal cash flow, liquidity, leverage, operating performance, debt burden, FICO scores, occupancy, interest rate sensitivity, and expense burden. Old National uses the following definitions for risk ratings:

Criticized. Special mention loans that have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Classified – Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Classified – Nonaccrual. Loans classified as nonaccrual have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection in full, on the basis of currently existing facts, conditions, and values, in doubt.

Classified – Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as nonaccrual, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Pass rated loans are those loans that are other than criticized, classified – substandard, classified – nonaccrual, or classified – doubtful.

The following table summarizes the amortized cost of term loans by risk category of commercial, commercial real estate, and BBCC loans by loan portfolio segment and class of loan:

(dollars in thousands)	Origination Year						Prior	Revolving	Revolving to Term	Total				
	2021	2020	2019	2018	2017									
December 31, 2021														
Commercial:														
Risk Rating:														
Pass	\$ 918,456	\$ 563,869	\$ 271,158	\$ 98,468	\$ 156,136	\$ 235,639	\$ 667,628	\$ 130,470	\$ 3,041,824					
Criticized	9,998	7,885	6,660	—	7,809	2,658	14,601	10,076	59,687					
Classified:														
Substandard	14,773	14,468	10,200	9,849	5,521	945	6,883	10,322	72,961					
Nonaccrual	1,069	3,507	1,276	3,721	1,448	—	845	7,796	19,662					
Doubtful	—	178	—	288	337	5,275	—	—	6,078					
Total	\$ 944,296	\$ 589,907	\$ 289,294	\$ 112,326	\$ 171,251	\$ 244,517	\$ 689,957	\$ 158,664	\$ 3,200,212					
Commercial real estate:														
Risk Rating:														
Pass	\$1,555,880	\$1,474,271	\$ 846,921	\$ 481,508	\$ 462,176	\$ 611,680	\$ 42,609	\$ 451,544	\$5,926,589					
Criticized	27,622	24,790	39,914	—	21,614	22,157	—	34,387	170,484					
Classified:														
Substandard	4,706	12,118	9,933	9,058	18,165	11,351	2,291	4,339	71,961					
Nonaccrual	1,620	2,997	—	1,627	3,419	8,905	315	871	19,754					
Doubtful	6,653	—	1,970	342	11,218	12,513	—	—	32,696					
Total	\$1,596,481	\$1,514,176	\$ 898,738	\$ 492,535	\$ 516,592	\$ 666,606	\$ 45,215	\$ 491,141	\$6,221,484					
BBCC:														
Risk Rating:														
Pass	\$ 81,710	\$ 69,749	\$ 54,580	\$ 34,461	\$ 25,113	\$ 8,296	\$ 47,571	\$ 18,778	\$ 340,258					
Criticized	1,320	1,170	841	160	—	—	670	1,578	5,739					
Classified:														
Substandard	284	24	79	7	187	465	103	239	1,388					
Nonaccrual	—	88	—	—	66	162	—	1,136	1,452					
Doubtful	—	25	284	1,391	—	210	—	—	1,910					
Total	\$ 83,314	\$ 71,056	\$ 55,784	\$ 36,019	\$ 25,366	\$ 9,133	\$ 48,344	\$ 21,731	\$ 350,747					

(dollars in thousands)	Origination Year						Prior	Revolving	Revolving to Term	Total				
	2020	2019	2018	2017	2016									
December 31, 2020														
Commercial:														
Risk Rating:														
Pass	\$ 1,675,964	\$ 420,736	\$ 171,228	\$ 227,710	\$ 124,041	\$ 262,538	\$ 549,849	\$ 148,508	\$ 3,580,574					
Criticized	23,982	9,603	15,003	9,508	3,383	5,369	10,307	2,685	79,840					
Classified:														
Substandard	6,501	6,369	10,077	9,836	2,774	8,441	15,344	3,049	62,391					
Nonaccrual	2,600	3,754	4,701	6,951	49	4,379	778	7,013	30,225					
Doubtful	—	—	1,016	2,748	296	610	—	—	4,670					
Total	\$ 1,709,047	\$ 440,462	\$ 202,025	\$ 256,753	\$ 130,543	\$ 281,337	\$ 576,278	\$ 161,255	\$ 3,757,700					
Commercial real estate:														
Risk Rating:														
Pass	\$ 1,537,226	\$ 1,041,305	\$ 749,102	\$ 677,119	\$ 496,086	\$ 513,658	\$ 28,122	\$ 382,219	\$ 5,424,837					
Criticized	6,874	49,271	26,464	46,994	17,648	33,490	—	19,804	200,545					
Classified:														
Substandard	11,451	4,700	13,565	26,691	5,308	8,665	—	2,911	73,291					
Nonaccrual	1,408	2,054	5,393	9,456	1,635	12,564	—	313	32,823					
Doubtful	—	1,832	—	18,926	19,283	3,274	—	—	43,315					
Total	\$ 1,556,959	\$ 1,099,162	\$ 794,524	\$ 779,186	\$ 539,960	\$ 571,651	\$ 28,122	\$ 405,247	\$ 5,774,811					
BBCC:														
Risk Rating:														
Pass	\$ 94,828	\$ 73,913	\$ 49,875	\$ 36,288	\$ 24,946	\$ 5,327	\$ 52,393	\$ 19,353	\$ 356,923					
Criticized	1,599	1,403	621	414	643	—	868	1,259	6,807					
Classified:														
Substandard	233	1,417	195	246	33	—	317	701	3,142					
Nonaccrual	161	551	134	200	—	—	89	1,466	2,601					
Doubtful	—	3	847	70	—	30	—	—	950					
Total	\$ 96,821	\$ 77,287	\$ 51,672	\$ 37,218	\$ 25,622	\$ 5,357	\$ 53,667	\$ 22,779	\$ 370,423					

For residential real estate and consumer loan classes, Old National evaluates credit quality based on the aging status of the loan and by payment activity. The performing or nonperforming status is updated on an on-going basis dependent upon improvement and deterioration in credit quality. The following table presents the amortized cost of term residential real estate and consumer loans based on payment activity:

(dollars in thousands)	Origination Year						Prior	Revolving	Revolving to Term	Total				
	2021	2020	2019	2018	2017									
December 31, 2021														
Residential real estate:														
Performing	\$ 625,582	\$ 632,705	\$ 272,600	\$ 72,766	\$ 103,866	\$ 529,293	\$ 12	\$ 105	\$ 2,236,929					
Nonperforming	96	165	166	350	855	16,728	—	—	—	18,360				
Total	\$ 625,678	\$ 632,870	\$ 272,766	\$ 73,116	\$ 104,721	\$ 546,021	\$ 12	\$ 105	\$ 2,255,289					
Indirect:														
Performing	\$ 361,485	\$ 231,156	\$ 146,978	\$ 68,513	\$ 41,598	\$ 20,819	\$ —	\$ 9	\$ 870,558					
Nonperforming	262	524	614	510	430	241	—	—	—	2,581				
Total	\$ 361,747	\$ 231,680	\$ 147,592	\$ 69,023	\$ 42,028	\$ 21,060	\$ —	\$ 9	\$ 873,139					
Direct:														
Performing	\$ 34,058	\$ 16,135	\$ 14,396	\$ 14,579	\$ 7,432	\$ 15,831	\$ 36,812	\$ 192	\$ 139,435					
Nonperforming	13	53	130	133	35	536	42	8	950					
Total	\$ 34,071	\$ 16,188	\$ 14,526	\$ 14,712	\$ 7,467	\$ 16,367	\$ 36,854	\$ 200	\$ 140,385					
Home equity:														
Performing	\$ —	\$ —	\$ 633	\$ 349	\$ 535	\$ —	\$ 539,057	\$ 16,768	\$ 557,342					
Nonperforming	—	—	16	9	41	1	258	2,923	3,248					
Total	\$ —	\$ —	\$ 649	\$ 358	\$ 576	\$ 1	\$ 539,315	\$ 19,691	\$ 560,590					
December 31, 2020														
Residential real estate:														
Performing	\$ 624,435	\$ 453,132	\$ 132,107	\$ 190,376	\$ 202,457	\$ 620,999	\$ —	\$ 122	\$ 2,223,628					
Nonperforming	65	251	680	892	2,131	20,775	—	—	—	24,794				
Total	\$ 624,500	\$ 453,383	\$ 132,787	\$ 191,268	\$ 204,588	\$ 641,774	\$ —	\$ 122	\$ 2,248,422					
Indirect:														
Performing	\$ 352,989	\$ 253,514	\$ 134,893	\$ 96,587	\$ 52,225	\$ 21,088	\$ —	\$ 77	\$ 911,373					
Nonperforming	22	443	777	666	429	192	—	—	—	2,529				
Total	\$ 353,011	\$ 253,957	\$ 135,670	\$ 97,253	\$ 52,654	\$ 21,280	\$ —	\$ 77	\$ 913,902					
Direct:														
Performing	\$ 32,499	\$ 29,189	\$ 30,510	\$ 16,182	\$ 8,527	\$ 19,465	\$ 26,028	\$ 1,229	\$ 163,629					
Nonperforming	22	141	171	64	247	526	4	3	3	1,178				
Total	\$ 32,521	\$ 29,330	\$ 30,681	\$ 16,246	\$ 8,774	\$ 19,991	\$ 26,032	\$ 1,232	\$ 164,807					
Home equity:														
Performing	\$ 1	\$ 997	\$ 444	\$ 891	\$ 238	\$ —	\$ 529,275	\$ 20,314	\$ 552,160					
Nonperforming	—	37	—	—	11	116	94	3,996	4,254					
Total	\$ 1	\$ 1,034	\$ 444	\$ 891	\$ 249	\$ 116	\$ 529,369	\$ 24,310	\$ 556,414					

Nonaccrual and Past Due Loans

Old National does not record interest on nonaccrual loans until principal is recovered. For all loan classes, a loan is generally placed on nonaccrual status when principal or interest becomes 90 days past due unless it is well secured and in the process of collection, or earlier when concern exists as to the ultimate collectability of principal or interest. Interest accrued but not received is reversed against earnings. Cash interest received on these loans is applied to the principal balance until the principal is recovered or until the loan returns to accrual status. Loans may be returned to accrual status when all the principal and interest amounts contractually due are brought current, remain current for a prescribed period, and future payments are reasonably assured.

The following table presents the aging of the amortized cost basis in past due loans by class of loans:

(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Past Due 90 Days or More	Total Past Due	Current	Total Loans
December 31, 2021						
Commercial	\$ 2,723	\$ 617	\$ 1,603	\$ 4,943	\$ 3,195,269	\$ 3,200,212
Commercial real estate	1,402	280	7,042	8,724	6,212,760	6,221,484
BBCC	747	162	109	1,018	349,729	350,747
Residential	8,273	2,364	4,554	15,191	2,240,098	2,255,289
Indirect	3,888	867	554	5,309	867,830	873,139
Direct	687	159	162	1,008	139,377	140,385
Home equity	693	199	777	1,669	558,921	560,590
Total	\$ 18,413	\$ 4,648	\$ 14,801	\$ 37,862	\$ 13,563,984	\$ 13,601,846
December 31, 2020						
Commercial	\$ 2,977	\$ 664	\$ 2,100	\$ 5,741	\$ 3,751,959	\$ 3,757,700
Commercial real estate	887	128	27,272	28,287	5,746,524	5,774,811
BBCC	894	882	61	1,837	368,586	370,423
Residential	11,639	3,296	7,666	22,601	2,225,821	2,248,422
Indirect	5,222	960	492	6,674	907,228	913,902
Direct	753	533	426	1,712	163,095	164,807
Home equity	1,075	377	1,663	3,115	553,299	554,414
Total	\$ 23,447	\$ 6,840	\$ 39,680	\$ 69,967	\$ 13,716,512	\$ 13,786,479

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due 90 days or more and still accruing by class of loan:

(dollars in thousands)	December 31, 2021			December 31, 2020		
	Nonaccrual Amortized Cost	Nonaccrual With No Related Allowance	Past Due 90 Days or More and Accruing	Nonaccrual Amortized Cost	Nonaccrual With No Related Allowance	Past Due 90 Days or More and Accruing
Commercial	\$ 25,740	\$ 9,574	\$ —	\$ 34,895	\$ 3,394	\$ 122
Commercial real estate	52,450	25,139	—	76,138	22,152	20
BBCC	3,362	—	—	3,551	—	—
Residential	18,360	—	—	24,794	—	—
Indirect	2,581	—	4	2,529	—	12
Direct	950	—	3	1,178	27	13
Home equity	3,248	—	—	4,254	45	—
Total	\$ 106,691	\$ 34,713	\$ 7	\$ 147,339	\$ 25,618	\$ 167

Interest income recognized on nonaccrual loans was insignificant during the years ended December 31, 2021 and 2020.

When management determines that foreclosure is probable, expected credit losses for collateral dependent loans are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. A loan is considered collateral dependent when the borrower is experiencing financial difficulty and the loan is expected to be repaid substantially through the operation or sale of the collateral. The class of loan represents the primary collateral type associated with the loan. Significant quarter over quarter changes are reflective of changes in nonaccrual status and not necessarily associated with credit quality indicators like appraisal value. The following table presents the amortized cost basis of collateral dependent loans by class of loan:

(dollars in thousands)	Type of Collateral				
	Real Estate	Blanket Lien	Investment Securities/Cash	Auto	Other
December 31, 2021					
Commercial	\$ 8,100	\$ 13,816	\$ 3,394	\$ 80	\$ 302
Commercial Real Estate	38,657	—	961	—	6,653
BBCC	1,895	1,331	43	93	—
Residential	18,360	—	—	—	—
Indirect	—	—	—	2,581	—
Direct	724	—	1	152	20
Home equity	3,248	—	—	—	—
Total	\$ 70,984	\$ 15,147	\$ 4,399	\$ 2,906	\$ 6,975
December 31, 2020					
Commercial	\$ 8,976	\$ 19,253	\$ 5,379	\$ 394	\$ 893
Commercial Real Estate	60,844	472	1,137	—	13,685
BBCC	1,425	1,929	63	134	—
Residential	24,794	—	—	—	—
Indirect	—	—	—	2,529	—
Direct	901	—	2	235	29
Home equity	4,254	—	—	—	—
Total	\$ 101,194	\$ 21,654	\$ 6,581	\$ 3,292	\$ 14,607

Loan Participations

Old National has loan participations, which qualify as participating interests, with other financial institutions. At December 31, 2021, these loans totaled \$1.256 billion, of which \$619.6 million had been sold to other financial institutions and \$636.1 million was retained by Old National. The loan participations convey proportionate ownership rights with equal priority to each participating interest holder; involve no recourse (other than ordinary representations and warranties) to, or subordination by, any participating interest holder; all cash flows are divided among the participating interest holders in proportion to each holder's share of ownership; and no holder has the right to pledge the entire financial asset unless all participating interest holders agree.

Troubled Debt Restructurings

Old National may choose to restructure the contractual terms of certain loans. The decision to restructure a loan, versus aggressively enforcing the collection of the loan, may benefit Old National by increasing the ultimate probability of collection.

Any loans that are modified are reviewed by Old National to identify if a TDR has occurred, which is when for economic or legal reasons related to a borrower's financial difficulties, Old National Bank grants a concession to the borrower that it would not otherwise consider. Terms may be modified to fit the ability of the borrower to repay in line with its current financial status. The modification of the terms of such loans includes one or a combination of the following: a reduction of the stated interest rate of the loan, an extension of the maturity date at a stated rate of interest lower than the current market rate of new debt with similar risk, or a permanent reduction of the recorded investment of the loan.

Loans modified in a TDR are typically placed on nonaccrual status until we determine the future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate a period of performance according to the restructured terms for six months.

If we are unable to resolve a nonperforming loan issue, the credit will be charged off when it is apparent there will be a loss. For large commercial type loans, each relationship is individually analyzed for evidence of apparent loss based on quantitative benchmarks or subjectively based upon certain events or particular circumstances. For residential and consumer loans, a charge off is recorded at the time foreclosure is initiated or when the loan becomes 120 to 180 days past due, whichever is earlier.

For commercial TDRs, an allocated reserve is established within the allowance for credit losses for the difference between the carrying value of the loan and its computed value. To determine the computed value of the loan, one of the following methods is selected: (1) the present value of expected cash flows discounted at the loan's original effective interest rate, (2) the loan's observable market price, or (3) the fair value of the collateral, if the loan is collateral dependent. The allocated reserve is established as the difference between the carrying value of the loan and the collectable value. If there are significant changes in the amount or timing of the loan's expected future cash flows, impairment is recalculated and the valuation allowance is adjusted accordingly.

When a residential or consumer loan is identified as a TDR, the loan is typically written down to its collateral value less selling costs.

The following table presents activity in TDRs:

(dollars in thousands)	Beginning Balance	(Charge-offs)/ Recoveries	(Payments)/ Disbursements	Additions	Ending Balance
Year Ended December 31, 2021					
Commercial	\$ 11,090	\$ —	\$ (4,535)	\$ 901	\$ 7,456
Commercial real estate	17,606	24	(2,166)	1,694	17,158
BBCC	112	8	(33)	—	87
Residential	2,824	(4)	(385)	—	2,435
Indirect	—	3	(3)	—	—
Direct	739	2	(101)	2,064	2,704
Home equity	282	3	(86)	—	199
Total	\$ 32,653	\$ 36	\$ (7,309)	\$ 4,659	\$ 30,039
Year Ended December 31, 2020					
Commercial	\$ 12,412	\$ 633	\$ (4,557)	\$ 2,602	\$ 11,090
Commercial real estate	14,277	4,801	(8,502)	7,030	17,606
BBCC	578	(19)	(447)	—	112
Residential	3,107	—	(283)	—	2,824
Indirect	—	9	(9)	—	—
Direct	983	23	(267)	—	739
Home equity	381	3	(102)	—	282
Total	\$ 31,738	\$ 5,450	\$ (14,167)	\$ 9,632	\$ 32,653

TDRs included within nonaccrual loans totaled \$11.7 million at December 31, 2021 and \$14.9 million at December 31, 2020. Old National has allocated specific reserves to clients whose loan terms have been modified as TDRs totaling \$0.7 million at December 31, 2021 and \$1.6 million at December 31, 2020. Old National had not committed to lend any additional funds to clients with outstanding loans that were classified as TDRs at December 31, 2021 or December 31, 2020.

The pre-modification and post-modification outstanding recorded investments of loans modified as TDRs during the years ended December 31, 2021, 2020, and 2019 are the same except for when the loan modifications involve the forgiveness of principal. The following table presents loans modified as TDRs that occurred during the years ended December 31, 2021, 2020, and 2019:

(dollars in thousands)	Total
Year Ended December 31, 2021	
TDR:	
Number of loans	3
Pre-modification outstanding recorded investment	\$ 4,659
Post-modification outstanding recorded investment	4,659
Year Ended December 31, 2020	
TDR:	
Number of loans	4
Pre-modification outstanding recorded investment	\$ 9,632
Post-modification outstanding recorded investment	9,632
Year Ended December 31, 2019	
TDR:	
Number of loans	14
Pre-modification outstanding recorded investment	\$ 21,131
Post-modification outstanding recorded investment	21,131

The TDRs that occurred during 2021 decreased the allowance for credit losses by \$0.9 million and resulted in no charge-offs during 2021. The TDRs that occurred during 2020 increased the allowance for credit losses by \$0.3 million and resulted in no charge-offs during 2020. The TDRs that occurred during 2019 increased the allowance for loan losses by \$2.0 million and resulted in \$3.9 million in charge-offs during 2019.

A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms.

TDRs for which there was a payment default within twelve months following the modification during the year were insignificant in 2021, 2020, and 2019.

The terms of certain other loans were modified during 2021 and 2020 that did not meet the definition of a TDR. It is our process to review all classified and criticized loans that, during the period, have been renewed, have entered into a forbearance agreement, have gone from principal and interest to interest only, or have extended the maturity date. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on its debt in the foreseeable future without the modification. The evaluation is performed under our internal underwriting policy. We also evaluate whether a concession has been granted or if we were adequately compensated through a market interest rate, additional collateral, or a bona fide guarantee. We also consider whether the modification was insignificant relative to the other terms of the agreement or the delay in a payment.

In general, once a modified loan is considered a TDR, the loan will always be considered a TDR until it is paid in full, otherwise settled, sold, or charged off. However, guidance also permits for loans to be removed from TDR status when subsequently restructured under these circumstances: (1) at the time of the subsequent restructuring, the borrower is not experiencing financial difficulties, and this is documented by a current credit evaluation at the time of the restructuring, (2) under the terms of the subsequent restructuring agreement, the institution has granted no concession to the borrower; and (3) the subsequent restructuring agreement includes market terms that are no less favorable than those that would be offered for a comparable new loan. For loans subsequently restructured that have cumulative principal forgiveness, the loan should continue to be measured in accordance with ASC 310-10, *Receivables – Overall*. However, consistent with ASC 310-40-50-2, *Troubled Debt Restructurings by Creditors, Creditor Disclosure of Troubled Debt Restructurings*, the loan would not be required to be reported in the years following the restructuring if the subsequent restructuring meets both of these criteria: (1) has an interest rate at the time of the subsequent restructuring that is not less than a market interest rate; and (2) is performing in compliance with its modified terms after the subsequent restructuring.

Non-TDR Loan Modifications due to COVID-19

In March 2020, the Interagency Statement was issued by our banking regulators that encourages financial institutions to work prudently with borrowers who are or may be unable to meet their contractual payment obligations due to the effects of COVID-19. Additionally, Section 4013 of the CARES Act further provides that a qualified loan modification is exempt by law from classification as a TDR as defined by GAAP, from the period beginning March 1, 2020 until the earlier of December 31, 2020 or the date that is 60 days after the date on which the national emergency concerning the COVID-19 outbreak declared by the President of the United States under the National Emergencies Act terminates. The Interagency Statement was subsequently revised in April 2020 to clarify the interaction of the original guidance with Section 4013 of the CARES Act, as well as setting forth the banking regulators' views on consumer protection considerations. Additionally, section 541 of the CAA extends the relief provided by the CARES Act for financial institutions to suspend the GAAP accounting treatment for troubled debt restructuring to January 1, 2022. After this date, we will follow the GAAP accounting treatment to determine if new modifications meet the definition of a TDR. In accordance with such guidance, during 2020 and throughout 2021 we offered short-term modifications in response to COVID-19 to borrowers who were current and otherwise not past due. These included short-term (180 days or less) modifications in the form of payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that were insignificant. These loan deferrals totaled \$6.4 million at December 31, 2021.

Allowance for Loan Losses (Prior to January 1, 2020)

Prior to the adoption of ASC 326 on January 1, 2020, Old National calculated allowance for loan losses using incurred losses methodology. The following tables are disclosures related to the allowance for loan losses in the year ended December 31, 2019.

Old National's activity in the allowance for loan losses was as follows:

(dollars in thousands)	Commercial	Commercial Real Estate	Residential	Consumer	Total
Year Ended December 31, 2019					
Allowance for loan losses:					
Balance at beginning of period	\$ 21,742	\$ 23,470	\$ 2,277	\$ 7,972	\$ 55,461
Charge-offs	(3,819)	(2,846)	(661)	(7,463)	(14,789)
Recoveries	1,650	3,774	146	3,630	9,200
Provision	3,012	(2,810)	537	4,008	4,747
Balance at end of period	\$ 22,585	\$ 21,588	\$ 2,299	\$ 8,147	\$ 54,619

The following table presents Old National's average balance of impaired loans. Only purchased loans that had experienced subsequent impairment since the date acquired (excluding loans acquired with deteriorated credit quality) are included in the table below.

(dollars in thousands)	Year Ended December 31, 2019
Average Recorded Investment	
With no related allowance recorded:	
Commercial	\$ 22,629
Commercial Real Estate - Construction	6,465
Commercial Real Estate - Other	39,401
Residential	2,052
Consumer	923
With an allowance recorded:	
Commercial	15,816
Commercial Real Estate - Construction	6,912
Commercial Real Estate - Other	20,420
Residential	981
Consumer	1,219
Total	\$ 116,818

The following table presents activity in TDRs:

(dollars in thousands)	Beginning Balance	(Charge-offs)/ Recoveries	(Payments)/ Disbursements	Additions	Ending Balance
Year Ended December 31, 2019					
Commercial	\$ 10,275	\$ (1,911)	\$ (3,733)	\$ 10,231	\$ 14,862
Commercial real estate	27,671	(2,112)	(23,182)	10,027	12,404
Residential	3,390	—	(971)	557	2,976
Consumer	2,374	13	(1,207)	316	1,496
Total	\$ 43,710	\$ (4,010)	\$ (29,093)	\$ 21,131	\$ 31,738

NOTE 5 – OTHER REAL ESTATE OWNED

Other real estate owned is included in other assets on the balance sheet. The following table presents activity in other real estate owned:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Balance at beginning of period	\$ 1,324	\$ 2,169	\$ 3,232
Additions (1)	1,955	965	1,192
Sales	(1,164)	(1,505)	(2,077)
Impairments	(85)	(305)	(178)
Balance at end of period (2)	\$ 2,030	\$ 1,324	\$ 2,169

(1) Includes repossessed personal property of \$0.1 million at December 31, 2021 and \$0.2 million at December 31, 2020.

Foreclosed residential real estate property recorded as a result of obtaining physical possession of the property included in the table above totaled \$0.1 million at December 31, 2021 and \$0.8 million at December 31, 2020. Consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process totaled \$1.7 million at December 31, 2021 and \$2.7 million at December 31, 2020.

NOTE 6 – PREMISES AND EQUIPMENT

The composition of premises and equipment was as follows:

(dollars in thousands)	December 31,	
	2021	2020
Land	\$ 71,014	\$ 72,600
Buildings	394,400	373,660
Furniture, fixtures, and equipment	118,124	110,735
Leasehold improvements	46,330	44,734
Total	629,868	601,729
Accumulated depreciation	(153,682)	(137,321)
Premises and equipment, net	\$ 476,186	\$ 464,408

Depreciation expense was \$27.3 million in 2021, \$28.9 million in 2020, and \$26.7 million in 2019.

Finance Leases

Old National leases certain banking center buildings and equipment under finance leases that are included in premises and equipment. See Notes 7 and 14 to the consolidated financial statements for detail regarding these leases.

NOTE 7 – LEASES

Old National determines if an arrangement is or contains a lease at contract inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in our consolidated balance sheets. Finance leases are included in premises and equipment and other borrowings in our consolidated balance sheets.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, we use the implicit lease rate when readily determinable. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date. The incremental borrowing rate is the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment.

Old National has operating and finance leases for land, office space, banking centers, and equipment. These leases are generally for periods of 5 to 20 years with various renewal options. We include certain renewal options in the measurement of our right-of-use assets and lease liabilities if they are reasonably certain to be exercised. Variable lease payments that are dependent on an index or a rate are initially measured using the index or rate at the commencement date and are included in the measurement of the lease liability. Variable lease payments that are not dependent on an index or a rate are excluded from the measurement of the lease liability and are recognized in profit and loss when incurred. Variable lease payments are defined as payments made for the right to use an asset that vary because of changes in facts or circumstances occurring after the commencement date, other than the passage of time.

Old National has lease agreements with lease and non-lease components, which are generally accounted for separately. For real estate leases, non-lease components and other non-components, such as common area maintenance charges, real estate taxes, and insurance are not included in the measurement of the lease liability since they are generally able to be segregated. For certain equipment leases, Old National accounts for the lease and non-lease components as a single lease component using the practical expedient available for that class of assets.

Old National does not have any material sub-lease agreements.

The components of lease expense were as follows:

(dollars in thousands)	Affected Line Item in the Statement of Income	Years Ended December 31,		
		2021	2020	2019
Operating lease cost	Occupancy/Equipment expense	\$ 12,336	\$ 23,548	\$ 17,001
Finance lease cost:				
Amortization of right-of-use assets	Occupancy expense	2,356	1,044	651
Interest on lease liabilities	Interest expense	431	364	320
Short-term lease cost	Occupancy expense	—	—	6
Sub-lease income	Occupancy expense	(438)	(512)	(703)
Total		\$ 14,685	\$ 24,444	\$ 17,275

Supplemental balance sheet information related to leases was as follows:

	December 31,	
(dollars in thousands)	2021	2020
Operating Leases		
Operating lease right-of-use assets	\$ 69,560	\$ 76,197
Operating lease liabilities	76,236	86,598
Finance Leases		
Premises and equipment, net	16,451	11,351
Other borrowings	17,233	11,813
Weighted-Average Remaining Lease Term (in Years)		
Operating leases	10.4	10.6
Finance leases	7.6	10.3
Weighted-Average Discount Rate		
Operating leases	3.34 %	3.40 %
Finance leases	3.02 %	3.46 %

Supplemental cash flow information related to leases was as follows:

	Years Ended December 31,		
(dollars in thousands)	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 13,823	\$ 15,906	\$ 17,493
Operating cash flows from finance leases	431	364	320
Financing cash flows from finance leases	2,057	819	465

The following table presents future undiscounted lease payments by lease classification at December 31, 2021:

(dollars in thousands)	Operating Leases	Finance Leases
2022	\$ 13,024	\$ 2,906
2023	9,564	2,943
2024	8,516	2,959
2025	8,380	2,943
2026	7,972	1,706
Thereafter	43,410	5,914
Total undiscounted lease payments	90,866	19,371
Amounts representing interest	(14,630)	(2,138)
Lease liability	\$ 76,236	\$ 17,233

Old National leases certain office space and buildings to unrelated parties in exchange for consideration. All of these tenant leases are classified as operating leases.

The following table presents a maturity analysis of the Company's tenant leases at December 31, 2021:

(dollars in thousands)	Tenant Leases
2022	\$ 2,465
2023	1,747
2024	1,558
2025	1,182
2026	671
Thereafter	2,376
Total undiscounted lease payments	\$ 9,999

NOTE 8 – GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the changes in the carrying amount of goodwill:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Balance at beginning of period	\$ 1,036,994	\$ 1,036,994	\$ 1,036,258
Acquisitions and adjustments	—	—	736
Balance at end of period	\$ 1,036,994	\$ 1,036,994	\$ 1,036,994

Old National performed the required annual goodwill impairment test as of August 31, 2021 and there was no impairment. No events or circumstances since the August 31, 2021 annual impairment test were noted that would indicate it was more likely than not a goodwill impairment exists.

The gross carrying amounts and accumulated amortization of other intangible assets were as follows:

(dollars in thousands)	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount
December 31, 2021			
Core deposit	\$ 92,754	\$ (60,036)	\$ 32,718
Customer trust relationships	16,547	(14,587)	1,960
Total intangible assets	\$ 109,301	\$ (74,623)	\$ 34,678
December 31, 2020			
Core deposit	\$ 112,723	\$ (69,623)	\$ 43,100
Customer trust relationships	16,547	(13,633)	2,914
Total intangible assets	\$ 129,270	\$ (83,256)	\$ 46,014

Other intangible assets consist of core deposit intangibles and customer relationship intangibles and are being amortized primarily on an accelerated basis over their estimated useful lives, generally over a period of 5 to 15 years.

Old National reviews other intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. No impairment charges were recorded in 2021, 2020, or 2019. Total amortization expense associated with intangible assets was \$11.3 million in 2021, \$14.1 million in 2020, and \$16.9 million in 2019.

Estimated amortization expense for future years is as follows:

(dollars in thousands)	
2022	\$ 9,014
2023	7,053
2024	5,645
2025	4,509
2026	3,386
Thereafter	5,071
Total	\$ 34,678

NOTE 9 – LOAN SERVICING RIGHTS

Loan servicing rights are included in other assets on the balance sheet. At December 31, 2021, loan servicing rights derived from mortgage loans sold with servicing retained totaled \$30.0 million, compared to \$26.7 million at December 31, 2020. Loans serviced for others are not reported as assets. The principal balance of mortgage loans serviced for others was \$3.662 billion at December 31, 2021, compared to \$3.613 billion at December 31, 2020. Custodial escrow balances maintained in connection with serviced loans were \$18.2 million at December 31, 2021 and \$16.2 million at December 31, 2020.

The following table summarizes the carrying values and activity related to loan servicing rights and the related valuation allowance:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Balance at beginning of period	\$ 28,124	\$ 25,399	\$ 24,512
Additions	11,759	12,810	6,499
Amortization	(9,798)	(10,085)	(5,612)
Balance before valuation allowance at end of period	30,085	28,124	25,399
Valuation allowance:			
Balance at beginning of period	(1,407)	(31)	(15)
(Additions)/recoveries	1,361	(1,376)	(16)
Balance at end of period	(46)	(1,407)	(31)
Loan servicing rights, net	\$ 30,039	\$ 26,717	\$ 25,368

At December 31, 2021, the fair value of servicing rights was \$33.8 million, which was determined using a discount rate of 9% and a conditional prepayment rate of 10%. At December 31, 2020, the fair value of servicing rights was \$26.8 million, which was determined using a discount rate of 9% and a conditional prepayment rate of 14%.

NOTE 10 – QUALIFIED AFFORDABLE HOUSING PROJECTS AND OTHER TAX CREDIT INVESTMENTS

Old National is a limited partner in several tax-advantaged limited partnerships whose purpose is to invest in approved qualified affordable housing, renewable energy, or other renovation or community revitalization projects. These investments are included in other assets on the balance sheet, with any unfunded commitments included with other liabilities. As of December 31, 2021, Old National expects to recover its remaining investments through the use of the tax credits that are generated by the investments.

The following table summarizes Old National's investments in qualified affordable housing projects and other tax credit investments:

(dollars in thousands)		December 31, 2021		December 31, 2020	
Investment	Accounting Method	Investment	Unfunded Commitment (1)	Investment	Unfunded Commitment
LIHTC	Proportional amortization	\$ 68,989	\$ 41,355	\$ 33,609	\$ 6,845
FHTC	Equity	21,241	15,252	18,660	22,398
NMTC	Proportional amortization	18,727	—	6,120	—
Renewable Energy	Equity	1,985	—	3,611	862
Total		\$ 110,942	\$ 56,607	\$ 62,000	\$ 30,105

(1) All commitments will be paid by Old National by December 31, 2027.

The following table summarizes the amortization expense and tax benefit recognized for Old National's qualified affordable housing projects and other tax credit investments:

(dollars in thousands)	Amortization Expense (1)	Tax Expense (Benefit) Recognized (2)
Year Ended December 31, 2021		
LIHTC	\$ 3,450	\$ (4,543)
FHTC	2,557	(2,884)
NMTC	2,887	(3,625)
Renewable Energy	1,326	(562)
Total	\$ 10,220	\$ (11,614)
Year Ended December 31, 2020		
LIHTC	\$ 3,105	\$ (4,071)
FHTC	13,237	(15,582)
NMTC	900	(1,100)
Renewable Energy	4,651	(4,122)
Total	\$ 21,893	\$ (24,875)
Year Ended December 31, 2019		
LIHTC	\$ 3,168	\$ (4,102)
FHTC	1,113	(1,244)
CReED (3)	13	—
Renewable Energy	1,623	(1,740)
Total	\$ 5,917	\$ (7,086)

- (1) The amortization expense for the LIHTC investments is included in our income tax expense. The amortization expense for the FHTC, NMTC, CReED, and Renewable Energy tax credits is included in noninterest expense.
- (2) All of the tax benefits recognized are included in our income tax expense. The tax benefit recognized for the FHTC, NMTC, CReED, and Renewable Energy investments primarily reflects the tax credits generated from the investments and excludes the net tax expense (benefit) and deferred tax liability of the investments' income (loss).
- (3) The CReED tax credit investment qualified for an Indiana state tax credit.

NOTE 11 – DEPOSITS

At December 31, 2021, the scheduled maturities of total time deposits were as follows:

(dollars in thousands)	
Due in 2022	\$ 663,230
Due in 2023	149,526
Due in 2024	86,502
Due in 2025	33,469
Due in 2026	23,165
Thereafter	4,521
Total	\$ 960,413

The aggregate amount of time deposits in denominations that met or exceeded the FDIC insurance limit of \$250,000 totaled \$252.8 million at December 31, 2021 and \$285.1 million at December 31, 2020.

NOTE 12 – SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase are secured borrowings. Old National pledges investment securities to secure these borrowings. The following table presents securities sold under agreements to repurchase and related weighted-average interest rates for each of the years ended December 31:

(dollars in thousands)	2021	2020
Outstanding at year-end	\$ 392,275	\$ 431,166
Average amount outstanding	392,777	375,961
Maximum amount outstanding at any month-end	405,278	438,039
Weighted-average interest rate:		
During year	0.10 %	0.23 %
End of year	0.10	0.12

The following table presents the contractual maturity of our secured borrowings and class of collateral pledged:

(dollars in thousands)	At December 31, 2021				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 days	Total
Repurchase Agreements:					
U.S. Treasury and agency securities	\$ 392,275	\$ —	\$ —	\$ —	\$ 392,275
Total	\$ 392,275	\$ —	\$ —	\$ —	\$ 392,275

The fair value of securities pledged to secure repurchase agreements may decline. Old National has pledged securities valued at 109% of the gross outstanding balance of repurchase agreements at December 31, 2021 to manage this risk.

NOTE 13 – FEDERAL HOME LOAN BANK ADVANCES

The following table summarizes Old National Bank's FHLB advances:

(dollars in thousands)	2021	2020
FHLB advances (fixed rates 0.45% to 4.96% and variable rates 0.07% to 0.09%) maturing October 2022 to January 2041	\$ 1,902,655	\$ 1,999,160
Fair value hedge basis adjustments and unamortized prepayment fees	(16,636)	(7,725)
Total other borrowings	\$ 1,886,019	\$ 1,991,435

FHLB advances had weighted-average rates of 1.30% at December 31, 2021 and 1.32% at December 31, 2020. Investment securities and residential real estate loans collateralize these borrowings up to 140% of outstanding debt.

In 2021, Old National modified \$50.0 million pertaining to two FHLB advances, which lowered their weighted average effective rates from 1.53% to 0.33%. In 2020, Old National modified \$500.0 million pertaining to four FHLB advances, which lowered their weighted average effective rates from 2.00% to 1.28%. At December 31, 2021, unamortized prepayment fees related to all debt modifications totaled \$26.2 million, compared to \$30.0 million at December 31, 2020.

Contractual maturities of FHLB advances at December 31, 2021 were as follows:

(dollars in thousands)	
Due in 2022	\$ 27,500
Due in 2023	155
Due in 2024	25,000
Due in 2025	550,000
Due in 2026	100,000
Thereafter	1,200,000
Fair value hedge basis adjustments and unamortized prepayment fees	(16,636)
Total	\$ 1,886,019

NOTE 14 – OTHER BORROWINGS

The following table summarizes Old National's other borrowings:

(dollars in thousands)	December 31,	
	2021	2020
Old National Bancorp:		
Senior unsecured notes (fixed rate 4.125%) maturing August 2024	\$ 175,000	\$ 175,000
Unamortized debt issuance costs related to senior unsecured notes	(403)	(559)
Junior subordinated debentures (variable rates of 1.72% to 1.97%) maturing March 2035 to June 2037	42,000	42,000
Other basis adjustments	(3,044)	(3,195)
Old National Bank:		
Finance lease liabilities	17,233	11,813
Subordinated debentures (variable rate 4.49%)	12,000	12,000
Leveraged loans for NMTC (fixed rates of 1.00% to 1.43%) maturing December 2046 to December 2052	51,045	15,300
Other	2,839	428
Total other borrowings	\$ 296,670	\$ 252,787

Contractual maturities of other borrowings at December 31, 2021 were as follows:

(dollars in thousands)	
Due in 2022	\$ 2,497
Due in 2023	2,582
Due in 2024	177,649
Due in 2025	2,686
Due in 2026	1,495
Thereafter	110,369
Unamortized debt issuance costs and other basis adjustments	(608)
Total	\$ 296,670

Senior Notes

In August 2014, Old National issued \$175.0 million of senior unsecured notes with a 4.125% interest rate. These notes pay interest on February 15 and August 15. The notes mature on August 15, 2024.

Junior Subordinated Debentures

Junior subordinated debentures related to trust preferred securities are classified in “other borrowings.” Junior subordinated debentures qualify as Tier 2 capital for regulatory purposes, subject to certain limitations.

Through various acquisitions, Old National assumed junior subordinated debenture obligations related to various trusts that issued trust preferred securities. Old National guarantees the payment of distributions on the trust preferred securities issued by the trusts. Proceeds from the issuance of each of these securities were used to purchase junior subordinated debentures with the same financial terms as the securities issued by the trusts.

Old National, at any time, may redeem the junior subordinated debentures at par and, thereby cause a redemption of the trust preferred securities in whole or in part.

The following table summarizes the terms of our outstanding junior subordinated debentures as of December 31, 2021:

(dollars in thousands)	Issuance Date	Issuance Amount	Rate	Rate at December 31, 2021	Maturity Date
Name of Trust					
St. Joseph Capital Trust II	March 2005	\$ 5,000	3-month LIBOR plus 1.75%	1.97 %	March 17, 2035
Anchor Capital Trust III	August 2005	5,000	3-month LIBOR plus 1.55%	1.77 %	September 30, 2035
Home Federal Statutory Trust I	September 2006	15,000	3-month LIBOR plus 1.65%	1.85 %	September 15, 2036
Monroe Bancorp Capital Trust I	July 2006	3,000	3-month LIBOR plus 1.60%	1.72 %	October 7, 2036
Tower Capital Trust 3	December 2006	9,000	3-month LIBOR plus 1.69%	1.86 %	March 1, 2037
Monroe Bancorp Statutory Trust II	March 2007	<u>5,000</u>	3-month LIBOR plus 1.60%	1.80 %	June 15, 2037
Total		<u>\$ 42,000</u>			

Subordinated Debentures

On November 1, 2017, Old National assumed \$12.0 million of subordinated fixed-to-floating notes related to the acquisition of Anchor (MN). The subordinated debentures had a 5.75% fixed rate of interest through October 29, 2020. From October 30, 2020 to the October 30, 2025 maturity date, the debentures have a floating rate of interest equal to the three-month LIBOR rate plus 4.356%.

Leveraged Loans

The leveraged loans are directly related to the New Markets Tax Credit structure. As part of the transaction structure, Old National has the right to sell its interest in the entity that received the leveraged loans at an agreed upon price to the leveraged lender at the end of the New Markets Tax Credit seven year compliance period. See Note 10 to the consolidated financial statements for additional information on the Company’s New Markets Tax Credit investments.

Finance Lease Liabilities

Old National has long-term finance lease liabilities for certain banking centers and equipment totaling \$17.2 million at December 31, 2021. See Note 7 to the consolidated financial statements for a maturity analysis of the Company’s finance lease liabilities.

NOTE 15 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes within each classification of AOCI, net of tax:

(dollars in thousands)	Unrealized Gains and Losses on Available-for-Sale Debt Securities	Unrealized Gains and Losses on Held-to-Maturity Securities	Gains and Losses on Cash Flow Hedges	Defined Benefit Pension Plans	Total
Year Ended December 31, 2021					
Balance at beginning of period	\$ 145,335	\$ —	\$ 2,584	\$ (148)	\$ 147,771
Other comprehensive income (loss) before reclassifications	(144,948)	—	1,433	—	(143,515)
Amounts reclassified from AOCI to income (1)	(3,337)	—	(3,474)	180	(6,631)
Balance at end of period	\$ (2,950)	\$ —	\$ 543	\$ 32	\$ (2,375)
Year Ended December 31, 2020					
Balance at beginning of period	\$ 56,131	\$ —	\$ 240	\$ (164)	\$ 56,207
Other comprehensive income (loss) before reclassifications	97,596	—	6,230	—	103,826
Amounts reclassified from AOCI (1)	(8,392)	—	(3,886)	16	(12,262)
Balance at end of period	\$ 145,335	\$ —	\$ 2,584	\$ (148)	\$ 147,771
Year Ended December 31, 2019					
Balance at beginning of period	\$ (37,348)	\$ (8,515)	\$ 1,099	\$ (186)	\$ (44,950)
Other comprehensive income (loss) before reclassifications	94,964	6,419	(410)	—	100,973
Amounts reclassified from AOCI (1)	(1,485)	2,096	(449)	22	184
Balance at end of period	\$ 56,131	\$ —	\$ 240	\$ (164)	\$ 56,207

(1) See table below for details about reclassifications to income.

The following table summarizes the significant amounts reclassified out of each component of AOCI:

(dollars in thousands)	Years Ended December 31,			
Details about AOCI Components	Amount Reclassified from AOCI			Affected Line Item in the Statement of Income
Unrealized gains and losses on available-for-sale debt securities	\$ 4,327	\$ 10,767	\$ 1,923	Debt securities gains (losses), net
	(990)	(2,375)	(438)	Income tax (expense) benefit
	<u>\$ 3,337</u>	<u>\$ 8,392</u>	<u>\$ 1,485</u>	Net income
Unrealized gains and losses on held-to-maturity securities	\$ —	\$ —	\$ (2,812)	Interest income (expense)
	—	—	716	Income tax (expense) benefit
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2,096)</u>	Net income
Gains and losses on cash flow hedges				
Interest rate contracts	\$ 4,605	\$ 5,153	\$ 596	Interest income (expense)
	(1,131)	(1,267)	(147)	Income tax (expense) benefit
	<u>\$ 3,474</u>	<u>\$ 3,886</u>	<u>\$ 449</u>	Net income
Amortization of defined benefit pension items				
Actuarial gains (losses)	\$ (239)	\$ (21)	\$ (30)	Salaries and employee benefits
	59	5	8	Income tax (expense) benefit
	<u>\$ (180)</u>	<u>\$ (16)</u>	<u>\$ (22)</u>	Net income
Total reclassifications for the period	\$ 6,631	\$ 12,262	\$ (184)	Net income

NOTE 16 – INCOME TAXES

Following is a summary of the major items comprising the differences in taxes from continuing operations computed at the federal statutory rate and as recorded in the consolidated statement of income:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Provision at statutory rate of 21%	\$ 71,161	\$ 53,667	\$ 60,975
Tax-exempt income:			
Tax-exempt interest	(11,066)	(10,776)	(10,243)
Section 291/265 interest disallowance	114	189	435
Company-owned life insurance income	(2,138)	(2,290)	(2,423)
Tax-exempt income	(13,090)	(12,877)	(12,231)
State income taxes	9,308	4,840	6,720
Tax credit investments - federal	(5,212)	(15,159)	(4,411)
Other, net	(843)	(1,324)	1,097
Income tax expense	\$ 61,324	\$ 29,147	\$ 52,150
Effective tax rate	18.1 %	11.4 %	18.0 %

The higher effective tax rate in 2021 when compared to 2020 was primarily the result of an increase in pre-tax book income and lower tax credits.

The lower effective tax rate in 2020 when compared to 2019 was primarily the result of an increase in federal tax credits available in 2020.

The provision for income taxes consisted of the following components:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Current expense:			
Federal	\$ 31,943	\$ 19,223	\$ 22,908
State	8,461	6,498	4,490
Deferred expense:			
Federal	17,514	3,188	20,402
State	3,406	238	4,350
Deferred income tax expense	20,920	3,426	24,752
Income tax expense	\$ 61,324	\$ 29,147	\$ 52,150

Net Deferred Tax Assets

Net deferred tax assets are included in other assets on the balance sheet. Significant components of net deferred tax assets (liabilities) were as follows:

(dollars in thousands)	December 31,	
	2021	2020
Deferred Tax Assets		
Allowance for credit losses, net of recapture	\$ 28,843	\$ 34,971
Benefit plan accruals	18,348	20,076
Net operating loss carryforwards	14,823	18,982
Deferred gain on securities	1,215	2,102
Acquired loans	8,039	11,989
Operating lease liabilities	22,961	24,245
Unrealized losses on available-for-sale investment securities	3,003	—
Tax credit investments and other partnerships	301	1,054
Other, net	1,914	488
Total deferred tax assets	99,447	113,907
Deferred Tax Liabilities		
Purchase accounting	(18,524)	(18,232)
Loan servicing rights	(7,379)	(6,582)
Premises and equipment	(16,972)	(14,008)
Prepaid expenses	(796)	(955)
Operating lease right-of-use assets	(21,129)	(21,569)
Unrealized gains on available-for-sale investment securities	—	(40,756)
Unrealized gains on hedges	(177)	(1,080)
Other, net	(1,564)	(1,555)
Total deferred tax liabilities	(66,541)	(104,737)
Net deferred tax assets	\$ 32,906	\$ 9,170

Through the acquisition of Anchor (WI) in the second quarter of 2016 and Lafayette Savings Bank in the fourth quarter of 2014, both former thrifts, Old National Bank's retained earnings at December 31, 2021 include base-year bad debt reserves, created for tax purposes prior to 1988, totaling \$52.8 million. Of this total, \$50.9 million was acquired from Anchor (WI), and \$1.9 million was acquired from Lafayette Savings Bank. Base-year reserves are subject to recapture in the unlikely event that Old National Bank (1) makes distributions in excess of current and accumulated earnings and profits, as calculated for federal income tax purposes, (2) redeems its stock, or (3) liquidates. Old National Bank has no intention of making such a nondividend distribution. Accordingly, under current accounting principles, a related deferred income tax liability of \$13.0 million has not been recognized.

No valuation allowance was recorded at December 31, 2021 or 2020 because, based on current expectations, Old National believes it will generate sufficient income in future years to realize deferred tax assets. Old National has federal net operating loss carryforwards totaling \$36.7 million at December 31, 2021 and \$52.4 million at December 31, 2020. This federal net operating loss was acquired from the acquisition of Anchor (WI) in 2016. If not used, the federal net operating loss carryforwards will expire from 2030 to 2033. Old National has recorded state net operating loss carryforwards totaling \$116.1 million at December 31, 2021 and \$132.2 million at December 31, 2020. If not used, the state net operating loss carryforwards will expire from 2027 to 2033.

The federal and recorded state net operating loss carryforwards are subject to an annual limitation under Internal Revenue Code section 382. Old National believes that all of the recorded net operating loss carryforwards will be used prior to expiration.

Unrecognized Tax Benefits

Old National reduced an immaterial amount of unrecognized tax benefits to zero in 2020 after an Internal Revenue Service audit was finalized.

Old National and its subsidiaries file a consolidated U.S. federal income tax return, as well as filing various state returns. The 2018 through 2021 tax years are open and subject to examination.

NOTE 17 – SHARE-BASED COMPENSATION AND OTHER EMPLOYEE BENEFIT PLANS

Our Amended and Restated 2008 Incentive Compensation Plan (the “ICP”), which was shareholder-approved, permits the grant of share-based awards to its employees. At December 31, 2021, 2.3 million shares were available for issuance. The granting of awards to key employees is typically in the form of restricted stock awards or units. We believe that such awards better align the interests of our employees with those of our shareholders. Total compensation cost that has been charged against income for the ICP was \$7.5 million in 2021, \$7.7 million in 2020, and \$8.0 million in 2019. The total income tax benefit was \$1.8 million in 2021, \$1.9 million in 2020, and \$2.0 million in 2019.

Restricted Stock Awards

Restricted stock awards require certain service requirements and commonly have vesting periods of three years. Compensation expense is recognized on a straight-line basis over the vesting period. Shares are subject to certain restrictions and risk of forfeiture by the participants.

A summary of changes in our nonvested shares for the year follows:

(shares in thousands)	Shares	Weighted Average Grant-Date Fair Value
Year Ended December 31, 2021		
Nonvested balance at beginning of period	558	\$15.51
Granted during the year	254	17.28
Vested during the year	(243)	15.92
Forfeited during the year	(15)	14.76
Nonvested balance at end of period	554	\$16.16

As of December 31, 2021, there was \$6.0 million of total unrecognized compensation cost related to nonvested restricted stock awards. The cost is expected to be recognized over a weighted-average period of 1.8 years. The total fair value of the shares vested was \$4.3 million in 2021, \$2.9 million in 2020, and \$3.4 million in 2019.

Restricted Stock Units

Restricted stock units require certain performance requirements and have vesting periods of three years. The level of performance could increase or decrease the number of shares earned. Compensation expense is recognized on a straight-line basis over the vesting period. Shares are subject to certain restrictions and risk of forfeiture by the participants.

A summary of changes in our nonvested shares for the year follows:

(shares in thousands)	Shares	Weighted Average Grant-Date Fair Value
Year Ended December 31, 2021		
Nonvested balance at beginning of period	911	\$14.18
Granted during the year	184	15.64
Vested during the year	(242)	14.26
Dividend equivalents adjustment	33	14.05
Nonvested balance at end of period	886	\$14.80

As of December 31, 2021, there was \$3.8 million of total unrecognized compensation cost related to nonvested restricted stock units. The cost is expected to be recognized over a weighted-average period of 1.7 years.

Stock Options and Appreciation Rights

Option awards are generally granted with an exercise price equal to the market price of our Common Stock at the date of grant; these option awards have vesting periods ranging from 3 to 5 years and have 10-year contractual terms.

Old National has not granted stock options since 2009. However, Old National did acquire stock options and stock appreciation rights through prior year acquisitions. Old National recorded no incremental expense associated with the conversion of these options and stock appreciation rights.

As of December 31, 2021, all options were fully vested and all compensation costs had been expensed. At December 31, 2021, the outstanding shares consisted of stock appreciation rights acquired through prior year acquisitions.

A summary of the activity in stock appreciation rights in 2021 follows:

(shares in thousands)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (in thousands)
Year Ended December 31, 2021				
Outstanding at beginning of period	41	\$4.24		
Exercised	(13)	4.12		
Outstanding at end of period	28	\$4.30	0.47	\$387.4
Options exercisable at end of year	28	\$4.30	0.47	\$387.4

Information related to stock option and appreciation rights follows:

(dollars in thousands)	2021	2020	2019
Intrinsic value of options/appreciation rights exercised	\$ 171	\$ 213	\$ 178
Cash received from options/appreciation rights exercises	—	—	280
Tax benefit realized from options/appreciation rights exercises	68	85	71

Outside Director Stock Compensation Program

Old National maintains a director stock compensation program covering all outside directors. Compensation shares are earned semi-annually. Beginning in 2017, any shares awarded to directors are anticipated to be issued from the ICP. In 2021, 25 thousand shares were issued to directors, compared to 28 thousand shares in 2020, and 12 thousand shares in 2019.

Employee Stock Ownership Plan

The Employee Stock Ownership and Savings Plan (the “401(k) Plan”) permits employees to participate the first month following one month of service. Old National matches 75% of employee compensation deferral contributions of the first 4% of compensation, and 50% of the next 4% of compensation. In addition to matching contributions, Old National may make discretionary contributions to the 401(k) Plan in the form of Old National stock or cash. Our Board of Directors designated no discretionary profit sharing contributions in 2021, 2020, or 2019. All contributions vest immediately and plan participants may elect to redirect funds among any of the investment options provided under the 401(k) Plan. The number of Old National shares in the 401(k) Plan were 0.5 million at December 31, 2021 and 0.6 million at December 31, 2020. All shares owned through the 401(k) Plan are included in the calculation of weighted-average shares outstanding for purposes of calculating diluted and basic earnings per share. Contribution expense under the 401(k) Plan was \$9.8 million in 2021, \$9.5 million in 2020, and \$9.8 million in 2019.

NOTE 18 – SHAREHOLDERS' EQUITY

Dividend Reinvestment and Stock Purchase Plan

Old National has a dividend reinvestment and stock purchase plan under which common shares issued may be either repurchased shares or authorized and previously unissued shares. A new plan became effective on August 12, 2021, with total authorized and unissued common shares reserved for issuance of 3.3 million. At December 31, 2021, 3.3 million authorized and unissued common shares were available for issuance under the plan.

Employee Stock Purchase Plan

Old National has an employee stock purchase plan under which eligible employees can purchase common shares at a price not less than 95% of the fair market value of the common shares on the purchase date. The amount of common shares purchased cannot exceed 10% of the employee's compensation. The maximum number of shares that may be purchased under this plan is 500,000 shares. In 2021, 35,000 shares were issued related to this plan with proceeds of approximately \$583,000. In 2020, 43,000 shares were issued related to this plan with proceeds of approximately \$577,000.

Share Repurchase Plan

In the first quarter of 2021, the Board of Directors approved the repurchase of up to \$100 million of shares of Common Stock, as conditions warrant, through January 31, 2022. During 2021 and through January 31, 2022, no common shares were repurchased under the plan.

Net Income per Share

Basic and diluted net income per share are calculated using the two-class method. Net income is divided by the weighted-average number of common shares outstanding during the period. Adjustments to the weighted average number of common shares outstanding are made only when such adjustments will dilute net income per common share. Net income is then divided by the weighted-average number of common shares and common share equivalents during the period.

The following table reconciles basic and diluted net income per share.

(dollars and shares in thousands, except per share data)	Years Ended December 31,		
	2021	2020	2019
Basic Net Income Per Share			
Net income	\$ 277,538	\$ 226,409	\$ 238,206
Weighted average common shares outstanding	165,178	165,509	171,907
Basic Net Income Per Share	\$ 1.68	\$ 1.37	\$ 1.39
Diluted Net Income Per Share			
Net income	\$ 277,538	\$ 226,409	\$ 238,206
Weighted average common shares outstanding	165,178	165,509	171,907
Effect of dilutive securities:			
Restricted stock	729	632	733
Stock options and appreciation rights	22	36	47
Weighted average shares outstanding	165,929	166,177	172,687
Diluted Net Income Per Share	\$ 1.67	\$ 1.36	\$ 1.38

NOTE 19 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Old National used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Investment securities and equity securities: The fair values for investment securities and equity securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using swap and LIBOR curves plus spreads that adjust for loss severities, volatility, credit risk, and optionality. During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.

Residential loans held for sale: The fair value of loans held for sale is determined using quoted prices for a similar asset, adjusted for specific attributes of that loan (Level 2).

Derivative financial instruments: The fair values of derivative financial instruments are based on derivative valuation models using market data inputs as of the valuation date (Level 2).

Recurring Basis

Assets and liabilities measured at fair value on a recurring basis, including financial assets and liabilities for which we have elected the fair value option, are summarized below:

(dollars in thousands)	Carrying Value	Fair Value Measurements at December 31, 2021 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Equity securities	\$ 13,211	\$ 13,211	\$ —	\$ —
Investment securities available-for-sale:				
U.S. Treasury	235,584	235,584	—	—
U.S. government-sponsored entities and agencies	1,542,773	—	1,542,773	—
Mortgage-backed securities - Agency	3,698,831	—	3,698,831	—
States and political subdivisions	1,654,986	—	1,654,986	—
Pooled trust preferred securities	9,496	—	—	9,496
Other securities	240,396	—	240,396	—
Residential loans held for sale	35,458	—	35,458	—
Derivative assets	74,226	—	74,226	—
Financial Liabilities				
Derivative liabilities	41,872	—	41,872	—
Fair Value Measurements at December 31, 2020 Using				
(dollars in thousands)	Carrying Value	Fair Value Measurements at December 31, 2020 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Equity securities	\$ 2,547	\$ 2,547	\$ —	\$ —
Investment securities available-for-sale:				
U.S. Treasury	10,208	10,208	—	—
U.S. government-sponsored entities and agencies	841,988	—	841,988	—
Mortgage-backed securities - Agency	3,339,098	—	3,339,098	—
States and political subdivisions	1,492,162	—	1,492,162	—
Pooled trust preferred securities	7,913	—	—	7,913
Other securities	278,746	—	278,746	—
Residential loans held for sale	63,250	—	63,250	—
Derivative assets	140,201	—	140,201	—
Financial Liabilities				
Derivative liabilities	18,187	—	18,187	—

The table below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

(dollars in thousands)	Pooled Trust Preferred Securities	States and Political Subdivisions
Year Ended December 31, 2021		
Balance at beginning of period	\$ 7,913	\$ —
Accretion (amortization) of discount or premium	20	—
Sales/payments received	(27)	—
Increase (decrease) in fair value of securities	1,590	—
Balance at end of period	\$ 9,496	\$ —
Year Ended December 31, 2020		
Balance at beginning of period	\$ 8,222	\$ 40
Accretion (amortization) of discount or premium	15	—
Sales/payments received	(64)	(40)
Increase (decrease) in fair value of securities	(260)	—
Balance at end of period	\$ 7,913	\$ —
Year Ended December 31, 2019		
Balance at beginning of period	\$ 8,495	\$ 4,108
Accretion (amortization) of discount or premium	12	—
Sales/payments received	(62)	(35)
Increase (decrease) in fair value of securities	(223)	—
Transfers out of Level 3	—	(4,033)
Balance at end of period	\$ 8,222	\$ 40

The accretion of discounts or amortization of premiums on securities in the table above is included in interest income. The increase or decrease in the fair value of securities in the table above is included in the unrealized holding gains (losses) for the period in the statement of other comprehensive income. An increase in fair value is reflected in the balance sheet as an increase in the fair value of investment securities available-for-sale, an increase in accumulated other comprehensive income, which is included in shareholders' equity, and a decrease in other assets related to the tax impact. A decrease in fair value is reflected in the balance sheet as a decrease in the fair value of investment securities available-for-sale, a decrease in accumulated other comprehensive income, which is included in shareholders' equity, and an increase in other assets related to the tax impact. During 2019, Old National received third party pricing on a \$4.0 million state and political subdivisions security and transferred it out of Level 3.

The table below provides quantitative information about significant unobservable inputs used in fair value measurements within Level 3 of the fair value hierarchy:

(dollars in thousands)	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average) (4)
December 31, 2021				
Pooled trust preferred securities	\$ 9,496	Discounted cash flow	Constant prepayment rate (1)	0.0%
			Additional asset defaults (2)	5.7% - 8.5% (6.5%)
			Expected asset recoveries (3)	0.0% - 46.0% (14.1%)
December 31, 2020				
Pooled trust preferred securities	\$ 7,913	Discounted cash flow	Constant prepayment rate (1)	0.0%
			Additional asset defaults (2)	6.0% - 8.7% (6.8%)
			Expected asset recoveries (3)	0.0% - 23.2% (7.3%)

- (1) Assuming no prepayments.
- (2) Each currently performing pool asset is assigned a default probability based on the banking environment, which is adjusted for specific issuer evaluation, of 0%, 50%, or 100%.
- (3) Each currently defaulted pool asset is assigned a recovery probability based on specific issuer evaluation of 0%, 25%, or 100%.
- (4) Unobservable inputs are weighted by the estimated number of defaults and current performing collateral of the instruments.

Significant changes in any of the unobservable inputs used in the fair value measurement in isolation would have resulted in a significant change to the fair value measurement. The pooled trust preferred securities Old National owns are subordinate note classes that rely on an ongoing cash flow stream to support their values. The senior note classes receive the benefit of prepayments to the detriment of subordinate note classes since the ongoing interest cash flow stream is reduced by the early redemption. Generally, a change in prepayment rates or additional pool asset defaults would have an impact that is directionally opposite from a change in the expected recovery of a defaulted pool asset.

Non-Recurring Basis

Assets measured at fair value on a non-recurring basis are summarized below:

(dollars in thousands)	Carrying Value	Fair Value Measurements at December 31, 2021 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral Dependent Loans:				
Commercial loans	\$ 2,634	\$ —	\$ —	\$ 2,634
Commercial real estate loans	16,308	—	—	16,308
Loan servicing rights	140	—	140	—

Commercial and commercial real estate loans that are deemed collateral dependent are valued using the discounted cash flows. The liquidation amounts are based on the fair value of the underlying collateral using the most recently available appraisals with certain adjustments made based on the type of property, age of appraisal, current status of the property, and other related factors to estimate the current value of the collateral. These commercial and commercial real estate loans had a principal amount of \$21.0 million, with a valuation allowance of \$2.1 million at December 31, 2021. Old National recorded provision recapture associated with these loans totaling \$0.1 million in 2021.

Other real estate owned and other repossessed property is measured at fair value less costs to sell. Old National did not have any other real estate owned or repossessed property measured at fair value on a non-recurring basis at December 31, 2021. There were write-downs of other real estate owned of \$23 thousand in 2021.

Loan servicing rights are evaluated for impairment based upon the fair value of the rights as compared to the carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded on that tranche so that the servicing asset is carried at fair value. Fair value is determined at a tranche level, based on market prices for comparable mortgage servicing contracts when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes a discount rate, weighted average prepayment speed, and other economic factors that market participants would use in estimating future net servicing income and that can be validated against available market data (Level 2). The valuation allowance for loan servicing rights with impairments at December 31, 2021 totaled \$46 thousand. Old National recorded recoveries associated with these loan servicing rights totaling \$1.4 million in 2021.

Assets measured at fair value on a non-recurring basis at December 31, 2020 are summarized below:

(dollars in thousands)	Carrying Value	Fair Value Measurements at December 31, 2020 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral Dependent Loans:				
Commercial loans	\$ 10,747	\$ —	\$ —	\$ 10,747
Commercial real estate loans	40,653	—	—	40,653
Loan servicing rights	26,717	—	26,717	—

At December 31, 2020, commercial and commercial real estate loans that were deemed collateral dependent had a principal amount of \$57.2 million, with a valuation allowance of \$5.8 million. Old National recorded provision expense associated with these loans totaling \$2.1 million in 2020.

Old National did not have any other real estate owned or other repossessed property measured at fair value on a non-recurring basis at December 31, 2020. There were write-downs of other real estate owned of \$0.2 million in 2020.

The valuation allowance for loan servicing rights with impairments at December 31, 2020 totaled \$1.4 million. There were impairments associated with these loan servicing rights totaling \$1.4 million in 2020.

The table below provides quantitative information about significant unobservable inputs used in fair value measurements within Level 3 of the fair value hierarchy:

(dollars in thousands)	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average)(1)
December 31, 2021				
Collateral Dependent Loans				
Commercial loans	\$ 2,634	Discounted cash flow	Discount for type of property, age of appraisal, and current status	14% - 15% (14%)
Commercial real estate loans	16,308	Discounted cash flow	Discount for type of property, age of appraisal, and current status	6% -10% (8%)
December 31, 2020				
Collateral Dependent Loans				
Commercial loans	\$ 10,747	Discounted cash flow	Discount for type of property, age of appraisal, and current status	0% - 33% (12%)
Commercial real estate loans	40,653	Discounted cash flow	Discount for type of property, age of appraisal, and current status	0% - 18% (7%)

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

Fair Value Option

Old National may elect to report most financial instruments and certain other items at fair value on an instrument-by instrument basis with changes in fair value reported in net income. After the initial adoption, the election is made at the acquisition of an eligible financial asset, financial liability, or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made.

Residential Loans Held For Sale

Old National has elected the fair value option for residential loans held for sale. For these loans, interest income is recorded in the consolidated statements of income based on the contractual amount of interest income earned on the financial assets (except any that are on nonaccrual status). None of these loans are 90 days or more past due, nor are any on nonaccrual status. Included in the income statement is interest income for loans held for sale totaling \$1.5 million in 2021, \$2.0 million in 2020, and \$1.4 million in 2019.

Old National has elected the fair value option for newly originated conforming fixed-rate and adjustable-rate first mortgage loans held for sale. These loans are intended for sale and are hedged with derivative instruments. Old National has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplification. The fair value option was not elected for loans held for investment.

The difference between the aggregate fair value and the aggregate remaining principal balance for loans for which the fair value option has been elected was as follows:

(dollars in thousands)	Aggregate Fair Value	Difference	Contractual Principal
December 31, 2021			
Residential loans held for sale	\$ 35,458	\$ 1,342	\$ 34,116
December 31, 2020			
Residential loans held for sale	\$ 63,250	\$ 3,485	\$ 59,765

Accrued interest at period end is included in the fair value of the instruments.

The following table presents the amount of gains and losses from fair value changes included in income before income taxes for financial assets carried at fair value:

	Other Gains and (Losses)	Interest Income	Interest (Expense)	Total Changes in Fair Values Included in Current Period Earnings
(dollars in thousands)				
Year Ended December 31, 2021				
Residential loans held for sale	\$ (2,139)	\$ 2	\$ (6)	\$ (2,143)
Year Ended December 31, 2020				
Residential loans held for sale	\$ 1,962	\$ 18	\$ (24)	\$ 1,956

Financial Instruments Not Carried at Fair Value

The carrying amounts and estimated fair values of financial instruments not carried at fair value were as follows:

	Fair Value Measurements at December 31, 2021 Using			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(dollars in thousands)				
Financial Assets				
Cash, due from banks, money market, and other interest-earning investments	\$ 822,019	\$ 822,019	\$ —	\$ —
Loans, net:				
Commercial	3,363,175	—	—	3,335,009
Commercial real estate	6,315,574	—	—	6,211,854
Residential real estate	2,245,942	—	—	2,216,900
Consumer credit	1,569,814	—	—	1,582,600
Accrued interest receivable	84,109	688	35,790	47,631
Financial Liabilities				
Deposits:				
Noninterest-bearing demand deposits	\$ 6,303,106	\$ 6,303,106	\$ —	\$ —
Checking, NOW, savings, and money market interest-bearing deposits	11,305,676	11,305,676	—	—
Time deposits	960,413	—	968,658	—
Federal funds purchased and interbank borrowings	276	276	—	—
Securities sold under agreements to repurchase	392,275	392,275	—	—
FHLB advances	1,886,019	—	1,935,140	—
Other borrowings	296,670	—	311,532	—
Accrued interest payable	5,496	—	5,496	—
Standby letters of credit	454	—	—	454
Off-Balance Sheet Financial Instruments				
Commitments to extend credit	\$ —	\$ —	\$ —	\$ 4,678

(dollars in thousands)	Carrying Value	Fair Value Measurements at December 31, 2020 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Cash, due from banks, money market, and other interest-earning investments	\$ 589,712	\$ 589,712	\$ —	\$ —
Loans, net:				
Commercial	3,922,642	—	—	3,912,948
Commercial real estate	5,867,795	—	—	5,797,447
Residential real estate	2,235,814	—	—	2,264,274
Consumer credit	1,628,840	—	—	1,618,365
Accrued interest receivable	85,306	21	27,977	57,308
Financial Liabilities				
Deposits:				
Noninterest-bearing demand deposits	\$ 5,633,672	\$ 5,633,672	\$ —	\$ —
Checking, NOW, savings, and money market interest-bearing deposits	10,280,911	10,180,911	99,957	—
Time deposits	1,122,870	—	1,140,922	—
Federal funds purchased and interbank borrowings	1,166	1,166	—	—
Securities sold under agreements to repurchase	431,166	431,166	—	—
FHLB advances	1,991,435	—	2,092,033	—
Other borrowings	252,787	—	254,612	—
Accrued interest payable	5,443	—	5,443	—
Standby letters of credit	462	—	—	462
Off-Balance Sheet Financial Instruments				
Commitments to extend credit	\$ —	\$ —	\$ —	\$ 11,822

The methods utilized to measure the fair value of financial instruments at December 31, 2021 and 2020 represent an approximation of exit price, however, an actual exit price may differ.

NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS

As part of our overall interest rate risk management, Old National uses derivative instruments, including interest rate swaps, collars, caps, and floors. The notional amount does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual agreements. Derivative instruments are recognized on the balance sheet at their fair value and are not reported on a net basis.

Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. Old National's exposure is limited to the termination value of the contracts rather than the notional, principal, or contract amounts. There are provisions in our agreements with the counterparties that allow for certain unsecured credit exposure up to an agreed threshold. Exposures in excess of the agreed thresholds are collateralized. In addition, we minimize credit risk through credit approvals, limits, and monitoring procedures.

Derivatives Designated as Hedges

Subsequent changes in fair value for a hedging instrument that has been designated and qualifies as part of a hedging relationship are accounted for in the following manner:

Cash flow hedges: changes in fair value are recognized as a component in other comprehensive income.

Fair value hedges: changes in fair value are recognized concurrently in earnings.

As long as a hedging instrument is designated and the results of the effectiveness testing support that the instrument qualifies for hedge accounting treatment, 100% of the periodic changes in fair value of the hedging instrument are accounted for as outlined above. This is the case whether or not economic mismatches exist in the hedging relationship. As a result, there is no periodic measurement or recognition of ineffectiveness. Rather, the full impact of hedge gains and losses is recognized in the period in which the hedged transactions impact earnings.

The change in fair value of the hedging instrument that is included in the assessment of hedge effectiveness is presented in the same income statement line item that is used to present the earnings effect of the hedged item.

Cash Flow Hedges

Interest rate swaps of certain borrowings were designated as cash flow hedges totaling \$150.0 million notional amount at December 31, 2021 and \$325.0 million notional amount at December 31, 2020. Interest rate collars and floors related to variable-rate commercial loan pools were designated as cash flow hedges totaling \$600.0 million notional amount at December 31, 2021 and \$400.0 million notional amount at December 31, 2020. The hedges were determined to be effective during all periods presented and we expect them to remain effective during the remaining terms.

Old National has designated its interest rate collars as cash flow hedges. The structure of these instruments is such that Old National pays the counterparty an incremental amount if the collar index exceeds the cap rate. Conversely, Old National receives an incremental amount if the index falls below the floor rate. No payments are required if the collar index falls between the cap and floor rates.

Old National has designated its interest rate floor transactions as cash flow hedges. The structure of these instruments is such that Old National receives an incremental amount if the index falls below the floor strike rate. No payments are required if the index remains above the floor strike rate.

Fair Value Hedges

Interest rate swaps of certain borrowings were designated as fair value hedges totaling \$377.5 million notional amount at December 31, 2021 and \$379.0 million notional amount at December 31, 2020. Interest rate swaps of certain available-for-sale investment securities were designated as fair value hedges totaling \$910.0 million notional amount at December 31, 2021 and \$347.5 million notional amount at December 31, 2020. The hedges were determined to be effective during all periods presented and we expect them to remain effective during the remaining terms.

The following table summarizes Old National's derivatives designated as hedges:

(dollars in thousands)	December 31, 2021			December 31, 2020		
	Notional	Fair Value		Notional	Fair Value	
		Assets (1)	Liabilities (2)		Assets (1)	Liabilities (2)
Cash flow hedges:						
Interest rate collars and floors on loan pools	\$ 600,000	\$ 459	\$ 2,173	\$ 400,000	\$ 6,636	\$ —
Interest rate swaps on borrowings	150,000	4,316	—	325,000	628	1,816
Fair value hedges:						
Interest rate swaps on investment securities	909,957	10,961	14,643	347,516	1,145	172
Interest rate swaps on borrowings	377,500	2,475	96	379,000	8,793	—
Total	\$ 18,211	\$ 16,912		\$ 17,202	\$ 1,988	

(1) Derivative assets are included in other assets on the balance sheet.

(2) Derivative liabilities are included in other liabilities on the balance sheet.

The effect of derivative instruments in fair value hedging relationships on the consolidated statements of income were as follows:

(dollars in thousands)						Gain (Loss) Recognized in Income on Related Hedged Items
Derivatives in Fair Value Hedging Relationships	Location of Gain or (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Derivative	Hedged Items in Fair Value Hedging Relationships	Location of Gain or (Loss) Recognized in Income on Related Hedged Item		
Year Ended December 31, 2021						
Interest rate contracts	Interest income/(expense)	\$ (6,413)	Fixed-rate debt	Interest income/(expense)	\$ 6,296	
Interest rate contracts	Interest income/(expense)	<u>(4,656)</u>	Fixed-rate investment securities	Interest income/(expense)		4,954
Total		<u><u>\$ (11,069)</u></u>			<u><u>\$ 11,250</u></u>	
Year Ended December 31, 2020						
Interest rate contracts	Interest income/(expense)	\$ 7,238	Fixed-rate debt	Interest income/(expense)	\$ (7,283)	
Interest rate contracts	Interest income/(expense)	973	Fixed-rate investment securities	Interest income/(expense)		(967)
Total		<u><u>\$ 8,211</u></u>			<u><u>\$ (8,250)</u></u>	
Year Ended December 31, 2019						
Interest rate contracts	Interest income/(expense)	\$ 12,577	Fixed-rate debt	Interest income/(expense)	\$ (12,587)	

The effect of derivative instruments in cash flow hedging relationships on the consolidated statements of income were as follows:

Derivatives in Cash Flow Hedging Relationships	Location of Gain or (Loss) Reclassified from AOCI into Income	Years Ended December 31,			Years Ended December 31,		
		2021	2020	2019	2021	2020	2019
		Gain (Loss) Recognized in Other Comprehensive Income on Derivative			Gain (Loss) Reclassified from AOCI into Income		
Interest rate contracts	Interest income/(expense)	\$ 1,898	\$ 8,261	\$ (543)	\$ 4,605	\$ 5,153	\$ 596

Amounts reported in AOCI related to cash flow hedges will be reclassified to interest income or interest expense as interest payments are received or paid on Old National's derivative instruments. During the next 12 months, we estimate that \$1.5 million will be reclassified to interest income and \$0.1 million will be reclassified to interest expense.

Derivatives Not Designated as Hedges

Commitments to fund certain mortgage loans (interest rate lock commitments) and forward commitments for the future delivery of mortgage loans to third party investors are considered derivatives. These derivative contracts do not qualify for hedge accounting. At December 31, 2021, the notional amounts of the interest rate lock commitments were \$90.7 million and forward commitments were \$126.1 million. At December 31, 2020, the notional amounts of the interest rate lock commitments were \$224.7 million and forward commitments were \$261.0 million. It is our practice to enter into forward commitments for the future delivery of residential mortgage loans to third party investors when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates resulting from our commitment to fund the loans.

Old National also enters into derivative instruments for the benefit of its clients. The notional amounts of these customer derivative instruments and the offsetting counterparty derivative instruments were \$2.433 billion at December 31, 2021. The notional amounts of these customer derivative instruments and the offsetting counterparty derivative instruments were \$2.008 billion at December 31, 2020. These derivative contracts do not qualify for hedge accounting. These instruments include interest rate swaps, caps, and collars. Commonly, Old National will economically hedge significant exposures related to these derivative contracts entered into for the benefit of clients by entering into offsetting contracts with approved, reputable, independent counterparties with substantially matching terms.

Old National enters into derivative financial instruments as part of its foreign currency risk management strategies. These derivative instruments consist of foreign currency forward contracts to accommodate the business needs of its clients. Old National does not designate these foreign currency forward contracts for hedge accounting treatment.

The following table summarizes Old National's derivatives not designated as hedges:

(dollars in thousands)	December 31, 2021			December 31, 2020		
	Notional	Fair Value		Notional	Fair Value	
		Assets (1)	Liabilities (2)		Assets (1)	Liabilities (2)
Interest rate lock commitments	\$ 90,731	\$ 2,352	\$ —	\$ 224,719	\$ 9,375	\$ —
Forward mortgage loan contracts	126,107	242	—	261,027	—	2,335
Customer interest rate swaps	2,433,177	52,439	11,658	2,008,149	113,300	133
Counterparty interest rate swaps (3)	2,433,177	583	12,956	2,008,149	—	13,543
Customer foreign currency forward contracts	10,292	399	—	9,990	324	—
Counterparty foreign currency forward contracts	10,205	—	346	9,854	—	188
Total	<u>\$ 56,015</u>	<u>\$ 24,960</u>		<u>\$ 122,999</u>	<u>\$ 16,199</u>	

(1) Derivative assets are included in other assets on the balance sheet.

(2) Derivative liabilities are included in other liabilities on the balance sheet.

(3) The fair values of certain counterparty interest rate swaps are zero due to the settlement of centrally-cleared variation margin rules. The net adjustment was \$28.9 million as of December 31, 2021 and \$100.4 million as of December 31, 2020.

The effect of derivatives not designated as hedging instruments on the consolidated statements of income were as follows:

(dollars in thousands)	Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Years Ended December 31,		
			2021	2020	2019
Interest rate contracts (1)	Other income/(expense)	\$ 279	\$ (551)	\$ (174)	
Mortgage contracts	Mortgage banking revenue	(4,446)	5,692	789	
Foreign currency contracts	Other income/(expense)	(104)	13	50	
Total		<u>\$ (4,271)</u>	<u>\$ 5,154</u>	<u>\$ 665</u>	

(1) Includes the valuation differences between the customer and offsetting swaps.

NOTE 21 – COMMITMENTS AND CONTINGENCIES

COVID-19

The COVID-19 pandemic has created economic and financial disruptions that have adversely affected, and are likely to continue to adversely affect, the business, financial condition, and results of operations of the Company and its clients. The COVID-19 pandemic caused changes in the behavior of clients, businesses, and their employees, including illness, quarantines, social distancing practices, cancellation of events and travel, business and school shutdowns, reduction in commercial activity and financial transactions, supply chain interruptions, increased unemployment, and overall economic and financial market instability. Future effects, including additional actions taken by federal, state, and local governments to contain COVID-19 or treat its impact, are unknown. However, if these actions are sustained, it may adversely impact several industries within our geographic footprint and impair the ability of Old National's clients to fulfill their contractual obligations to the Company. This could cause Old National to experience a material adverse effect on our business operations, asset valuations, financial condition, and results of operations. Material adverse impacts may include all or a combination of valuation impairments on Old National's intangible assets, investments, loans, loan servicing rights, deferred tax assets, or counter-party risk derivatives.

Litigation

In the normal course of business, Old National Bancorp and its subsidiaries have been named, from time to time, as defendants in various legal actions. Certain of the actual or threatened legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages.

Old National contests liability and/or the amount of damages as appropriate in each pending matter. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, Old National cannot predict with certainty the loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, or other relief, if any, might be. Subject to the foregoing, Old National believes, based on current knowledge and after consultation with counsel, that the outcome of such pending matters will not have a material adverse effect on the consolidated financial condition of Old National, although the outcome of such matters could be material to Old National's operating results and cash flows for a particular future period, depending on, among other things, the level of Old National's revenues or income for such period. Old National will accrue for a loss contingency if (1) it is probable that a future event will occur and confirm the loss and (2) the amount of the loss can be reasonably estimated.

Old National is not currently involved in any material litigation.

Credit-Related Financial Instruments

In the normal course of business, Old National's banking affiliates have entered into various agreements to extend credit, including loan commitments of \$4.489 billion and standby letters of credit of \$75.7 million at December 31, 2021. At December 31, 2021, approximately \$4.151 billion of the loan commitments had fixed rates and \$338.2 million had floating rates, with the floating interest rates ranging from 0% to 14%. At December 31, 2020, loan commitments totaled \$3.720 billion and standby letters of credit totaled \$86.9 million. These commitments are not reflected in the consolidated financial statements. The allowance for unfunded loan commitments totaled \$10.9 million at December 31, 2021 and \$11.7 million at December 31, 2020.

Old National had credit extensions with various unaffiliated banks related to letter of credit commitments issued on behalf of Old National's clients totaling \$21.8 million at December 31, 2021 and \$7.9 million at December 31, 2020. Old National provided collateral to the unaffiliated banks to secure credit extensions totaling \$6.5 million at December 31, 2021 and \$7.5 million December 31, 2020. Old National did not provide collateral for the remaining credit extensions.

Visa Class B Restricted Shares

In 2008, Old National received Visa Class B restricted shares as part of Visa's initial public offering. These shares are transferable only under limited circumstances until they can be converted into the publicly traded Class A common shares. This conversion will not occur until the final settlement of certain litigation for which Visa is indemnified by the holders of Visa's Class B shares, including Old National. Visa funded an escrow account from its initial public offering to settle these litigation claims. Increases in litigation claims requiring Visa to fund the escrow account due to insufficient funds will result in a reduction of the conversion ratio of each Visa Class B share to unrestricted Class A shares. As of December 31, 2021, the conversion ratio was 1.6181. Based on the existing transfer restriction and the uncertainty of the outcome of the Visa litigation, the 65,466 Class B shares that Old National owns at December 31, 2021 are carried at a zero cost basis and are included in other assets with our equity securities that have no readily determinable fair value.

NOTE 22 – FINANCIAL GUARANTEES

Old National holds instruments, in the normal course of business with clients, that are considered financial guarantees in accordance with FASB ASC 460-10 (FIN 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*), which requires Old National to record the instruments at fair value. Standby letters of credit guarantees are issued in connection with agreements made by clients to counterparties. Standby letters of credit are contingent upon failure of the client to perform the terms of the underlying contract. Credit risk associated with standby letters of credit is essentially the same as that associated with extending loans to clients and is subject to normal credit policies. The term of these standby letters of credit is typically one year or less. At December 31, 2021, the notional amount of standby letters of credit was \$75.7 million, which represented the maximum amount of future funding requirements, and the carrying value was \$0.5 million. At December 31, 2020, the notional amount of standby letters of credit was \$86.9 million, which represented the maximum amount of future funding requirements, and the carrying value was \$0.5 million.

Old National is a party in risk participation transactions of interest rate swaps, which had total notional amount of \$97.7 million at December 31, 2021.

NOTE 23 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Old National's revenue from contracts with customers in the scope of Topic 606 is recognized within noninterest income. The consolidated statements of income include all categories of noninterest income. The following table reflects only the categories of noninterest income that are within the scope of Topic 606:

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Wealth management fees	\$ 40,409	\$ 36,806	\$ 37,072
Service charges on deposit accounts	34,685	35,081	44,915
Debit card and ATM fees	20,739	20,178	21,652
Investment product fees	24,639	21,614	21,785
Other income:			
Merchant processing fees	3,733	3,150	3,105
Gain (loss) on other real estate owned	298	240	254
Safe deposit box fees	999	957	1,206
Insurance premiums and commissions	114	407	815
Total	\$ 125,616	\$ 118,433	\$ 130,804

Wealth management fees: Old National earns wealth management fees based upon asset custody and investment management services provided to individual and institutional customers. Most of these customers receive monthly or quarterly billings for services rendered based upon the market value of assets in custody. Fees that are transaction based are recognized at the point in time that the transaction is executed.

Service charges on deposit accounts: Old National earns fees from deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees and overdraft fees are recognized at a point in time, since the customer generally has a right to cancel the depository arrangement at any time. The arrangement is considered a day-to-day contract with ongoing renewals and optional purchases, so the duration of the contract does not extend beyond the services already performed. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which Old National satisfies its performance obligation.

Debit card and ATM fees: Debit card and ATM fees include ATM usage fees and debit card interchange income. As with the transaction-based fees on deposit accounts, the ATM fees are recognized at the point in time that Old National fulfills the customer's request. Old National earns interchange fees from cardholder transactions processed through card association networks. Interchange rates are generally set by the card associations based upon purchase volumes and other factors. Interchange fees represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Investment product fees: Investment product fees are the commissions and fees received from a registered broker/dealer and investment adviser that provide those services to Old National customers. Old National acts as an agent in arranging the relationship between the customer and the third-party service provider. These fees are recognized monthly from the third-party broker based upon services already performed, net of the processing fees charged to Old National by the broker.

NOTE 24 – REGULATORY RESTRICTIONS

Restrictions on Cash and Due from Banks

Prior to March of 2020, Old National’s affiliate bank was required to maintain reserve balances on hand and with the Federal Reserve Bank that are interest-bearing and unavailable for investment purposes. The Federal Reserve Board reduced reserve requirement ratios to 0% effective March 26, 2020. This action eliminated reserve requirements for all depository institutions. Old National had cash and due from banks which was held as collateral for collateralized swap positions of \$14.6 million at December 31, 2021 and \$7.8 million at December 31, 2020.

Restrictions on Transfers from Affiliate Bank

Regulations limit the amount of dividends an affiliate bank can declare in any year without obtaining prior regulatory approval. Prior regulatory approval is required if dividends to be declared in any year would exceed net earnings of the current year plus retained net profits for the preceding two years. Prior regulatory approval to pay dividends was not required in 2019, 2020, or 2021 and is not currently required.

Restrictions on the Payment of Dividends

Old National has traditionally paid a quarterly dividend to common shareholders. The payment of dividends is subject to legal and regulatory restrictions. Any payment of dividends in the future will depend, in large part, on Old National’s earnings, capital requirements, financial condition, and other factors considered relevant by our Board of Directors.

Capital Adequacy

Old National and Old National Bank are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can elicit certain mandatory actions by regulators that, if undertaken, could have a direct material effect on Old National’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Old National and Old National Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies. Quantitative measures established by regulation to ensure capital adequacy require Old National and Old National Bank to maintain minimum amounts and ratios as set forth in the following tables.

At December 31, 2021, Old National and Old National Bank exceeded the regulatory minimums and Old National Bank met the regulatory definition of “well-capitalized” based on the most recent regulatory notification. There have been no conditions or events since that notification that management believes have changed Old National Bank’s category.

The following table summarizes capital ratios for Old National and Old National Bank:

	Actual		Regulatory Guidelines Minimum (1)		Prompt Corrective Action “Well Capitalized” Guidelines	
	(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount
December 31, 2021						
Total capital to risk-weighted assets						
Old National Bancorp	\$ 2,119,176	12.77 %	\$ 1,741,789	10.50 %	N/A	N/A %
Old National Bank	2,119,405	12.82	1,735,385	10.50	1,652,748	10.00
Common equity Tier 1 capital to risk-weighted assets						
Old National Bancorp	1,998,056	12.04	1,161,193	7.00	N/A	N/A
Old National Bank	2,040,285	12.34	1,156,923	7.00	1,074,286	6.50
Tier 1 capital to risk-weighted assets						
Old National Bancorp	1,998,056	12.04	1,410,020	8.50	N/A	N/A
Old National Bank	2,040,285	12.34	1,404,835	8.50	1,322,198	8.00
Tier 1 capital to average assets						
Old National Bancorp	1,998,056	8.59	930,318	4.00	N/A	N/A
Old National Bank	2,040,285	8.81	926,821	4.00	1,158,526	5.00
December 31, 2020						
Total capital to risk-weighted assets						
Old National Bancorp	\$ 1,949,757	12.69 %	\$ 1,613,753	10.50 %	N/A	N/A %
Old National Bank	1,973,180	12.90	1,606,657	10.50	1,530,149	10.00
Common equity Tier 1 capital to risk-weighted assets						
Old National Bancorp	1,805,194	11.75	1,075,835	7.00	N/A	N/A
Old National Bank	1,870,617	12.23	1,071,104	7.00	994,597	6.50
Tier 1 capital to risk-weighted assets						
Old National Bancorp	1,805,194	11.75	1,306,371	8.50	N/A	N/A
Old National Bank	1,870,617	12.23	1,300,627	8.50	1,224,119	8.00
Tier 1 capital to average assets						
Old National Bancorp	1,805,194	8.20	880,845	4.00	N/A	N/A
Old National Bank	1,870,617	8.67	863,087	4.00	1,078,859	5.00

(1) Basel III Capital Rules require banking organizations to maintain: a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 4.5%, plus a 2.5% “capital conservation buffer”; a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the 2.5% capital conservation buffer; a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus the 2.5% capital conservation buffer; and a minimum ratio of Tier 1 capital to adjusted average consolidated assets of at least 4.0%.

In December 2018, the OCC, the Board of Governors of the Federal Reserve System, and the FDIC approved a final rule to address changes to credit loss accounting under GAAP, including banking organizations’ implementation of CECL. The final rule provides banking organizations the option to phase in over a three-year period the day-one adverse effects on regulatory capital that may result from the adoption of the new accounting standard. In March 2020, the OCC, the Board of Governors of the Federal Reserve System, and the FDIC published an interim final rule to delay the estimated impact on regulatory capital stemming from the implementation of CECL. The interim final rule maintains the three-year transition option in the previous rule and provides banks the option to delay for two years an estimate of CECL’s effect on regulatory capital, relative to the incurred loss methodology’s effect on regulatory capital, followed by a three-year transition period (five-year transition option). Old National is adopting the capital transition relief over the permissible five-year period.

NOTE 25 – PARENT COMPANY FINANCIAL STATEMENTS

The following are the condensed parent company only financial statements of Old National:

OLD NATIONAL BANCORP (PARENT COMPANY ONLY) CONDENSED BALANCE SHEETS

	December 31,	
(dollars in thousands)	2021	2020
Assets		
Deposits in affiliate bank	\$ 102,953	\$ 73,340
Equity securities	3,257	2,435
Investment securities - available-for-sale	13,888	14,198
Investment in affiliates:		
Banking subsidiaries	3,053,575	3,037,930
Non-banks	4,949	4,969
Other assets	83,531	89,776
Total assets	\$ 3,262,153	\$ 3,222,648
Liabilities and Shareholders' Equity		
Other liabilities	\$ 36,582	\$ 36,746
Other borrowings	213,553	213,246
Shareholders' equity	3,012,018	2,972,656
Total liabilities and shareholders' equity	\$ 3,262,153	\$ 3,222,648

OLD NATIONAL BANCORP (PARENT COMPANY ONLY) CONDENSED STATEMENTS OF INCOME

	Years Ended December 31,		
(dollars in thousands)	2021	2020	2019
Income			
Dividends from affiliates	\$ 125,000	\$ 230,000	\$ 165,000
Debt securities gains (losses), net	334	574	631
Other income	3,030	3,622	2,209
Other income from affiliates	5	5	5
Total income	128,369	234,201	167,845
Expense			
Interest on borrowings	8,285	8,649	10,203
Other expenses	13,951	16,351	15,505
Total expense	22,236	25,000	25,708
Income before income taxes and equity in undistributed earnings of affiliates	106,133	209,201	142,137
Income tax expense (benefit)	(5,113)	(5,317)	(6,165)
Income before equity in undistributed earnings of affiliates	111,246	214,518	148,302
Equity in undistributed earnings of affiliates	166,292	11,891	89,904
Net income	\$ 277,538	\$ 226,409	\$ 238,206

OLD NATIONAL BANCORP (PARENT COMPANY ONLY)
CONDENSED STATEMENT OF CASH FLOWS

(dollars in thousands)	Years Ended December 31,		
	2021	2020	2019
Cash Flows From Operating Activities			
Net income	\$ 277,538	\$ 226,409	\$ 238,206
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	30	46	52
Debt securities (gains) losses, net	(334)	(574)	(631)
Share-based compensation expense	7,497	7,707	7,993
(Acrease) decrease in other assets	10,547	(51)	(3,685)
Increase (decrease) in other liabilities	(4,918)	1,084	1,046
Equity in undistributed earnings of affiliates	(166,292)	(11,891)	(89,904)
Net cash flows provided by (used in) operating activities	124,068	222,730	153,077
Cash Flows From Investing Activities			
Proceeds from dissolution of subsidiary	—	—	224
Proceeds from sales of investment securities	1,000	—	—
Proceeds from sales of equity securities	540	4,431	130
Purchases of investment securities	(15)	(10,073)	(3,085)
Proceeds from sales of premises and equipment	—	354	847
Purchases of premises and equipment	(3)	(354)	(869)
Net cash flows provided by (used in) investing activities	1,522	(5,642)	(2,753)
Cash Flows From Financing Activities			
Payments for maturities/redemptions of other borrowings	—	(10,310)	(8,000)
Cash dividends paid on common stock	(92,829)	(92,946)	(89,474)
Common stock repurchased	(3,731)	(82,358)	(102,413)
Proceeds from exercise of stock options	—	—	280
Common stock issued	583	577	567
Net cash flows provided by (used in) financing activities	(95,977)	(185,037)	(199,040)
Net increase (decrease) in cash and cash equivalents	29,613	32,051	(48,716)
Cash and cash equivalents at beginning of period	73,340	41,289	90,005
Cash and cash equivalents at end of period	\$ 102,953	\$ 73,340	\$ 41,289

NOTE 26 – SEGMENT INFORMATION

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Old National Bank, Old National's bank subsidiary, is the only significant subsidiary upon which management makes decisions regarding how to allocate resources and assess performance. Each of the banking centers of Old National Bank provide a group of similar community banking services, including such products and services as commercial, real estate and consumer loans, time deposits, checking and savings accounts, cash management, brokerage, trust, and investment advisory services. The individual banking centers located throughout our Midwest footprint have similar operating and economic characteristics. While the chief decision maker monitors the revenue streams of the various products, services, and regional locations, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the community banking services and banking center locations are considered by management to be aggregated into one reportable operating segment, community banking.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Old National's principal executive officer and principal financial officer have concluded that Old National's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this annual report on Form 10-K, are effective at the reasonable assurance level as discussed below to ensure that information required to be disclosed by Old National in the reports it files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to Old National's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Controls. Management, including the principal executive officer and principal financial officer, does not expect that Old National's disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be only reasonable assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, the system of controls may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting. There were no changes in Old National's internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, Old National's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

This information is omitted from this report pursuant to General Instruction G(3) of Form 10-K as Old National will file with the SEC its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2021. The applicable information appearing in the Proxy Statement for the 2022 annual meeting is incorporated by reference.

Old National has adopted a code of ethics that applies to directors, officers, and all other employees including Old National's principal executive officer, principal financial officer, and principal accounting officer. The text of the code of ethics is available on Old National's Internet website at www.oldnational.com or in print to any shareholder who requests it. Old National intends to post information regarding any amendments to, or waivers from, its code of ethics on its Internet website.

ITEM 11. EXECUTIVE COMPENSATION

This information is omitted from this report pursuant to General Instruction G(3) of Form 10-K as Old National will file with the SEC its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2021. The applicable information appearing in our Proxy Statement for the 2022 annual meeting is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

This information is omitted from this report (with the exception of the "Equity Compensation Plan Information") pursuant to General Instruction G(3) of Form 10-K as Old National will file with the SEC its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2021. The applicable information appearing in the Proxy Statement for the 2022 annual meeting is incorporated by reference.

EQUITY COMPENSATION PLAN INFORMATION

The following table contains information concerning the Amended and Restated 2008 Incentive Compensation Plan approved by the Company's shareholders, as of December 31, 2021.

Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,468,181	\$15.11	2,271,477
Equity compensation plans not approved by security holders	—	—	—
Total	1,468,181	\$15.11	2,271,477

At December 31, 2021, 2.3 million shares remain available for issuance under the Amended and Restated 2008 Incentive Compensation Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

This information is omitted from this report pursuant to General Instruction G(3) of Form 10-K as Old National will file with the SEC its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2021. The applicable information appearing in the Proxy Statement for the 2022 annual meeting is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This information is omitted from this report pursuant to General Instruction G(3) of Form 10-K as Old National will file with the SEC its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2021. The applicable information appearing in the Proxy Statement for the 2022 annual meeting is incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements:

The following consolidated financial statements of the registrant and its subsidiaries are filed as part of this report under "Item 8. Financial Statements and Supplementary Data."

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets – December 31, 2021 and 2020
Consolidated Statements of Income – Years Ended December 31, 2021, 2020, and 2019
Consolidated Statements of Comprehensive Income – Years Ended December 31, 2021, 2020, and 2019
Consolidated Statements of Changes in Shareholders' Equity – Years Ended December 31, 2021, 2020, and 2019
Consolidated Statements of Cash Flows – Years Ended December 31, 2021, 2020, and 2019
Notes to Consolidated Financial Statements

2. Financial Statements Schedules

The schedules for Old National and its subsidiaries are omitted because of the absence of conditions under which they are required, or because the information is set forth in the consolidated financial statements or the notes thereto.

3. Exhibits

The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are as follows:

Exhibit Number

2.1	<u>Agreement and Plan of Merger dated as of May 30, 2021 by and between Old National and First Midwest Bancorp, Inc. (the schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K) (incorporated by reference to Exhibit 2.1 of Old National's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 2, 2021).</u>
3.1	<u>Fifth Amended and Restated Articles of Incorporation of Old National, amended April 30, 2020 (incorporated by reference to Exhibit 3.1 of Old National's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 18, 2020).</u>
3.2	<u>Amended and Restated By-Laws of Old National, amended April 30, 2020 (incorporated by reference to Exhibit 3.2 of Old National's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 18, 2020).</u>
4.1	<u>Description of Old National Bancorp capital stock (incorporated by reference to Exhibit 4.1 of Old National's Annual Report on Form 10-K for the year ended December 31, 2019).</u>
4.2	<u>Description of Old National Bancorp debt securities (incorporated by reference to Exhibit 4.2 of Old National's Annual Report on Form 10-K for the year ended December 31, 2019).</u>
4.3	<u>Senior Indenture between Old National and The Bank of New York Trust Company (as successor to J.P. Morgan Trust Company, National Association (as successor to Bank One, N.A.)), as trustee, dated as of July 23, 1997 (incorporated by reference to Exhibit 4.3 to Old National's Registration Statement on Form S-3, Registration No. 333-118374, filed with the Securities and Exchange Commission on December 2, 2004).</u>
4.4	<u>Second Indenture Supplement, dated as of August 15, 2014, between Old National and The Bank of New York Mellon Trust Company, N.A., as trustee, providing for the issuance of its 4.125% Senior Notes due 2024 (incorporated by reference to Exhibit 4.1 of Old National's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 15, 2014).</u>

10.1 [Form of 2018 Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10\(s\) of Old National’s Annual Report on Form 10-K for the year ended December 31, 2017\).*](#)

10.2 [Form of 2018 Restricted Stock Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10\(t\) of Old National’s Annual Report on Form 10-K for the year ended December 31, 2017\).*](#)

10.3 [Form of 2019 Internal Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10\(r\) of Old National’s Annual Report on Form 10-K for the year ended December 31, 2018\).*](#)

10.4 [Form of 2019 Relative Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10\(s\) of Old National’s Annual Report on Form 10-K for the year ended December 31, 2018\).*](#)

10.5 [Form of 2019 Restricted Stock Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10\(t\) of Old National’s Annual Report on Form 10-K for the year ended December 31, 2018\).*](#)

10.6 [Form of 2020 Internal Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10.20 of Old National’s Annual Report on Form 10-K for the year ended December 31, 2019\).*](#)

10.7 [Form of 2020 Relative Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10.21 of Old National’s Annual Report on Form 10-K for the year ended December 31, 2019\).*](#)

10.8 [Form of 2020 Restricted Stock Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10.22 of Old National’s Annual Report on Form 10-K for the year ended December 31, 2019\).*](#)

10.9 [Old National Bancorp Amended and Restated 2020 Director Deferred Compensation Plan \(incorporated by reference to Exhibit 10.23 of Old National’s Annual Report on Form 10-K for the year ended December 31, 2019\).*](#)

10.10 [Old National Bancorp Amended and Restated 2020 Executive Deferred Compensation Plan \(incorporated by reference to Exhibit 10.24 of Old National’s Annual Report on Form 10-K for the year ended December 31, 2019\).*](#)

10.11 [Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan \(incorporated by reference to Appendix II of Old National’s Definitive Proxy Statement filed with the Securities and Exchange Commission on March 8, 2021\).*](#)

10.12 [Amendment of the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan \(incorporated by reference to Appendix I of Old National’s Definitive Proxy Statement filed with the Securities and Exchange Commission on March 8, 2021\).*](#)

10.13 [Form of Employment Agreement dated as of March 10, 2021 between Old National and each of its named executive officers, James C. Ryan III; James A. Sandgren; Brendon B. Falconer; Jeffrey L. Knight; and Kendra L. Vanzo \(incorporated by reference to Exhibit 10.1 of Old National’s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 11, 2021\).*](#)

10.14 [Form of 2021 Internal Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10.1 of Old National’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 28, 2021\).*](#)

10.15 [Form of 2021 Relative Performance Units Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10.2 of Old National’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 28, 2021\).*](#)

10.16 [Form of 2021 Restricted Stock Award Agreement between Old National and certain key associates \(incorporated by reference to Exhibit 10.3 of Old National’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 28, 2021\).](#)*

10.17 [Stock Purchase and Dividend Reinvestment Plan \(incorporated by reference to Old National’s Registration Statement on Form S-3, Registration No. 333-258774 filed with the Securities and Exchange Commission on August 13, 2021\).](#)

21 [Subsidiaries of Old National Bancorp](#)

23.1 [Consent of Crowe LLP](#)

31.1 [Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

31.2 [Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

32.1 [Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

32.2 [Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

101 The following materials from Old National Bancorp’s Annual Report on Form 10-K Report for the year ended December 31, 2021, formatted in inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.

104 The cover page from Old National’s Annual Report on Form 10-K Report for the year ended December 31, 2021, formatted in inline XBRL and contained in Exhibit 101.

* Management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Old National has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OLD NATIONAL BANCORP

By: /s/ James C. Ryan, III

James C. Ryan, III,
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: February 10, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 10, 2022, by the following persons on behalf of Old National and in the capacities indicated.

By: /s/ Brendon B. Falconer

Brendon B. Falconer,
Senior Executive Vice President and Chief
Financial Officer (Principal Financial Officer)

By: /s/ Thomas E. Salmon

Thomas E. Salmon, Director

By: /s/ Andrew E. Goebel

Andrew E. Goebel, Director

By: /s/ Randall T. Shepard

Randall T. Shepard, Director

By: /s/ Jerome F. Henry Jr.

Jerome F. Henry Jr., Director

By: /s/ Rebecca S. Skillman

Rebecca S. Skillman, Lead Director

By: /s/ Daniel S. Hermann

Daniel S. Hermann, Director

By: /s/ Derrick J. Stewart

Derrick J. Stewart, Director

By: /s/ Ryan C. Kitchell

Ryan C. Kitchell, Director

By: /s/ Katherine E. White

Katherine E. White, Director

By: /s/ Phelps L. Lambert

Phelps L. Lambert, Director

By: /s/ Linda E. White

Linda E. White, Director

By: /s/ Austin M. Ramirez

Austin M. Ramirez, Director

By: /s/ Michael W. Woods

Michael W. Woods,
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

By: /s/ James C. Ryan, III

James C. Ryan, III,
Chairman and Chief Executive Officer
(Principal Executive Officer)



Notice of Annual Meeting of Shareholders

To Our Shareholders:

The 2022 Annual Meeting of Shareholders of Old National Bancorp (the "Company") will be held as a virtual meeting on Wednesday, May 18, 2022, at 9:00 a.m., Central Time. You will be able to attend the Annual Meeting, vote your shares and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/ONB2022 and entering your 16-digit control number located on your Proxy Card. You will not be able to attend the meeting in person. The meeting will be held for the following purposes:

- (1) Election of the Company's Board of Directors consisting of sixteen directors to serve for one year and until the election and qualification of their successors.
- (2) Approval of an amendment to the Company's Amended and Restated 2008 Incentive Compensation Plan to increase the number of shares authorized for issuance under the plan by 9,000,000 shares.
- (3) Approval of a non-binding advisory proposal on executive compensation.
- (4) Ratification of the appointment of Crowe LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2022.
- (5) Transaction of such other business as may properly come before the meeting or any adjournments and postponements thereof.

The foregoing items of business, as well as instructions for accessing the virtual Annual Meeting, are more fully described in the Proxy Statement accompanying this Notice. Holders of common stock of record at the close of business on March 10, 2022 are entitled to notice of, and to vote at, the Annual Meeting. We will first mail the Notice of Internet Availability of Proxy Materials to certain of our shareholders on or about April 8, 2022. Shareholders who do not receive the Notice of Internet Availability of Proxy Materials will continue to receive a paper copy of our proxy materials, which will be sent on or about the same day. All proxy materials will be available by April 8, 2022 at www.oldnational.com/Proxy.

A list of all shareholders entitled to vote at the Annual Meeting will be available for inspection at our principal office upon written request by a shareholder beginning five business days prior to the Annual Meeting and will remain accessible throughout the Annual Meeting at www.virtualshareholdermeeting.com/ONB2022.

By Order of the Board of Directors

Nicholas J. Chulos
Chief Legal Officer and Corporate Secretary

April 8, 2022

IMPORTANT

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the meeting, please vote your shares by completing and mailing your Proxy Card in the envelope provided (no postage is required if mailed in the United States), or vote by telephone or the Internet.

Additional information on voting your shares is included in the attached Proxy Statement.

CERTAIN TERMS

Certain terms that we use in the accompanying Proxy Statement have particular meanings, as set forth below.

Term	Meaning
401(k) Plan	The Old National Bancorp Employee Stock Ownership and Savings Plan
Amended and Restated 2008 Incentive Compensation Plan	Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan (amended and restated as of May 10, 2012, further amended and restated as of April 27, 2017, and further amended as of April 29, 2021)
Annual Meeting	2022 Annual Meeting of Shareholders of Old National Bancorp
Articles of Incorporation	Amended and Restated Articles of Incorporation of Old National Bancorp, as in effect currently
Board of Directors or Board	Board of Directors of Old National Bancorp
By-Laws	Amended and Restated By-Laws of Old National Bancorp, as in effect currently
common stock	Common Stock, no par value per share, of Old National Bancorp
Company, Old National, we, us or our	Old National Bancorp*
Compensation Committee	Talent Development and Compensation Committee of Old National Bancorp
Directors Deferred Compensation Plan	Old National Bancorp Directors Deferred Compensation Plan
EPS	Earnings per share
ESG	Environmental, social and governance
Exchange Act	Securities Exchange Act of 1934, as amended
Executive Deferred Compensation Plan	Old National Bancorp Executive Deferred Compensation Plan
FASB ASC	Financial Accounting Standards Board Account Standards Codification
First Midwest	First Midwest Bancorp, Inc.
First Midwest Bank	First Midwest Bank, which was a wholly-owned subsidiary of First Midwest Bancorp, Inc. prior to the Merger and which now is a division of Old National Bank
Form 10-K	Old National Bancorp's Annual Report on Form 10-K for the year ended December 31, 2021
Internal Revenue Code	Internal Revenue Code of 1986, as amended
^KRX Index	KBW Nasdaq Regional Banking Index (Old National Bancorp is included in this index)
Merger	The previously announced merger of equals transaction pursuant to which Old National Bancorp and First Midwest Bancorp, Inc. merged on February 15, 2022.
Merger Agreement	Agreement and Plan of Merger dated as of May 30, 2021 by and between Old National Bancorp and First Midwest Bancorp, Inc.
NASDAQ	The Nasdaq Stock Market
Named Executive Officers or NEOs	Executive officers named in the Summary Compensation Table contained in this Proxy Statement
Notice of Annual Meeting or Notice	The Notice of Annual Meeting of Shareholders that accompanies this Proxy Statement
Notice and Access Card	The Notice of Internet Availability of Proxy Materials
Old National Bank or Bank	Old National Bank, which is a wholly-owned subsidiary of Old National Bancorp
Paycheck Protection Program or PPP	The U.S. Small Business Administration's Paycheck Protection Program
Plan	Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan (amended and restated as of May 10, 2012, further amended and restated as of April 27, 2017, and further amended as of April 29, 2021)
preferred stock	Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A and Series C, of Old National Bancorp
Proxy	The designation of the authority to vote your shares of Old National Bancorp common stock at the Annual Meeting
Proxy Card	The proxy card or voting instruction form that accompanies this proxy statement
Proxy Statement	This Proxy Statement
Record Date	March 10, 2022 – the date that holders of common stock who are of record on the books and records of Old National Bancorp at the close of business on March 10, 2022 and who are entitled to notice of, and to vote at, the Annual Meeting
ROA	Return on assets
ROE	Return on equity
ROATCE	Return on average tangible common equity
SEC	United States Securities and Exchange Commission
STIP	Short Term Incentive Plan
TSR	Total Shareholder Return
WTW	Willis Towers Watson, the independent consultant to the Compensation Committee

*In this Proxy Statement, "we," "our," "us," and the "Company" refer to Old National as a standalone company prior to February 15, 2022, the date we completed the Merger with First Midwest, and after February 15, 2022, refer to the combined Company as a result of the Merger.



One Main Street
Evansville, Indiana 47708

PROXY STATEMENT

For the Virtual Annual Meeting of Shareholders to be held on
May 18, 2022, at 9:00 a.m. Central Daylight Time
Access to Virtual Meeting:
www.virtualshareholdermeeting.com/ONB2022

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PROXY STATEMENT – SUMMARY

The following summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all the information you should consider, and you should read the entire Proxy Statement carefully before voting your shares of Old National common stock.

GENERAL INFORMATION

Meeting: Annual Meeting of Shareholders **Date:** Wednesday, May 18, 2022 **Time:** 9:00 a.m. Central Time

Location: Virtual/Online at www.virtualshareholdermeeting.com/ONB2022 **Record Date:** March 10, 2022

Voting: Shareholders as of the Record Date are entitled to vote at the Annual Meeting. Each share of common stock is entitled to one vote for each matter to be voted on at the Annual Meeting.

Admission: To attend the Annual Meeting, visit www.virtualshareholdermeeting.com/ONB2022. You will need the 16-digit control number included on your Notice and Access Card, your Proxy Card or your voting instruction form that accompanied this Proxy Statement.

PROPOSALS TO BE VOTED ON AND BOARD VOTING RECOMMENDATIONS

<u>Proposals</u>	<u>Recommendation</u>	<u>Page Reference</u>
• Election of Directors	FOR each director nominee	19
• Approval of an amendment to the Company's Amended and Restated 2008 Incentive Compensation Plan to increase the number of shares authorized for issuance under the plan by 9,000,000 shares.	FOR	31
• Approval of a non-binding advisory proposal on executive compensation	FOR	75
• Ratification of the appointment of Crowe LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2022	FOR	76

DIRECTOR NOMINEES

See pages 19 through 27

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Principal Occupation</u>	<u>Independent</u>
Barbara A. Boigegrain	64	2022	Former CEO & General Secretary, Wespath Benefits and Investments	Yes
Thomas L. Brown	65	2022	Former SVP & CFO, RLI Corp.; former partner, PricewaterhouseCoopers LLP	Yes
Kathryn J. Hayley	63	2022	CEO, Rosewood Advisory Services, LLC; former Executive Vice President, UnitedHealthcare	Yes
Peter J. Henseler	63	2022	Chairman, TOMY International	Yes
Daniel S. Hermann	64	2020	Founding member, Lechwe Holdings LLC; former CEO, AmeriQual Group, LLC	Yes
Ryan C. Kitchell	48	2018	Former EVP & Chief Financial Officer, Indiana University Health	Yes
Austin M. Ramirez	43	2020	President & CEO, Husco International	Yes
Ellen A. Rudnick	71	2022	Senior Advisor & Adjunct Professor of Entrepreneurship, University of Chicago Booth School of Business	Yes

James C. Ryan, III	50	2019	CEO, Old National Bancorp	No
Thomas E. Salmon	58	2018	Chairman & CEO, Berry Global Group, Inc.	Yes
Michael L. Scudder	61	2022	Executive Chairman, Old National Bancorp	No
Rebecca S. Skillman	71	2013	Chairperson, Radius Indiana; Former Lt. Governor, State of Indiana	Yes
Michael J. Small	64	2022	CEO, K4 Mobility LLC; former President and CEO of GoGo, Inc.	Yes
Derrick J. Stewart	44	2015	Senior Vice President, Education and Communication of the YMCA Retirement Fund	Yes
Stephen C. Van Arsdell	71	2022	Former Senior Partner, Chairman and CEO, Deloitte & Touche LLP	Yes
Katherine E. White	55	2015	Brigadier General, U.S. Army; Professor of Law, Wayne State University Law School	Yes

AMENDMENT TO 2008 INCENTIVE COMPENSATION PLAN

See page 31

Approval of an amendment to the Company's Amended and Restated 2008 Incentive Compensation Plan to increase the number of shares of common stock authorized under the plan for equity awards to directors, officers and key employees of the Company by 9,000,000 shares. Additional shares are required due to the increased size of the Company and the greater number of participants under the plan following the closing of the Merger.

2021 EXECUTIVE COMPENSATION

Approval of a non-binding advisory proposal on compensation paid in 2021 to the Named Executive Officers of the Company. See the *Compensation Discussion and Analysis* beginning on page 42 for additional information on this compensation.

RATIFICATION OF INDEPENDENT AUDITORS

See page 76

Ratification of the appointment of Crowe LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2022.

ABOUT OLD NATIONAL TRANSFORMATIONAL MERGER OF EQUALS AND 2021 HIGHLIGHTS

About the Company

The Company is the holding company for Old National Bank and ranks among the top 35 banking companies headquartered in the United States. Since its founding in 1834, Old National Bank has focused on community banking by building long-term, highly-valued partnerships and keeping our clients at the center of all we do. In addition to providing extensive services in retail, mortgage and commercial banking, Old National Bank offers comprehensive wealth management, investment and capital market services, and its footprint includes Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota and Wisconsin.

In addition, for eleven consecutive years, the Company has been recognized as one of the World's Most Ethical Companies by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. This recognition honors companies demonstrating exceptional leadership and a commitment to business integrity through best-in-class ethics, compliance and governance practices. Old National Bank is one of only three U.S. banks recognized by Ethisphere Institute and one of five honorees in the banking industry worldwide.

Merger of Equals Transaction with First Midwest

2021 was a year of significant growth for the Company as it proceeded with its transformational merger of equals transaction with First Midwest, which was completed on February 15, 2022. The Merger received overwhelming support from the shareholders of both companies. As a result of the combination of two financially-strong and long-standing midwestern franchises, Old National Bank nearly doubled in size and became the sixth largest commercial bank headquartered in the Midwest based on assets. Old National now has more than \$46 billion of assets, an additional \$34 billion of assets under management and over 4,000 employees. A complete description of the Merger can be found in the Form 8-K filed by the Company with the SEC on June 2, 2021.

The rationale for this strategic combination was, and continues to be, to enhance and continue to deliver exceptional value to shareholders, clients, team members and the communities we serve, as well as to be the premier banking company in the Midwest, thereby allowing us to serve our clients well while maintaining our culture, integrity and community commitment. The business models, strategic focus, culture and values of the two organizations were highly compatible and well aligned.

Certain strategic benefits of the Merger include:

- **Top-tier commercial and community bank.** With enhanced scale, a more diverse geographic footprint and a broader product suite, the Company has increased capability to serve both existing, new and larger clients as well as to compete even more effectively with the largest banks in our markets.
- **Highly compatible visions and cultures.** The business models, missions, visions, culture, values and uncompromised integrity of Old National and First Midwest were highly compatible and well-aligned, including the complementary nature of products, clients and markets of the two companies and their shared commitment to local communities.
- **Merger synergies and financial benefits to shareholders.** The synergies and financial benefits of the combined organization will allow us to leverage both legacy banks' strengths and be poised to deliver strong financial performance and value creation for shareholders in 2022 and beyond.
- **Strengthened market position.** With \$46 billion in combined assets, the Merger created a bank with a presence in six of the largest Midwestern metropolitan areas, strong commercial banking capabilities, a robust retail footprint and a significant wealth platform.
- **Employee focus.** With Old National's 11 consecutive years of being recognized as one of the World's Most Ethical Companies, First Midwest's multiple recognitions as a Best Place to Work and a shared commitment to diversity, equity and inclusion, the combined Company continues to be committed to fostering a strong culture of collaboration and trust and empowering its team members to flourish and be successful.

- **Community engagement.** The Merger enables the combined Company to build on both Old National's and First Midwest's longstanding history of service, enhance our ability to champion community initiatives and drive positive change throughout our footprint.
- **Digital and technology capabilities.** The Merger provides the combined Company with the scale and profitability to accelerate digital and technology capabilities to drive future investments in commercial, consumer and wealth management services.

2021 Highlights – Old National

In 2021, Old National delivered strong standalone operating results. Financial highlights for 2021 include:

- Earnings per share of \$1.67 compared to \$1.36 in 2020
 - Adjusted earnings per share of \$1.73 compared to \$1.50 in 2020
- Record net income of \$277.5 million compared to \$226.4 million in 2020
 - Record adjusted net income of \$286.5 million compared to \$250.3 million in 2020
- Record wealth management revenues
- Total loan and total commercial loan growth, excluding PPP loans, of 4.6% and 7.2%, respectively
- Continued strong credit quality, with net charge-offs (recoveries) to average loans of (0.03)% compared to 0.02% in 2020
- Adjusted return on average tangible common equity of 15.4% compared to 14.6% in 2020
- Continued favorable adjusted efficiency ratio of 56.8%, which was consistent with 2020 and continues to reflect effective cost controls

2021 Highlights – First Midwest

In 2021, First Midwest also delivered strong standalone operating results. Financial highlights for 2021 include:

- Earnings per share of \$1.60 compared to \$0.87 in 2020
 - Adjusted earnings per share of \$1.70 compared to \$1.18 in 2020
- Net income of \$181.5 million compared to \$97.8 million in 2020
 - Adjusted net income of \$193.8 million compared to \$133.1 million in 2020
- Record wealth management and mortgage banking revenues
- Total loan and total commercial loan growth, excluding PPP loans, of 3.0% and 1.3%. respectively
- Net charge-offs to average loans of 0.27% compared to 0.36% in 2020
- Adjusted return on average tangible common equity of 13.0% compared to 9.4% in 2020
- Adjusted efficiency ratio of 60.8%, which was the same in 2020 and continued to reflect effective cost controls

Better Together

Better Together describes the rationale and logic for the merger of equals transaction between Old National and First Midwest and is the core principle we follow as we integrate Old National and First Midwest. As described above, this merger of equals brought together two financially strong and well-managed banks with a shared passion for strengthening communities, exceeding client expectations and delivering superior performance. In summary, Old National and First Midwest, while being profitable, strong and stable standalone companies, are better together.

Corporate Social Responsibility

Following the Merger, the Company has greater resources available for executing on its environmental, social and governance initiatives, including its diversity, equity and inclusion activities. *See Corporate Governance at Old National Bancorp – Environmental, Social and Governance on page 17.*

Community Growth Plan

In January of 2022, we announced our \$8.3 billion Community Growth Plan that builds on our long-standing commitment to support historically underserved and economically disadvantaged individuals, families and communities throughout the combined Company's footprint. Over a five-year period, the Community Growth Plan contemplates nearly \$5 billion in community lending and affordable housing commitments to underserved and low-

to-moderate income (“LMI”) borrowers and approximately \$3.3 billion in community development initiatives and philanthropic programs in LMI and majority-minority neighborhoods.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement relates to our Annual Meeting to be held on May 18, 2022, at 9:00 a.m., Central Daylight Time. The Company is holding the Annual Meeting in a virtual-only meeting format. We have determined that holding a virtual meeting facilitates the ability of a shareholder to attend the Annual Meeting and minimizes any possible COVID-19 impact to those who may attend the Annual Meeting. As such, you will not be able to attend the Annual Meeting in person at a physical location. This Proxy Statement and the Proxy Card are being furnished by the Company in connection with a solicitation of proxies by the Company’s Board of Directors.

We are pleased to take advantage of the SEC rule that permits companies to furnish proxy materials to shareholders over the Internet at www.oldnational.com/Proxy which will be available by April 8, 2022. Beginning on or about April 8, 2022, we will send to most of our shareholders, by mail or email, a Notice and Access Card for the shareholder meeting containing instructions on how to access the proxy materials over the Internet and vote online. This method offers a convenient, cost-effective and environmentally friendly way for shareholders to review the materials and vote. The Notice and Access Card is not a proxy card and cannot be used to vote. If you receive the Notice and Access Card and would like to receive paper copies of the proxy materials, please follow the instructions in the Notice and Access Card and the materials will be mailed to you. Shareholders who do not receive the Notice and Access Card for the shareholder meeting will continue to receive a paper copy of our proxy materials, which will be sent on or about the same day.

A list of all shareholders entitled to vote at the Annual Meeting will be available for inspection at our principal office upon written request by a shareholder beginning five business days prior to the Annual Meeting and will remain accessible throughout the Annual Meeting at www.virtualshareholdermeeting.com/ONB2022.

Important Notice Regarding the Availability of Proxy Materials

A copy of the Company’s 2021 annual report to shareholders accompanies this Proxy Statement. The Notice of Annual Meeting, this Proxy Statement and our 2021 annual report to shareholders are available at www.oldnational.com/Proxy. If you would like to receive, without charge, a paper copy of our annual report, please contact our Corporate Secretary at Old National Bancorp, P.O. Box 718, Evansville, Indiana 47708.

Who can attend the Annual Meeting?

Shareholders of the Company of record as of the Record Date of March 10, 2022 and guests of the Company may attend the Annual Meeting.

Who may vote at the Annual Meeting?

This Proxy Statement and our annual report to shareholders are provided to holders of the Company’s common stock who were holders of record on the Record Date. Only holders of the Company’s common stock of record on the Record Date are entitled to vote at the Annual Meeting. As of the Record Date, 292,218,288 shares of common stock of the Company were outstanding.

To the knowledge of the Company, no person or firm, other than BlackRock, Inc., The Vanguard Group, Inc., Dimensional Fund Advisors LP and State Street Corporation beneficially owned individually more than 5% of the outstanding common stock of the Company as of December 31, 2021. As of the Record Date, no individual director, director nominee or officer beneficially owned more than 5% of the outstanding common stock of the Company.

How do I attend the Annual Meeting?

Our Annual Meeting will take place via a webcast at www.virtualshareholdermeeting.com/ONB2022. You will not be able to attend the Annual Meeting in person at a physical location. If you are a registered shareholder as of the Record Date, you may attend the Annual Meeting by visiting the virtual meeting website and entering the 16-digit control number that is printed on your Notice and Access Card or Proxy Card. If you are not a shareholder, you will be able to attend the meeting by visiting www.virtualshareholdermeeting.com/ONB2022 and registering as a guest. If you enter the meeting as a guest, you will not be able to vote or submit questions during the meeting. You may log in

beginning at 8:45 a.m., Central Daylight Time on May 18, 2022. The Annual Meeting will begin promptly at 9:00 a.m., Central Daylight Time.

How do I submit questions during the Annual Meeting?

Shareholders will be able to submit questions upon accessing the virtual meeting until the conclusion of the meeting by typing the question into the “Ask a Question” field and clicking “Submit.” We will answer questions that comply with the meeting rules of conduct during the Annual Meeting, subject to time constraints. If we receive substantially similar questions, we may group such questions together. Questions relevant to meeting matters that we do not have time to answer during the Annual Meeting will be posted to our website following the meeting. Questions regarding personal matters or matters not relevant to meeting matters will not be answered.

Rules of Conduct for the Annual Meeting

We will post rules of conduct for the Annual Meeting at www.virtualshareholdermeeting.com/ONB2022.

What can I do if I need technical assistance during the Annual Meeting?

If you encounter any difficulties accessing the Annual Meeting during the check-in process or the meeting time, please call the technical support number that will be posted on the Annual Meeting log-in page.

Voting and Proxy Procedures

Each share of the Company’s outstanding common stock on the Record Date will be entitled to one vote at the Annual Meeting. If you receive the Notice and Access Card by mail, you will not receive a printed copy of the Proxy Statement or our annual report to shareholders unless you request the materials by following the instructions included in the Notice and Access Card.

If your shares are registered in your name, you may vote your shares via the Internet, by telephone, or by completing, signing, dating and returning your Proxy Card in the postage-paid envelope provided. Simply follow the instructions on the Proxy Card or Notice and Access Card provided. If your shares are held in “street name” through a broker, bank, or other nominee, please follow the instructions provided by your broker, bank, trustee, or other nominee on the voting instruction form or Notice and Access Card in order to vote your shares via the Internet, or by signing, dating and returning the voting instruction form provided by such entity. We refer to brokers, banks, trustees and other nominees in this Proxy Statement collectively as “brokers.” In this circumstance, you are a shareholder whose shares are held in “street name” and your broker is considered the shareholder of record.

Shares of the Company’s common stock for which instructions are received will be voted in accordance with the shareholder’s instructions. If you send in your Proxy Card or use Internet or telephonic voting, but do not specify how you want to vote your shares, the designated proxies will vote your shares FOR each of the sixteen director nominees and each of the other items being proposed by the Board and in the judgement of the designated proxies as to any other business that may properly come before the Annual Meeting and any adjournment or postponement thereof.

Quorum Requirements

Holders of a majority of the outstanding shares of the Company’s common stock entitled to vote at the Annual Meeting must be present, either in attendance virtually or represented by proxy, to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Once a share is represented for any purpose at the Annual Meeting, it is deemed present for quorum purposes for the remainder of the Annual Meeting and for any adjournment unless a new record date is or must be set for that adjourned meeting.

Can I change my vote after I return the Proxy Card or after voting electronically?

If you are a shareholder whose shares are registered in your name, you may revoke your Proxy or change your electronic or telephonic vote at any time before the Annual Meeting by one of the following methods:

- Submitting another proper Proxy with a more recent date than that of the Proxy first given by: (1) following the Internet voting instructions; or (2) completing, signing, dating and returning a Proxy Card to the Company’s Corporate Secretary at the Company’s main office.

- Sending written notice of revocation to the Company's Corporate Secretary.
- Voting your shares via Internet or by telephone at the Annual Meeting.

If you hold your shares in "street name" through a broker, bank or other nominee, you may revoke your Proxy by following instructions provided by your broker, bank or other nominee. No notice of revocation or later-dated Proxy will be effective until received by the Company's Corporate Secretary prior to the Annual Meeting.

How many votes are needed to have each of the proposals pass?

Election of Directors. Directors are elected by a plurality of the votes cast by shareholders entitled to vote in the election of directors, which means that nominees who receive the greatest number of votes will be elected, even if such amount is less than a majority of the votes cast. Shareholders are not able to cumulate their votes in the election of directors.

Our Board has adopted a corporate governance policy regarding director elections that is contained in our Corporate Governance Guidelines. The policy provides that in any uncontested election, any nominee for director who receives a greater number of votes "withheld" for his or her election than votes "for" such election will tender his or her resignation as a director promptly following the certification of the shareholder vote. The Nominating and Corporate Governance Committee, without participation by any director so tendering his or her resignation, will consider the resignation offer and recommend to the Board whether to accept it. The Board, without participation by any director so tendering his or her resignation, will act on the Nominating and Corporate Governance Committee's recommendation no later than 90 days following the date of the Annual Meeting at which the election occurred. If the Board decides to accept the director's resignation, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill the resulting vacancy or to reduce the size of the Board. We will promptly disclose the Board's decision and the reasons for the decision in a press release that will also be furnished to the SEC on Form 8-K.

Approval of an Amendment to the Company's Amended and Restated 2008 Incentive Compensation Plan. The affirmative vote of a majority of the shares of Company common stock in attendance virtually or represented by Proxy at the Annual Meeting is required for approval of the proposed amendment to the Company's Amended and Restated 2008 Incentive Compensation Plan. Abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of the proposal.

Approval of a Non-Binding Advisory Proposal on Executive Compensation. The advisory vote on executive compensation will be determined by the affirmative vote of a majority of the shares of Company common stock in attendance virtually or represented by Proxy at the Annual Meeting. Because the vote is advisory, it will not be binding on the Board. Our Compensation Committee and our Board will review the voting results and take the results into consideration when making future decisions regarding executive compensation. Abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the outcome of the proposal.

Ratification of the Appointment of the Independent Registered Public Accounting Firm. The affirmative vote of a majority of the shares of Company common stock in attendance virtually or represented by Proxy at the Annual Meeting is required for ratification of the appointment of Crowe LLP as the independent registered public accounting firm of the Company for fiscal year 2022. Abstentions will have the same effect as votes against the proposal. Broker non-votes are not expected to exist because brokers will have discretionary authority to vote on this item.

What is "householding"?

We have adopted a procedure called "householding." Under this procedure, a single copy of this Proxy Statement and our annual report to shareholders will be sent to any household at which two or more shareholders reside if they appear to be members of the same family, unless one of the shareholders at that address notifies us that they wish to receive individual copies. This procedure reduces our printing costs and mailing fees.

Shareholders who participate in householding will continue to receive separate Proxy Cards.

Householding will not affect dividend check mailings in any way.

If your household received a single Notice and Access Card or, if applicable, a Proxy Statement and Proxy Card this year, but you would prefer to receive your own copy, please contact Broadridge Householding Department, by calling their toll-free number, 866-540-7095 or by writing to: Broadridge, Householding Department, 51 Mercedes Way,

Edgewood, NY 11717. You will be removed from the householding program within 30 days of receipt of your instructions, at which time you will then be sent separate copies of the materials.

Shareholders sharing an address who are receiving multiple copies of the Proxy Statement and our annual report to shareholders may request a single copy by contacting the Company's Transfer Agent, Continental Stock Transfer & Trust Company, at 917-262-2373, or by writing Continental at 1 State Street, New York, New York 10004-1561, or via email to Proxy@continentalstock.com.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your broker, bank or other nominee to request information about householding.

How are abstentions and broker non-votes treated?

An abstention occurs when a shareholder is in attendance or represented by Proxy at the Annual Meeting and either does not vote or returns a Proxy Card with an "abstain" instruction. An abstention will not affect the outcome of the election of directors. Abstentions will have the same effect as a vote against each of the other proposals to be voted on at the Annual Meeting.

A "broker non-vote" occurs when, with respect to shares held in "street name," a broker is not permitted to vote on a non-routine matter without instructions from the beneficial owner of the shares and the beneficial owner fails to provide the broker with such instructions. If your shares are held in "street name," you must instruct your broker on how to vote your shares by following the instructions provided by your broker. If you do not give your broker voting instructions, your broker will have discretion to vote your shares only for routine matters. It is expected that the proposal to ratify the appointment of the independent registered public accounting firm will be the only routine matter to be voted on at the Annual Meeting. For the election of directors and each of the other proposals to be voted on at the Annual Meeting, the votes associated with shares held in "street name" for which you do not give your broker voting instructions will be considered "broker non-votes," which means your broker will not have discretion to vote your shares on those matters. Broker non-votes will not affect the outcome of the election of directors, approval of the amendment to the Company's Amended and Restated 2008 Incentive Compensation Plan or the advisory vote on executive compensation. The proposal to ratify the appointment of our auditors is considered a routine matter and, therefore, broker non-votes are not expected to exist on this proposal.

How are shares held in Company benefit plans treated?

Participants in the Old National Bancorp Employee Stock Ownership and Savings Plan, First Midwest Bancorp, Inc. Savings and Profit Sharing Plan, First Midwest Bancorp, Inc. Nonqualified Retirement Plan, First Midwest Bancorp, Inc. Nonqualified Deferred Compensation Plan for Nonemployee Directors and/or First Midwest Bancorp, Inc. Stock Option Gain Deferral Plan will receive correspondence from Broadridge describing how to access proxy materials and vote your shares.

The trustees under these plans will vote the shares held for the account of each participant in accordance with the instructions received from the participant. If the trustees do not receive voting instructions by the specified deadline, the trustees will vote the shares proportionally in the same manner as those shares for which instructions were received. Because the participants are not the record owners of the related shares, the participants may not vote these shares at the Annual Meeting. Individual voting instructions to the plan trustees will be kept confidential and will not be disclosed to any of our directors, officers or employees.

How do I designate my proxy to vote at the Annual Meeting?

A Proxy is your direction to another person to vote your shares. By completing, dating, signing and returning your Proxy Card, or by voting via the Internet or by telephone, you are directing the proxies named in the Proxy Card to vote in accordance with your instructions thereon. If you wish to give your Proxy to someone other than the proxies identified on the Proxy Card, you may do so by crossing out all the names of these named proxies appearing on the Proxy Card and inserting the name of another person, and this signed card must be sent by mail to the Company's Corporate Secretary and received in advance of the Annual Meeting.

Who will pay for the costs involved in the solicitation of proxies?

The Company will pay all costs of preparing, assembling, printing and distributing the proxy materials. In addition to solicitations by mail, directors and officers of the Company and its subsidiaries may solicit proxies personally, by telephone, fax, electronic mail or in person, but such persons will not be specially compensated for their services.

We will, upon request, reimburse brokerage firms and others for their reasonable expenses incurred for forwarding proxy materials to beneficial owners of our stock.

Other matters related to the Annual Meeting

Only matters brought before the Annual Meeting in accordance with the Company's Amended and Restated By-Laws will be considered. Other than the items listed above in the Notice of Annual Meeting, the Company does not know of any other matters that will be presented at the Annual Meeting. However, if any other matters properly come before the Annual Meeting or any adjournment, the designated proxies will vote them in accordance with their judgment.

Should any nominee for director become unable or unwilling to accept nomination or election, the designated proxies intend to vote for the election of another person recommended by the Nominating and Corporate Governance Committee and nominated by the Board. The Company has no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

CORPORATE GOVERNANCE AT OLD NATIONAL

The Nominating and Corporate Governance Committee is primarily responsible for corporate governance matters affecting the Company and its subsidiaries. The Nominating and Corporate Governance Committee operates under a written charter which conforms to the requirements of the SEC and the NASDAQ. The committee's charter is posted on the Company's website at www.oldnational.com under the Investor Relations/Corporate Governance link.

Board Leadership Structure and Function

The Board, which is elected by the shareholders, selects the Executive Leadership Team, which is the executive management team charged with the conduct of the Company's business. Having selected the Executive Leadership Team, the Board acts as an advisor to management and ultimately monitors its performance. The Board has the responsibility for overseeing the affairs of the Company and in exercising such responsibility, receives information from management about the Company's business. This involvement enables the Board to provide guidance to management in formulating and developing plans and to exercise its decision-making authority on appropriate matters of importance to the Company. Acting as a full Board and through the Board's six standing committees, the Board oversees and approves the Company's strategic plan. The Board regularly reviews the Company's progress against its strategic plan and exercises oversight and decision-making authority regarding strategic areas of importance to the Company.

Board Composition Following the Merger

In connection with the Merger and pursuant to the terms of the Merger Agreement, the By-Laws of the Company were amended (the "By-Law Amendment") to provide for the post-merger composition of the Board. The By-Law Amendment provides that for a period of three years following the closing of the Merger:

- The Board will be comprised of sixteen directors, eight of which will be former members of the board of directors of Old National as designated by Old National (the "legacy Old National directors"), including James C. Ryan, III, and eight will be former members of the board of directors of First Midwest as designated by First Midwest (the "legacy First Midwest directors"), including Michael L. Scudder, who will be the Executive Chairman of the Board for a period of two years. In addition, Rebecca S. Skillman (or another independent member from the Board) will serve as the Lead Independent Director of the Board.
- If a legacy Old National director or a successor to a legacy Old National director leaves the Board, the remaining legacy Old National directors may select the successor to the departing director. Similarly, if a legacy First Midwest director or a successor to a legacy First Midwest director leaves the Board, the remaining legacy First Midwest directors may select the successor to the departing director.
- The Board will maintain the following standing committees: Executive Committee, Audit Committee, Corporate Responsibility Committee, Enterprise Risk Committee, Nominating and Corporate Governance

Committee and Talent Development and Compensation Committee. The Board may, by resolution (which will require the affirmative vote of at least 75% of the Board), establish any committees not expressly contemplated above as it may determine to be necessary or appropriate for the conduct of business of the Company, and may prescribe the composition, duties and responsibilities of these additional committees.

- Each committee of the Board will (i) have at least four members, (ii) have an even number of members and (iii) be composed of 50% legacy Old National directors and 50% legacy First Midwest directors (subject to compliance with any independence requirements, and any other requirements, for membership on the applicable committee under the NASDAQ listing requirements).
- The Chair of the Executive Committee will be the Chairman of the Board of Directors and the Chair of the Nominating and Corporate Governance Committee will be the lead independent director. The Chair positions of all other standing committees specifically identified above will be held so that 50% are held by legacy Old National directors and 50% are held by legacy First Midwest directors.

Executive Chairman and CEO Roles

Prior to the Merger with First Midwest, the Company combined the roles of the Chairman and Chief Executive Officer. James C. Ryan, III served as Chairman and CEO of the Company through February 15, 2022. On February 15, 2022, the closing date of the Merger and pursuant to the Merger Agreement, Michael L. Scudder, the former Chairman and CEO of First Midwest, became the Executive Chairman of the Board of Directors of the Company, with Mr. Ryan remaining as CEO. The Merger Agreement provides that this arrangement will be in effect for two years. After two years, Mr. Ryan is expected to return to his role as Chairman and CEO. The Board believes this structure is effective and in the best interest of shareholders and serves the Company well at this time.

Lead Independent Director

The Company's Corporate Governance Guidelines provide for a Lead Independent Director, currently Rebecca S. Skillman, who, among other things, presides at all meetings of the Board at which the Executive Chairman is not present; leads sessions of the independent directors of the Board; consults and meets with any or all independent directors as required; advises on the scope, quality, quantity and timeliness of information sent to the Board; is responsible for leading the Board's annual self-assessment process; mentors and counsels new members of the Board to assist them in becoming active and effective directors; leads the Board in the annual evaluation of the CEO's performance; and performs such other duties and responsibilities as may be delegated to the Lead Independent Director by the Board from time to time.

Board Size

In 2021 and through February 15, 2022, the Board consisted of the following thirteen directors: Andrew E. Goebel, Jerome F. Henry, Jr., Daniel S. Hermann, Ryan C. Kitchell, Phelps L. Lambert, Austin M. Ramirez, James C. Ryan, III, Thomas E. Salmon, Randall T. Shepard, Rebecca S. Skillman, Derrick J. Stewart, Katherine E. White, and Linda E. White.

As described above, the By-Law Amendment provides for an increase the size of the Board from thirteen to sixteen directors. The By-Law Amendment also requires that the Board consist of eight legacy First Midwest directors and eight legacy Old National directors.

As a result of the By-Law Amendment and the changes in composition of the Board, effective February 15, 2022, the following Old National directors resigned from Board: Andrew E. Goebel, Jerome F. Henry, Jr., Phelps L. Lambert, Randall T. Shepard and Linda E. White; and the following legacy First Midwest directors were appointed to the Board: Barbara A. Boigegrain, Thomas L. Brown, Kathryn J. Hayley, Peter J. Henseler, Ellen A. Rudnick, Michael L. Scudder, Michael J. Small and Stephen C. Van Arsdell.

Our Board believes its current size and structure provides significant advantages as we integrate the two legacy organizations following the Merger. As integration proceeds, the Board intends to regularly evaluate its size and structure in light of the evolving needs of the Company.

Nominating and Corporate Governance Committee Scope of Responsibilities

The Nominating and Corporate Governance Committee is responsible, among other items, for recruiting and nominating new directors, assessing the qualifications and independence of directors, coordinating the annual self-

assessment of the Board, reviewing and assessing the adequacy of the Corporate Governance Guidelines, providing input on director education programs, monitoring CEO succession planning and retaining outside advisors as needed to assist and advise the Board with respect to corporate governance matters. The Nominating and Corporate Governance Committee is also responsible for reviewing with the full Board, on an annual basis, the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Additionally, the Nominating and Corporate Governance Committee has responsibility for overseeing the preparation and publication of the Company's ESG report.

CEO Succession Planning

Among the Nominating and Corporate Governance Committee's responsibilities in 2021 was to oversee CEO succession planning and leadership development for potential CEO candidates. The Board plans for succession of the CEO and annually reviews the succession strategy for both "unplanned" and "planned" events. As part of this process, the independent directors annually review the Nominating and Corporate Governance Committee's recommended candidates for consideration as the CEO under either a planned or unplanned scenario. The criteria used when assessing the qualifications of potential CEO successors include certain leadership, management and personal behaviors. The individual must also possess the skill and talent to lead the organization in a positive manner with wisdom, enthusiasm and humility and champion the Company's culture.

Code of Business Conduct and Ethics

The Board has approved a Code of Business Conduct and Ethics that sets forth important Company policies and procedures in conducting our business in a legal, ethical and responsible manner. These standards are applicable to all of our directors and employees. In addition, the Board has adopted a Code of Ethics for our CEO and Senior Financial Officers that supplements the Code of Business Conduct and Ethics by providing more specific requirements and guidance on certain topics. The Code of Business Conduct and Ethics and the Code of Ethics for our CEO and Senior Financial Officers are available on our website at www.oldnational.com under the Investor Relations/Corporate Governance link. We will post any material amendments to, or waivers from, our Code of Business Conduct and Ethics and Code of Ethics for Senior Financial Officers on our website promptly following the date of such amendment or waiver.

Employees are required to report any conduct they believe in good faith to be an actual or apparent violation of our Codes of Ethics. In addition, as required under the Sarbanes-Oxley Act of 2002, the Audit Committee has established confidential procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

The Code of Business Conduct and Ethics addresses, among other things, the following topics: responsibilities of every Old National employee; seeking answers and reporting violations; making ethical decisions; civility and respect for one another; preventing discrimination and harassment; preventing substance abuse and violence; protecting confidential information; guidelines for protecting private information; using company assets responsibly; reporting accurately and honestly; engaging in political activities; working with media; ethical handling of personal transactions; preventing conflicts of interest; serving on for-profit and non-profit boards; ethical handling of gifts, meals and entertainment; preventing fraud; prohibiting insider trading; competing fairly; and earning incentives.

The Board reviews annually and updates as needed both Codes of Ethics.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that, along with the Company's Articles of Incorporation, By-Laws and charters of the various committees of the Board, provide the foundation for the Company's governance. Among other things, our Corporate Governance Guidelines set forth the:

- minimum qualifications for directors;
- diversity and skills objectives for directors;
- independence standards for directors;
- responsibilities of directors;
- requirements for mandatory director retirement;
- majority voting policy applicable to director elections;
- committees of the Board;

- considerations for director tenure and Board refreshment;
- procedures for committee rotations;
- Directors' compensation and expense reimbursement;
- procedures for director orientation and development;
- procedures for an annual review of the CEO and management succession planning;
- stock ownership guidelines for executives and directors;
- bonus recoupment or "clawback" policy; and
- procedures for an annual self-evaluation of the Board.

Our Corporate Governance Guidelines are posted on the Company's website at www.oldnational.com under the Investor Relations/Corporate Governance link. The Board reviews annually and updates as needed the Corporate Governance Guidelines.

Director Selection and Qualifications

Members of the Board must possess certain personal and professional qualities in order to properly discharge their fiduciary duties to shareholders, provide effective oversight of the management of the Company and monitor the Company's adherence to principles of sound corporate governance.

In seeking individuals to serve as directors, the Nominating and Corporate Governance Committee seeks members from diverse professional backgrounds who possess a broad spectrum of experience and expertise. Directors should have an active interest in the business of the Company, possess a willingness to represent the best interests of all shareholders, be able to objectively appraise management's performance, possess the highest personal and professional ethics, integrity and values, and be able to comprehend and advise management on complicated issues that face the Company and Board. In addition, directors should not have any interest that would materially impair their ability to exercise independent judgment or the discharge the fiduciary duties owed as a director to the Company and its shareholders.

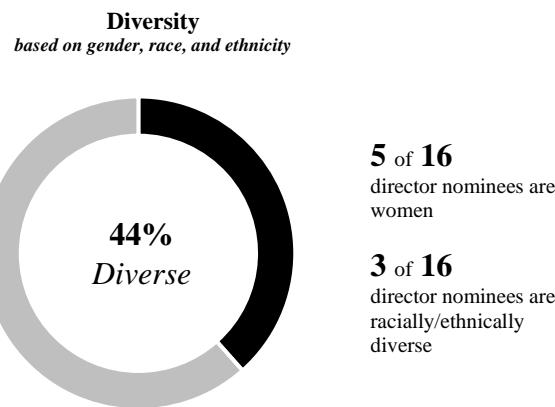
The Nominating and Corporate Governance Committee has determined that all directors of the Company have an active interest in the business of the Company and possess a willingness to represent the best interests of all shareholders without favoring or advancing any particular shareholder or other constituency of the Company. In addition, the Nominating and Corporate Governance Committee has determined that all directors are able to objectively appraise management's performance, possess the highest personal and professional ethics, integrity and values, and are able to comprehend and advise management on complicated issues that face the Company and Board.

Directors should also demonstrate achievement in one or more fields of business, professional, governmental, scientific or educational endeavors. Directors are expected to have sound judgment, borne of management or policy making experience that demonstrates an ability to function effectively in an oversight role. In addition, directors should have a general appreciation regarding major issues facing public companies of a size and operational scope similar to that of the Company. These issues include contemporary governance concerns, regulatory obligations of an SEC reporting financial holding company, strategic business planning and basic concepts of corporate finance.

In addition to the general skills stated above, the Nominating and Corporate Governance Committee has determined that no directors have any interests that would materially impair their ability to exercise independent judgment, or otherwise discharge the fiduciary duties owed as a director to the Company and its shareholders. As stated on pages 19 through 27, our director nominees have demonstrated significant achievement and have significant management experience in one or more fields of business, professional, governmental or educational endeavors. We believe that our directors' extensive management and policy-making experiences provide them with the skills and judgment necessary to function effectively in an oversight role. In addition, they have a general appreciation regarding major issues facing public companies.

Director Diversity Objectives

The Nominating and Corporate Governance Committee believes that a diverse Board leads to better decisions and outcomes for our shareholders, employees, clients and communities. In addition to the background, skills and experience considerations highlighted above, the Nominating and Corporate Governance Committee evaluates potential directors across many dimensions, including but not limited to gender, race, ethnicity, sexual orientation, age, background, geography and physical ability. The Company's Corporate Governance Guidelines require the Company to have no less than two female directors and at least one director from an ethnic minority background on the Board at all times. In addition, any third party engaged to assist the Nominating and Corporate Governance Committee in searching for director candidates is requested to present a diverse slate of candidates.

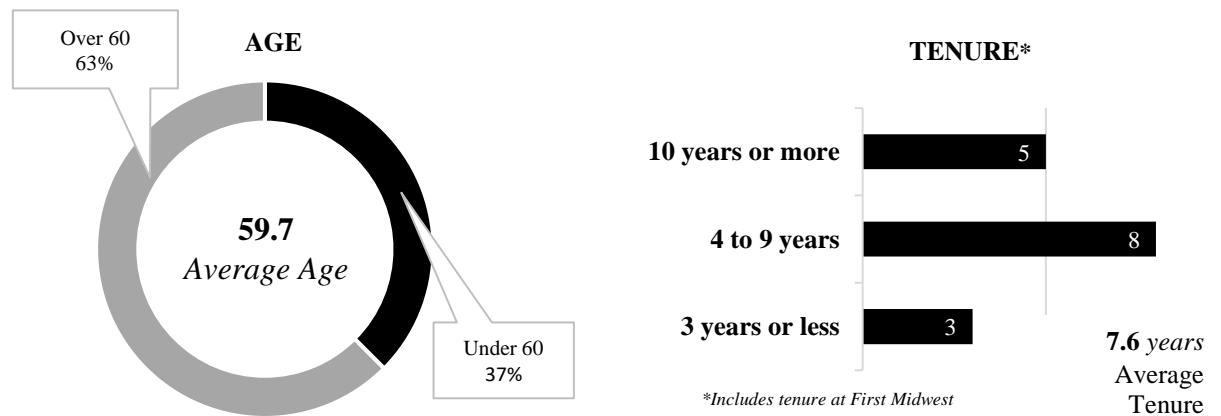


Director Diversity Matrix (As of April 8, 2022)

	Female	Male
Total Number of Directors		16
Part I: Gender Diversity		
Directors	5	11
Part II: Demographic Background		
African American or Black	1	1
Hispanic or Latinx	-	1
White	4	9

Director Tenure and Retirement

A director of the Company shall no longer qualify to serve as a director effective as of the end of the term during which the director becomes seventy-five (75) years of age. The Nominating and Corporate Governance Committee reviews each director's continuation on the Board on a regular basis and annually considers upcoming retirements, the average tenure and the overall mix of individual director tenures of the Board.



The Nominating and Corporate Governance Committee is responsible for regularly reviewing Board composition, succession planning, talent development and the broader aspects of diversity. The Board also annually reviews the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. The annual assessment includes a review of the skills, experience and diversity of the Board in the context of the needs of the Board.

Determination with Respect to the Independence of Directors

It is the policy of the Board that a majority of its members be independent from management, and the Board has adopted director independence standards that meet the applicable NASDAQ listing requirements. The independence standards are incorporated in our Corporate Governance Guidelines.

In accordance with our Corporate Governance Guidelines, the Board undertook its annual review of director independence in March of 2022. During this review, the Board considered any and all commercial and charitable relationships of directors, including transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries.

Each non-employee director is required to complete an annual questionnaire that provides information about any relationship that might affect a determination of independence. Management then provides the Nominating and Corporate Governance Committee and the Board of Directors with relevant facts and circumstances of any relationship bearing on the independence of a director or nominee that is outside the categories permitted under the rules of the applicable NASDAQ listing requirements.

Based on this review, the Board affirmatively determined that each of the directors nominated for election at the Annual Meeting is independent of the Company and management in that none has a direct or indirect material relationship with the Company, with the exception of Michael L. Scudder, our Executive Chairman, and James C. Ryan, III, our CEO, who are employees of the Company.

The independent directors of the Company are Barbara A. Boigegrain, Thomas L. Brown, Kathryn J. Hayley, Peter J. Henseler, Daniel S. Hermann, Ryan C. Kitchell, Austin M. Ramirez, Ellen A. Rudnick, Thomas E. Salmon, Rebecca S. Skillman, Michael J. Small, Derrick J. Stewart, Stephen C. Van Arsdell and Katherine E. White.

In addition, all members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee satisfy the standards of independence applicable to members of such committees established under applicable law, the NASDAQ listing requirements and the director independence standards set forth in our Corporate Governance Guidelines. In addition, as described below, each member of the Audit Committee has the ability to “read and understand fundamental financial statements” as required by the NASDAQ listing requirements. Additionally, at least two of the members of the Audit Committee qualify as “Audit Committee Financial Experts” as defined by the SEC.

Board and Committee Meetings

The Board met seven times during 2021. Each director attended 75% or more of the meetings of the Board and the meetings of committees on which he or she served in 2021. Directors as a group attended an average of over 99% of the Board meetings and meetings of committees on which they served in 2021.

Executive sessions and independent directors’ sessions are held at regular intervals for both the Board and its committees. The Board holds executive sessions and independent directors’ sessions a minimum of four times each year in connection with its quarterly meetings and at other times as needed.

The Company has not established a formal policy regarding director attendance at its Annual Meeting, but it encourages all directors to attend these meetings and reimburses expenses associated with attendance. All the directors attended the Annual Meeting in 2021.

Board and Committee Self-Assessments

The Board of Directors and each of the Board committees conduct an annual self-assessment, which includes both a qualitative and quantitative assessment by each director of the performance of the Board and the committees on which the director serves. The Nominating and Corporate Governance Committee oversees these evaluations. As part of this process, each director completes an annual self-evaluation of the Board and the committees on which the director serves and has an individual meeting with the Chairperson of the committee. The results of the self-evaluations are reported to the Board of Directors.

Director Education

The Executive Chairman of the Board oversees director education at the Company, with the input of the Nominating and Corporate Governance Committee. Director education occurs for the full Board and for each of the Board’s

committees. Our education program involves presentations on relevant topics by management, outside advisors or industry experts, attendance at national and local conferences and meetings, access to board and governance related portals maintained by outside advisors or industry experts and subscriptions to pertinent periodicals and other materials.

Committees of our Board

The members of our Board are elected to various committees. In 2021 and through February 15, 2022, the Board had established the following standing Committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Culture, Community and Social Responsibility Committee, Enterprise Risk Committee, Finance and Corporate Development Committee and Funds Management Committee.

Effective February 15, 2022, following the completion of the Merger and the appointment of additional directors pursuant to the terms of the Merger Agreement and the By-Law Amendment, the Funds Management Committee and the Finance and Corporate Development Committee were eliminated, and an Executive Committee was created. Certain of the duties and responsibilities of the Funds Management Committee and the Finance and Corporate Development Committee were assumed by the Executive Committee. In addition, on February 15, 2022, the Corporate Governance and Nominating Committee was re-named as the Nominating and Corporate Governance Committee and the Culture, Community and Social Responsibility Committee was re-named as the Corporate Responsibility Committee.

The standing committees of the Board now consist of an Audit Committee, a Compensation Committee, a Corporate Responsibility Committee, an Enterprise Risk Committee, an Executive Committee and a Nominating and Corporate Governance Committee. The committee charters are reviewed annually and include information regarding each committee's composition, purpose, duties and responsibilities.

The number of meetings held in 2021, membership as of February 15, 2022, and the key responsibilities for each committee are set forth below:

Committee	Key Responsibilities	Committee Members	Meetings Held in 2021
Audit	<ul style="list-style-type: none"> – Assists the Board in its oversight of: <ul style="list-style-type: none"> • the integrity of the Company's financial statements • the appointment, independence, qualifications and performance of the independent registered public accounting firm • the scope and results of the independent registered public accounting firm's audits and other services, if any • the Company's system of internal controls over financial reporting • the services and performance of the Company's internal audit function • the Company's actions in response to matters raised by the independent registered public accounting firm or internal auditors • the Company's compliance with legal and regulatory requirements in relation to financial reporting – Is responsible for the preparation of a report as required by the SEC to be included in this Proxy Statement 	Stephen C. Van Arsdell*† Thomas L. Brown Daniel S. Hermann Ryan C. Kitchell† Michael J. Small Katherine E. White	8
Corporate Responsibility <i>Previously, the Culture, Community and Social Responsibility Committee</i>	<ul style="list-style-type: none"> – Oversees management relating to the Community Reinvestment Act and Fair Lending practices as well as management relations with community organizations – Reviews policies and programs relating to diversity, equity and inclusion, ESG, ethics and employee and client satisfaction and engagement initiatives and monitors the Company's affirmative action plan – Monitors company-wide volunteerism and the activities of the Old National Bank Foundation through which major charitable gifts from the Company are funded 	Derrick J. Stewart* Kathryn J. Hayley Peter J. Henseler Ryan C. Kitchell Austin M. Ramirez Ellen A. Rudnick	4
Enterprise Risk	<ul style="list-style-type: none"> – Monitors the Company's key enterprise risks: market/liquidity, credit, strategic/reputational, operational (including information technology and information security), compliance/regulatory, legal and human resources/talent management – Reviews the Company's credit controls and loan review program – Assists the Board in the oversight of management regarding the Company's enterprise-wide risk management framework, policies, procedures and risk appetite – Oversees the Company's policies, procedures and practices relating to credit, operational, fraud, information technology/cyber and compliance risks 	Thomas L. Brown* Kathryn J. Hayley Thomas E. Salmon Michael J. Small Derrick J. Stewart Katherine E. White	4
Executive	<ul style="list-style-type: none"> – Reviews and recommends to the Board the annual operating plan and budget as well as the multi-year strategic plan of the Company – Assesses and monitors the Company's performance against the annual and multi-year strategic plan – Reviews strategic direction of the Company with management – Reviews the Company's capital plan and policy and recommends to the Board dividends and any share repurchase program of the Company – Discusses corporate development and other acquisition opportunities with management 	Michael L. Scudder* Thomas L. Brown Daniel S. Hermann Ellen A. Rudnick James C. Ryan, III Rebecca S. Skillman Derrick J. Stewart Stephen C. Van Arsdell	-0- (new committee in 2022)
Nominating and Corporate Governance <i>Previously, the Corporate Governance and Nominating Committee</i>	<ul style="list-style-type: none"> – Annually recommends to the Board, the Company's director nominees to stand for election at our annual meeting of shareholders and assesses the independence of directors – Recruits, as needed, new directors for the Board – Leads the Board in its annual performance evaluation – Reviews and assesses the adequacy of the Corporate Governance Guidelines – Reviews with the Board, on an annual basis, the size, requisite skills and characteristics of Board members as well as the composition of the Board as a whole – Oversees management in the production of the Company's ESG report 	Rebecca S. Skillman* Barbara A. Boigegrain Peter J. Henseler Ryan C. Kitchell Austin M. Ramirez Ellen A. Rudnick Stephen C. Van Arsdell Katherine E. White	3
Talent Development and Compensation	<ul style="list-style-type: none"> – Evaluates and approves the Company's employee compensation and benefit programs and ensures the competitiveness of those programs – Advises the Board regarding the talent development and succession management of key executives of the Company – Annually reviews, approves and recommends to the Board for its approval all elements of the compensation of the CEO and other executive officers who report directly to the CEO – Determines awards to employees of stock or stock options pursuant to the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan 	Daniel S. Hermann* Barbara A. Boigegrain Kathryn J. Hayley Peter J. Henseler Thomas E. Salmon Rebecca S. Skillman	9

* Chairperson

† Designated as an “audit committee financial expert”

Environmental, Social and Governance

ESG considerations, and other elements of corporate social responsibility, are integrated and embedded within the policies, procedures and principles that govern the Company. Our Company is committed to serving as a cornerstone of the local community and maintaining transparency in governance, as well as environmental responsibility and sustainability. We also aim to strengthen the communities we serve through employee volunteerism and corporate philanthropy efforts. We are pleased to present our 2021 ESG Report, which summarizes the Company's approach to corporate social responsibility. The full report can be found on our website at www.oldnational.com/esg. Beginning with our 2020 ESG Report, we have aligned our disclosures with the Sustainability Accounting Standards Board (SASB) Commercial Bank standard.

As we continue to progress with our integration efforts in connection with the Merger, the Company will evaluate issues that collectively represent the combined Company's most significant and material risks as well as opportunities for enhanced stakeholder value. The combined Company plans to reassess ESG priorities in 2022, including climate-related risks and opportunities.

In addition, for the 11th consecutive year, the Company has been recognized by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, as one of the 2022 World's Most Ethical Companies. This recognition honors companies demonstrating exceptional leadership and a commitment to business integrity through best-in-class ethics, compliance and governance practices. We are one of only three U.S. banks recognized and one of five honorees in the banking industry worldwide.

Communications from Shareholders to Directors

The Board believes it is important that a direct and open line of communication exist between the Board and the Company's shareholders and other interested parties. As such, the Board has adopted the procedures described in the following paragraph for communications to Directors.

Any shareholder or other interested party who desires to contact Old National's Executive Chairman, Lead Independent Director or the other members of the Board may do so by writing to: Board of Directors, c/o Corporate Secretary, Old National Bancorp, P.O. Box 718, Evansville, IN 47705-0718. Communications received are distributed to the Executive Chairman, the Lead Independent Director or other members of the Board, as appropriate, depending on the facts and circumstances outlined in the communication received.

Policy Regarding Consideration of Director Candidates Recommended by Shareholders

The Company's nomination procedures for directors are governed by its By-Laws. Each year the Nominating and Corporate Governance Committee makes a recommendation to the entire Board regarding nominees for election as directors. The Nominating and Corporate Governance Committee will review suggestions from shareholders regarding nominees for election as directors. All such suggestions from shareholders must be submitted in writing to the Nominating and Corporate Governance Committee at the Company's principal executive office not less than 120 days in advance of the date of the annual or special meeting of shareholders at which directors are to be elected. All written suggestions of shareholders must set forth:

- the name and address of the shareholder making the suggestion;
- the number and class of shares owned by such shareholder;
- the name, address and age of the suggested nominee for election as director;
- the nominee's principal occupation during the five years preceding the date of suggestion;
- all other information concerning the nominee as would be required to be included in the Proxy Statement used to solicit proxies for the election of the suggested nominee; and
- such other information as the Nominating and Corporate Governance Committee may reasonably request.

A consent of the suggested nominee to serve as a director of the Company, if elected, must also be included with the written suggestion.

Risk Oversight

The entire Board is involved in overseeing risk associated with the Company. The charters of certain committees of the Board assign oversight responsibility for particular areas of risk. The Board and its committees monitor risks associated with their respective principal areas of focus through regular meetings with management and, when appropriate, outside advisors.

The following is a summary of oversight responsibility for particular areas of risk:

- **Audit Committee**. Risks that raise material issues associated with accounting, financial reporting, tax and effective internal controls over financial reporting.
- **Enterprise Risk Committee**. Market/liquidity, credit, strategic/reputational, operational (including information technology and information security), compliance/regulatory, legal and human resources/talent risks as well as litigation that may present a material risk to the Company.
- **Nominating and Corporate Governance Committee**. Risks associated with CEO succession planning, as well as corporate governance generally, including compliance with listing standards, committee assignments, conflicts of interest and director succession planning.
- **Talent Development and Compensation Committee**. Risks associated with the Company's compensation programs and arrangements, including cash and equity incentive plans, and talent development.
- **Corporate Responsibility Committee**. Risks associated with employee and customer commitment, the Community Reinvestment Act, fair lending, employee and supplier diversity and the Company's affirmative action plan.
- **Executive Committee**. Risks associated with the Company's strategy, operating plan and operating performance, as well as acquisition opportunities.

Availability of Corporate Governance Documents

The Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for CEO and Senior Financial Officers and the Board committee charters (Executive Committee by April 30, 2022) at www.oldnational.com under the Investor Relations/Corporate Governance link. These documents are available in print to any interested party who requests them by writing to: Corporate Secretary, Old National Bancorp, P.O. Box 718, Evansville, IN 47705-0718.

Item 1 – ELECTION OF DIRECTORS

The first item to be acted upon at the Annual Meeting is the election of sixteen directors to the Board. Eight of the nominees listed below previously served as directors of First Midwest and were appointed to the Board pursuant to the Merger Agreement. As set forth in the By-Law Amendment and effective February 15, 2022, the size of the Board was increased from thirteen to sixteen members consisting of eight legacy Old National directors and eight legacy First Midwest directors. Each of the persons elected will serve a term of one year and until the election and qualification of his or her successor.

If any director nominee named in this Proxy Statement shall become unable or decline to serve (an event which the Board does not anticipate), the persons named as proxy holders will have the authority to vote for a substitute nominee named by the Board if the Board determines to fill such nominee's position. Unless authorization is withheld, the proxy, when properly validated, will be voted "FOR" the election as directors of all the nominees listed in this Proxy Statement.

Nominees for Directors to Be Elected

Barbara A. Boigegrain



EXPERIENCE AND QUALIFICATIONS

Ms. Boigegrain has served as the Chief Executive Officer and General Secretary of Wespath Benefits and Investments (formerly the General Board of Pension and Health Benefits of The United Methodist Church) from 1994 until her retirement in January 2022. Wespath is a pension, health and welfare benefit trustee and administrator and an institutional investment manager that is one of the largest faith-based pension funds in the United States, with \$29 billion of assets under management. Wespath is a global leader in environmental, social and governance (ESG) investing, and is a founding member of the Transition Pathway Initiative, a global asset-owned led initiative that assesses companies' preparedness for the transition to a low carbon economy.

Prior to 1994, Ms. Boigegrain spent eleven years as a consultant with Towers Perrin and four years with KPMG LLP and Dart Industries as a manager and analyst.

Ms. Boigegrain currently serves on the board of the Iliff School of Theology and the Texas Medical Foundation. Previously, Ms. Boigegrain served as a member and chair of the boards of directors of Church Benefits Association and the Church Alliance. She is also a former member of the board of trustees of Emory & Henry College. Ms. Boigegrain was recognized as one of *Crain's* Chicago 2020 Notable Women Executives Over 50.

As the CEO and General Secretary of Wespath, Ms. Boigegrain has overseen its restructuring, significantly improved its performance and services and increased its assets under management. In her experience as a benefits consultant, she established the San Diego office of Towers Perrin.

Ms. Boigegrain earned a Bachelor of Arts degree in Biology and Psychology from Trinity University in 1979.

REASONS FOR NOMINATION

Through her extensive employee benefits, compensation, executive and corporate governance experience, Ms. Boigegrain brings significant leadership, business development, operations and management skills to our Board of Directors.

She also provides valuable knowledge of compensation, financial markets, strategic growth, and ESG and sustainable investing.

Thomas L. Brown**Age:** 65**Tenure:**

- Old National: 2022
- First Midwest: 2017

Committees:

Audit
Enterprise Risk
Executive

EXPERIENCE AND QUALIFICATIONS

Mr. Brown served as the Senior Vice President and Chief Financial Officer of RLI Corp., a specialty insurer serving diverse niche property, casualty and surety markets from 2017 until his retirement on December 31, 2019. From 2011 to 2017, he served as RLI Corp.'s Vice President and Chief Financial Officer.

Previously, Mr. Brown was a partner of PricewaterhouseCoopers LLP, where he served for ten years as its Midwest Regional Financial Services Director and led teams responsible for the banking, insurance, capital markets and investment management business sectors.

Mr. Brown currently serves on the boards of directors of James River Group Holdings Ltd. (NASDAQ) and the Chicago Shakespeare Theater. In addition, Mr. Brown serves on the board of directors of Easter Seals DuPage & Fox Valley, and he previously served on the board of Easter Seals Central Illinois. From 2004 through 2017, Mr. Brown served on the board of trustees of Illinois Wesleyan University.

Mr. Brown earned a Bachelor of Science degree in Accounting from Illinois Wesleyan University in 1979. He is a certified public accountant.

REASONS FOR NOMINATION

With his extensive finance, accounting, risk management and financial services background, combined with the insights of the executive management team of a public company, Mr. Brown brings valuable finance, accounting, strategic planning, risk and senior management skills and experience to our Board of Directors.

Kathryn J. Hayley**Age:** 63**Tenure:**

- Old National: 2022
- First Midwest: 2016

Committees:

Corporate Responsibility
Enterprise Risk
Talent Development and Compensation

EXPERIENCE AND QUALIFICATIONS

Ms. Hayley has served as the Chief Executive Officer of Rosewood Advisory Services, LLC, a business advisory services firm, since 2015.

Previously, Ms. Hayley served as an Executive Vice President of UnitedHealthcare (a subsidiary of UnitedHealth Group, Inc. (NYSE), a position in which she served from 2012 to 2015, overseeing a number of strategic initiatives at this global healthcare company. From 2006 to 2012, she served as an executive of Aon plc (NYSE), including as Chief Executive Officer of Aon Consulting Worldwide and Aon Hewitt Consulting Americas. Prior to her service at Aon, Ms. Hayley was an information technology partner at Deloitte Consulting LLP and led the U.S. financial services practice. She also served on the board of directors of Deloitte & Touche LLP U.S.

Ms. Hayley currently serves on the boards of directors of Interior Logic Group, Inc. (since 2021), Concentrix Corporation (since December 2020) (NASDAQ) and Alight Solutions, LLC (since 2018), as well as the advisory board of E.A. Renfroe & Company, Inc. (since 2016). She previously served on the board of directors of Tribridge Holdings, LLC (2015 to 2017). She also serves on the board of the Chicago Shakespeare Theater.

Ms. Hayley earned a Bachelor of Science degree in Applied Computer Science from Illinois State University in 1979 and a Master of Business Administration, with concentrations in Marketing and Finance, from the Kellogg School of Management at Northwestern University in 1984.

REASONS FOR NOMINATION

Through her extensive information technology and financial services background and her broad executive management experience, as well as her employee benefits and talent management experience, Ms. Hayley provides our Board with valuable strategic planning, leadership and human resources and benefits experience, as well as the insights of a former senior executive of several public companies.

Peter J. Henseler



Age: 63

Tenure:

- Old National: 2022
- First Midwest: 2011

Committees:

Corporate Responsibility

Nominating and Corporate Governance

Talent Development and Compensation

EXPERIENCE AND QUALIFICATIONS

Mr. Henseler is the Chairman of TOMY International, a wholly owned subsidiary of TOMY Company, Ltd., a global designer and marketer of toys and infant products. He rejoined TOMY International in 2017 after serving as Vice Chairman until his retirement in 2012. Mr. Henseler previously held the position of President of TOMY International from 2011 until 2012. He was President of RC2 Corporation (NASDAQ) from 2002 to 2011, at which time TOMY Company acquired RC2. He served as RC2's Executive Vice President of Sales and Marketing from 1999 to 2002. Mr. Henseler also previously served as a director of RC2.

Prior to joining RC2, Mr. Henseler held marketing positions at McDonald's Corporation and Hasbro, Inc. In February 2018, he completed his tenure as Chairman of the Toy Industry Foundation and now serves as an executive advisor to the board. He also previously served on the board of directors of the American Toy Industry Association.

Mr. Henseler earned a Bachelor of Science degree in Marketing from Xavier University in 1980.

REASONS FOR NOMINATION

Mr. Henseler brings important executive management, operating and leadership skills and insights to our Board of Directors through his experience as a president of a global public company, as well as his substantial operational, brand management and marketing experience.

Daniel S. Hermann



Age: 64

Director Since: 2020

Committees:

Audit

Executive

Talent Development and Compensation

EXPERIENCE AND QUALIFICATIONS

Mr. Hermann is the founding partner of Lechwe Holdings LLC, a family company involved in the startup of and investing in companies. He is also a founder of AmeriQual Group, LLC, where he served as CEO from 2005 to 2015. Prior to 2005, Mr. Hermann spent over 20 years at Black Beauty Coal Company. During his years at Black Beauty, he held various titles, including President and CEO. He has experience in public accounting and was a licensed Certified Public Accountant.

Mr. Hermann currently serves as Chairman of the board of directors of Deaconess Health System, the premier provider of health care service to 26 counties in three states. In addition, he serves as a director of General Signals, Hermann Family Foundation, and Foundation for Youth. He is also a director Emeritus of the Boys and Girls Club of Southern Indiana as well as past Chairman of the Evansville Catholic Foundation and past board member of Foresight Energy, LP (NYSE).

Mr. Hermann earned a Bachelor of Science Degree from Indiana State University in 1979.

REASONS FOR NOMINATION

With over 30 years as a senior executive in the private sector, Mr. Hermann brings extensive business, operations, management, leadership, finance and accounting experience to the Board. He also brings significant public company board experience, given his previous service as a director for Foresight Energy, LP.

Ryan C. Kitchell



Age: 48

Director Since: 2018

Committees:

Audit

Corporate Responsibility

Nominating and Corporate Governance

EXPERIENCE AND QUALIFICATIONS

Mr. Kitchell served as Executive Vice President and Chief Administrative Officer of Indiana University Health from 2016 to 2019. Previously, he served as Chief Financial Officer of Indiana University Health from 2012 to 2016. He served as President of IU Health Plans from 2011 to 2012 and Treasurer of Indiana University Health from 2010 to 2011. Prior to joining Indiana University Health, he worked for the State of Indiana, first as a Public Finance Director from 2005 until 2007 and then as a Director of the Office of Management and Budget from 2007 until 2010. He also has previously served in corporate treasury and controllership roles at Eli Lilly and Company (NYSE) and started his career at Prudential Capital, a subsidiary of Prudential Financial, Inc. (NYSE).

Mr. Kitchell currently serves on several boards including the Indiana Sports Corporation, Boy Scouts of America Crossroads Council, OneAmerica Financial Partners, and Help at Home.

Mr. Kitchell earned an economics degree from Indiana University in 1996 and an MBA from the Tuck School of Business at Dartmouth in 2002. He also has earned the Chartered Financial Analyst (CFA) designation.

REASONS FOR NOMINATION

Through his nine years of service with the largest health care system in Indiana, Mr. Kitchell brings to the Board executive leadership experience with a strong finance background. He also brings significant public finance experience.

Austin M. Ramirez



Age: 43

Director Since: 2020

Committees:

Corporate Responsibility

Nominating and Corporate Governance

EXPERIENCE AND QUALIFICATIONS

Mr. Ramirez is the President and CEO of HUSCO International, a global engineering and manufacturing company with over 1,500 employees worldwide. Prior to joining HUSCO in 2003, he was a consultant in the San Francisco office of McKinsey & Company where he specialized in corporate finance and industrial operations. From 2016 to 2017, Mr. Ramirez served as White House Fellow on the National Economic Council in Washington D.C. In 2014, Mr. Ramirez was selected as a Young Global Leader of the World Economic Forum and is the Founding Curator of the Forum's Global Shaper Hub in Milwaukee.

Mr. Ramirez has volunteered on a number of education-focused boards including Teach for America, the Boys and Girls Clubs, the YMCA and the United Performing Arts Fund. He is a co-founder and board member of St. Augustine Preparatory Academy and a founding member of City Reformed Church. He has also served as a director of the Greater Milwaukee Committee, Metropolitan Milwaukee Chamber of Commerce and the National Association of Manufacturers.

Mr. Ramirez graduated from the University of Virginia in 2001 with degrees in Systems Engineering and Economics. He also holds an MBA from Stanford Graduate School of Business, where he was an Arjay Miller Scholar and Goldman Sachs Fellow.

REASONS FOR NOMINATION

With over 15 years leading an international manufacturing company, Mr. Ramirez brings important executive management, operations and leadership skills to the Board of Directors. In addition, Mr. Ramirez is committed to community service and leadership development through his dedication to education, the arts, and the Milwaukee community.

Ellen A. Rudnick



Age: 71

Tenure:

- Old National: 2022
- First Midwest: 2005

Committees:

Corporate Responsibility

Executive

Nominating and Corporate Governance

EXPERIENCE AND QUALIFICATIONS

Ms. Rudnick has served at the University of Chicago Booth School of Business since 1999. She is currently a Senior Advisor and Adjunct Professor of Entrepreneurship, and previously served as the Executive Director of the Polsky Center for Entrepreneurship and Innovation at the University of Chicago.

Prior to joining the University of Chicago, Ms. Rudnick served as President and Chief Executive Officer of Healthcare Knowledge Resources, President of HCIA, Chairman of Pacific Biometrics and Corporate Vice President of Baxter Healthcare Corporation.

Ms. Rudnick currently serves on the boards of directors of Liberty Mutual Insurance Company (since 2001) and Patterson Companies (since 2003; NASDAQ). Ms. Rudnick previously served on the board of directors of HMS Holdings, Corp. (1997 to April 1, 2021; NASDAQ).

She has spent over thirty years in executive management and entrepreneurial activities, primarily in the health care and information services industries. She serves in various leadership positions with several civic and nonprofit organizations in the Chicago metropolitan area, including having served on the board of the Northshore University Health System for over 20 years and on the board of Hyde Park Angels, and currently is on the boards of directors of Chicagoland Entrepreneurship Center (1871) and Matter (a healthcare incubator) as well as the advisory committee for the Ed Kaplan Family Institute for Innovation and Tech Entrepreneurship at the Illinois Institute of Technology.

Ms. Rudnick earned a Bachelor of Arts degree in Italian (with a minor in Economics) from Vassar College in 1972 and a Master of Business Administration with a concentration in Finance from the University of Chicago in 1973.

REASONS FOR NOMINATION

With her extensive business background and her public company board experience, Ms. Rudnick brings important leadership, corporate governance, business and entrepreneurial experience to our Board of Directors.

James C. Ryan, III



Age: 50

Director Since: 2019

Committees:

Executive

EXPERIENCE AND QUALIFICATIONS

Mr. Ryan is the CEO of the Company. Mr. Ryan served as Chairman and CEO of the Company through February 14, 2022. Prior to beginning his role as CEO in 2019, Mr. Ryan was Senior Executive Vice President and CFO of the Company from 2016 until 2019. He has also served the Company as Director of Corporate Development and Mortgage Banking, Integration Executive and Treasurer. Prior to joining Old National in 2005, Mr. Ryan held senior finance positions at Wells Fargo Home Mortgage and Old Kent Financial Corp.

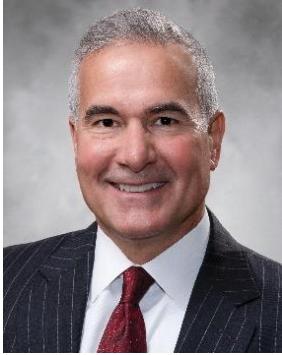
Mr. Ryan is currently Chairman of the Evansville Regional Economic Partnership, Vice Chairman of the Evansville Regional Business Committee and a member of the Southwest Indiana Regional Development Authority. He is a board member for Deaconess Health Systems, Inc. and a member of the Central Indiana Corporate Partnership, Inc.

Mr. Ryan earned a Bachelor's Degree in Business Administration from Grand Valley State University in Allendale, Michigan in 1994.

REASONS FOR NOMINATION

Mr. Ryan brings to the Board, among other skills and qualifications, extensive bank management experience derived from working over 25 years in the banking industry. Mr. Ryan's leadership skills, extensive banking experience and knowledge of the Company and its products and services is tremendously valuable to the Board. Mr. Ryan also brings to the Board his ability to develop long-term strategies and find effective and efficient means to implement and communicate those strategies.

Thomas E. Salmon



Age: 58
Director Since: 2018

Committees:

Enterprise Risk
Talent Development and
Compensation

EXPERIENCE AND QUALIFICATIONS

Mr. Salmon currently serves as Chairman and CEO of Berry Global, Inc. (NYSE) where he was appointed to the board of directors in February 2017. He previously served as Berry Global's President and Chief Operating Officer since October 2016, served as President of Berry's Consumer Packaging Division from November 2015 to October 2016, served as President of Berry's Rigid Closed Top Division from November 2014 to November 2015, and served as President of Berry's Engineered Materials Division from 2003 to November 2014.

Prior to joining Berry Global in 2003, Mr. Salmon was General Manager for Honeywell Plastics from 2001 to 2003 and Global Sales Director for Allied Signal's Engineering Plastics and Films from 1999 to 2001. Prior to joining Honeywell/Allied Signal, Mr. Salmon held several positions at GE Plastics and GE Lighting, divisions of General Electric.

Mr. Salmon serves on several boards including the Evansville Regional Business Committee, Golf Gives Back and Signature School.

Mr. Salmon earned a Bachelor of Business Administration from Saint Bonaventure University in New York in 1985.

REASONS FOR NOMINATION

With almost 20 years of leadership experience at a Fortune 500 global manufacturer and marketer of plastic packaging products, Mr. Salmon brings extensive experience in management, operations, accounting and finance. He also provides valuable knowledge related to public companies and has public company board experience.

Michael L. Scudder



Age: 61
Tenure:

- Old National: 2022
- First Midwest: 2008

Committees:

Executive

EXPERIENCE AND QUALIFICATIONS

Mr. Scudder is the Executive Chairman of the Board of Directors of the Company. Previously, Mr. Scudder served as the Chief Executive Officer of First Midwest from 2008 to 2022 as well as the Chairman of the First Midwest board of directors from 2017 to 2022. Mr. Scudder served as First Midwest's President from 2007 to 2019, and additionally as its Chief Operating Officer from 2007 to 2008 and as its Chief Financial Officer from 2002 to 2007. He also served in various other leadership capacities across all areas of First Midwest in his thirty-five years of service to the company. During his time as President or CEO, First Midwest grew from \$8 billion of total assets to \$24 billion at the end of 2021.

Mr. Scudder began his professional career at KPMG LLP, an international public accounting firm.

Mr. Scudder is a member of the board of directors of the American Bankers Association and has served as a past chair of ABA's CEO Council. He is also an active member of the Mid-Size Bank Coalition of America. Mr. Scudder serves on the board of directors of Silver Cross Hospital, the board of trustees of DePaul University, the executive committee of DePaul University's Center for Financial Services and the Chicago Metropolitan Planning Council's Executive Advisory Board. Additionally, he is a member of the Economic Club of Chicago, the Commercial Club of Chicago and the Bankers Club of Chicago. He previously served as an inaugural member of the Federal Reserve Bank of Chicago's Community Depository Institution Advisory Council.

Mr. Scudder earned a Bachelor of Science degree in Accounting from Illinois Wesleyan University in 1982, and a Master of Business Administration with a concentration in Finance from DePaul University in 1993.

REASONS FOR NOMINATION

Mr. Scudder brings extensive executive management, financial and banking experience to our Board derived from nearly 40 years in the banking industry. He has significant abilities in developing and implementing long-term strategic goals and vision and was critical to the growth and success of First Midwest.

Rebecca S. Skillman**Age:** 71**Director Since:** 2013**Committees:**

Executive

Nominating and Corporate Governance

Talent Development and Compensation

EXPERIENCE AND QUALIFICATIONS

Ms. Skillman, 71, was appointed as the Company's Lead Independent Director in 2016. Ms. Skillman currently serves as Chairperson of the Board for Radius Indiana, an economic development regional partnership which represents Crawford, Daviess, Dubois, Greene, Lawrence, Martin, Orange, and Washington Counties in South Central Indiana. She previously served as Senior Advisor of Radius Indiana from July 2016 to December 2016 and she served as CEO of Radius Indiana from February 2013 to July 2016. She serves as an advisor for Bowen Center for Public Affairs, Ball State University, and an advisor for Indiana University's Center for Rural Engagement.

Ms. Skillman served as the 49th Lieutenant Governor of the State of Indiana from 2005 to 2013 where, in addition to her legislative duties as President of the Indiana Senate, she was responsible for leading the Office of Tourism Development, Energy Group and Indiana Housing and Community Development Authority. She chaired the Indiana Counter Terrorism and Security Council, the intergovernmental entity responsible for homeland security. She also served as the Secretary of Agriculture and Rural Development under the state's Department of Agriculture and Office of Rural Affairs.

Ms. Skillman earned an Associate's degree with a business concentration from Indiana Wesleyan University in 2010.

REASONS FOR NOMINATION

Through her lifelong career in public service and leadership, having served in a variety of public offices, including the Indiana Senate from 1992 to 2000 and as Lt. Governor of Indiana from 2005 to 2013, Ms. Skillman brings to the Board expertise and leadership in economic development, administration, community involvement, governmental and political affairs and civil service.

Michael J. Small**Age:** 64**Tenure:**

- Old National: 2022
- First Midwest: 2010

Committees:

Audit

Enterprise Risk

EXPERIENCE AND QUALIFICATIONS

Mr. Small is a founder and the Chief Executive Officer of K4 Mobility LLC, a technology developer and provider of satellite communications services, since August 2018.

Previously, Mr. Small served as the President and Chief Executive Officer and a director of Gogo, Inc. (NASDAQ), an airborne communications service provider, from 2010 until March 2018. Prior to joining Gogo, Mr. Small served as the Chief Executive Officer and a director of Centennial Communications Corp. (NASDAQ) from 1999 to 2009. From 1995 to 1998, Mr. Small was the Executive Vice President and Chief Financial Officer of 360 Degrees Communications Company. Prior to 1995, he held the position of President of Lynch Corporation (NYSEMKT), a diversified acquisition-oriented company with operations in telecommunications, manufacturing and transportation services.

Mr. Small is an active board member of Leadership Greater Chicago and the Gun Violence Prevention PAC. Mr. Small also serves on the Advisory Council for the Polsky Center for Entrepreneurship and Innovation at the University of Chicago.

Mr. Small earned a Bachelor of Arts degree in History from Colgate University in 1979 and a Master of Business Administration with a concentration in Finance from the University of Chicago in 1981.

REASONS FOR NOMINATION

Through his board, executive and financial experience, Mr. Small brings extensive public company, operating and executive experience to our Board of Directors, as well as strategic, financial, technology and merger and acquisition experience. He also provides the perspective of a former chief executive officer of a public company.

Derrick J. Stewart**Director Since:** 2015**Age:** 44**Committees:**

Corporate Responsibility

Enterprise Risk

Executive

EXPERIENCE AND QUALIFICATIONS

Mr. Stewart is the Senior Vice President, Education and Communication of the YMCA Retirement Fund. From 2019 until 2022, Mr. Stewart was the President and CEO of the YMCA of Greater Indianapolis. He also served as CEO of the YMCA of Southwestern Indiana from 2009 to 2019, and in various other capacities, including Chief Development Officer and Chief Operating Officer, from 2005 to 2009.

Mr. Stewart is a member of the Board of Trustees of the YMCA Retirement Fund and a member of the board of directors of the YMCA Employee Benefits Management Committee, and the Mitch Daniels Leadership Fellowship. He is a past member of the YMCA of the USA board of directors, where he served on the Financial Development Committee and the International Committee and is past chair of the YMCA of the USA Small and Midsize YMCA Cabinet. He is past President of the Board of the Evansville Regional Airport Authority, and the Public Education Foundation of Evansville, past Vice President of the Evansville Christian School Board, and past member of the Regional Board of Trustees of Ivy Tech Community College. Mr. Stewart worked as a commercial loan officer for Old National Bank from 2004 to 2005.

Mr. Stewart is a graduate of the Indiana University Kelley School of Business in 1999 with a degree in Business and Finance.

REASONS FOR NOMINATION

Mr. Stewart brings to the Board, among other skills and qualifications, prior banking experience as a loan officer of the Company and extensive experience in managing a nonprofit entity in one of the Company's largest markets. Mr. Stewart is deeply committed to supporting and encouraging the development of a healthier and more vibrant community and providing opportunities for young people from all walks of life to achieve their potential.

Stephen C. Van Arsdell**Age:** 71**Tenure:**

- Old National: 2022
- First Midwest: 2017

Committees:

Audit

Executive

Nominating and Corporate Governance

EXPERIENCE AND QUALIFICATIONS

Mr. Van Arsdell is a former senior partner of Deloitte & Touche LLP, where he served as Chairman and Chief Executive Officer from 2010 to 2012, and as Deputy Chief Executive Officer from 2009 to 2010. Previously, he served as Deloitte's partner-in-charge of its financial services practice in the Midwest and was a member of Deloitte's board from 2003 through 2009.

Mr. Van Arsdell is a member of the Audit Committee of Brown Brothers Harriman & Co. (since 2015). He also is a member of the board of directors and of the Audit Committee of Mueller Water Products, Inc. (since 2019; NYSE). He is a past member of the Dean's advisory council for the Gies College of Business at the University of Illinois and Past Chair of the board of directors of the University of Illinois Alumni Association. Mr. Van Arsdell currently serves as the chair of the board of trustees of the Morton Arboretum, having previously chaired its Finance Committee, and he previously chaired the board of trustees of the Conservation Foundation.

Mr. Van Arsdell earned a Bachelor of Science degree in Accounting and a Master of Accounting Science degree from the University of Illinois in 1972 and 1973, respectively. He is a certified public accountant.

REASONS FOR NOMINATION

Mr. Van Arsdell brings to our Board extensive finance, accounting, and risk management experience, together with strategic and leadership skills developed through executive leadership positions with a global accounting and advisory services organization.

Katherine E. White**Age:** 55**Director Since:** 2015**Committees:**

Audit

Enterprise Risk

Nominating and Corporate Governance

EXPERIENCE AND QUALIFICATIONS

Ms. White is a Brigadier General in the U.S. Army, currently serving in the Michigan Army National Guard as the Deputy Commanding General of the 46th Military Police Command in Lansing, Michigan, since 2019. She is also currently a Professor of Law at Wayne State University Law School in Detroit, Michigan, where she has taught full-time since 1996. Ms. White is also a Regent with the University of Michigan Board of Regents, and she has served in that capacity since 1998.

From 1995 to 1996, Ms. White was a Judicial Law Clerk to the Honorable Randall R. Rader, Circuit Judge U.S. Court of Appeals for the Federal Circuit. From 2000 to 2002, she was appointed by the Secretary of Commerce to serve on the United States Patent and Trademark Office Patent Public Advisory Committee. She was also appointed by the Secretary of Agriculture to the U.S. Department of Agriculture's Plant Variety Protection Office Advisory Board serving from 2004 to 2008, 2010 to 2012 and 2015 to 2020. From 2003 to 2014, she was a market board member at United Bank and Trust in Ann Arbor, MI.

Ms. White currently serves as a board member of Alta Equipment Group, Inc. (NYSE).

Ms. White received her B.S.E. Degree in Electrical Engineering and Computer Science from Princeton University, a J.D. Degree from the University of Washington, a LL.M. Degree from the George Washington University Law School, and a Master's Degree in Strategic Studies from the U.S. Army War College. In addition, Ms. White is a Fulbright Senior Scholar, a White House Fellow 2001 to 2002, and a Registered Patent Attorney.

REASONS FOR NOMINATION

Ms. White brings to the Board a long tenure in the U.S. government and military serving advisory and operational roles, as well as her previous experience as a member of several public company boards of directors and board committees.

The Board unanimously recommends that you vote “FOR” the election of the sixteen nominees as directors of the Company.

DIRECTOR COMPENSATION

The Nominating and Corporate Governance Committee annually reviews and recommends to our Board the compensation for our non-employee directors. No fees are paid to directors who are also employees of the Company. As a starting point for its recommendation, the Nominating and Corporate Governance Committee uses peer group compensation data prepared by WTW. The Committee seeks to establish Board compensation that will (i) attract qualified individuals to serve as members of the Board, (ii) align director interests with shareholder interests, and (iii) provide director compensation that is competitive with market practices and the Company's peer group.

Retainers

For 2021, we paid each non-employee director an annual retainer of \$105,000 for serving as a director. Of this amount, we paid \$45,000 in cash and \$60,000 in common stock of the Company. We paid the cash compensation in four equal quarterly payments and the stock retainer was paid in two equal installments in May and November. In addition, our Lead Independent Director was paid an additional \$25,000 retainer.

For 2021, we paid the Audit Committee Chairperson an additional annual retainer of \$17,500, the Compensation Committee Chairperson an additional retainer of \$14,500, and all other committee chairpersons an additional retainer of \$12,500. In 2021, committee members of the Audit Committee received an additional annual retainer of \$10,000. Members of the Compensation Committee and the Enterprise Risk Committee received annual retainers of \$8,500 and all other committee members received annual retainers of \$7,500. James C. Ryan, III was the only director in 2021 who was also an employee of the Company and he received no compensation for his directorship.

Deferred Compensation Plan

We maintain a nonqualified deferred compensation plan for our non-employee directors. A director may defer 25%, 50%, 75% or 100% of his or her cash compensation pursuant to the plan. We credit a director's plan account with earnings based on the hypothetical earnings of an investment fund consisting of Company common stock, the return on a recognized market index selected by the Compensation Committee, or a combination of the two, as elected by the director.

All amounts paid under the plan are paid from our general assets and are subject to the claims of our creditors. In most circumstances, deferred amounts are not distributed to the director until after termination of his or her service. In general, the director may elect to receive his or her plan benefits in a lump sum or in annual installments over two to ten years.

2021 Director Compensation

Our components of director compensation in 2021 and through the date of the Merger were as follows:

Director Compensation	2021
Annual Cash Retainer	\$45,000
Annual Stock Grant	\$60,000
Lead Independent Director Fee	\$25,000
Committee Compensation	Annual Committee Member Fee/Additional Chair Fee
Audit	\$10,000 / \$7,500
Enterprise Risk	\$8,500 / \$4,000
Compensation	\$8,500 / \$6,000
Nominating and Corporate Governance	\$7,500 / \$5,000
Corporate Responsibility	\$7,500 / \$5,000
Director Stock Ownership Guidelines	5x annual cash retainer

The following table provides information concerning the director compensation that we paid to our non-employee directors in 2021:

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>Nonqualified Deferred Compensation Earnings (\$)(2)</u>	<u>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(2)</u>	<u>Total (\$)</u>
(a)	(b)	(c)	(f)		(h)
Rebecca S. Skillman, Lead Director	98,500(3)	59,988			158,488
Andrew E. Goebel*	73,500(4)	59,988			133,488
Jerome F. Henry, Jr.*	62,500(5)	59,988			122,488
Daniel S. Hermann	79,500(6)	59,988			139,488
Ryan C. Kitchell	77,500(7)	59,988	34,865		172,353
Phelps L. Lambert*	82,500(8)	59,988	60,676		203,164
Austin M. Ramirez	60,000(9)	59,988			119,988
Thomas E. Salmon	53,500(10)	59,988	23,515		137,003
Randall T. Shepard*	73,500(11)	59,988			133,488
Derrick J. Stewart	74,500(12)	59,988	16,011		150,499
Katherine E. White	68,500(13)	59,988	18,279		146,767
Linda E. White*	72,500(14)	59,988	147,494		279,982

*Retired from the Board effective on February 15, 2022

(1) On May 7, 2021, Andrew E. Goebel, Jerome F. Henry, Jr., Daniel S. Hermann, Ryan C. Kitchell, Phelps L. Lambert, Austin M. Ramirez, Thomas E. Salmon, Randall T. Shepard, Rebecca S. Skillman, Derrick J. Stewart, Katherine E. White and Linda E. White each received 1,562 shares of Company stock at a stock price of \$19.20 per share with a grant date fair value of \$29,990.40, determined in accordance with FASB ASC Topic 718, based on the closing sale price of the Company's common stock on the date of the grant. On November 5, 2021, Andrew E. Goebel, Jerome F. Henry, Jr., Daniel S. Hermann, Ryan C. Kitchell, Phelps L. Lambert, Austin M. Ramirez, Thomas E. Salmon, Randall T. Shepard, Rebecca S. Skillman, Derrick J. Stewart, Katherine E. White and Linda E. White each received 1,725 shares of Company stock at a stock price of \$17.39 with a grant date fair value of \$29,997.75, determined in accordance with FASB ASC Topic 718, based on the closing sale price of the Company's common stock on the date of the grant.

(2) The amounts specified in Column (f) are attributable entirely to earnings credits under our Directors Deferred Compensation Plan in excess of the applicable federal long-term rate, with compounding (as described by Section 1274(d) of the Internal Revenue Code).

(3) Includes \$45,000 cash retainer, \$12,500 Nominating and Corporate Governance Committee Chair retainer, \$8,500 Talent Development and Compensation Committee member retainer, \$7,500 retainer for membership on the Finance and Corporate Development Committee, and a \$25,000 retainer for serving as lead director.

(4) Includes \$45,000 cash retainer, \$12,500 Finance and Corporate Development Committee Chair retainer and \$16,000 retainer for membership on the Enterprise Risk Committee and Funds Management Committee. Mr. Goebel retired from the Board effective February 15, 2022.

(5) Includes \$45,000 cash retainer, \$10,000 for Audit Committee membership, and \$7,500 for Funds Management Committee membership. Mr. Henry retired from the Board effective February 15, 2022.

(6) Includes \$45,000 cash retainer, \$10,000 for Audit Committee membership, \$8,500 retainer for membership on the Talent Development and Compensation Committee and \$16,000 for Enterprise Risk Committee and Finance and Corporate Development Committee membership.

(7) Includes \$45,000 cash retainer, \$17,500 for Audit Committee Chair retainer and \$15,000 retainer for membership on the Finance and Corporate Development Committee and the Funds Management Committee.

(8) Includes \$45,000 cash retainer, \$12,500 Funds Management Committee Chair retainer, \$10,000 retainer for membership on the Audit Committee and \$15,000 retainer for membership on the Nominating and Corporate Governance Committee and the Finance and Corporate Development Committee. Mr. Lambert retired from the Board effective February 15, 2022.

(9) Includes \$45,000 cash retainer and \$15,000 retainer for membership on the Nominating and Corporate Governance Committee and the Corporate Responsibility Committee.

(10) Includes \$45,000 cash retainer and \$8,500 retainer for membership on the Talent Development and Compensation Committee.

(11) Includes \$45,000 cash retainer, \$12,500 Corporate Responsibility Committee Chair retainer, \$8,500 Talent Development and Compensation Committee member retainer and \$7,500 for membership on the Nominating and Corporate Governance Committee. Mr. Shepard retired from the Board effective February 15, 2022.

(12) Includes \$45,000 cash retainer, \$14,500 Talent Development and Compensation Committee Chair retainer, and \$15,000 retainer for membership on the Corporate Responsibility Committee and the Finance and Corporate Development Committee.

(13) Includes \$45,000 cash retainer and \$23,500 retainer for membership on Enterprise Risk Committee, the Funds Management Committee and the Nominating and Corporate Governance Committee.

(14) Includes \$45,000 cash retainer, \$12,500 Enterprise Risk Committee Chair retainer, and \$15,000 retainer for membership on the Corporate Responsibility Committee and the Finance and Corporate Development Committee. Ms. White retired from the Board effective February 15, 2022.

Director Compensation for 2022

Following the Merger, the Nominating and Corporate Governance Committee reviewed non-employee director compensation with WTW to determine appropriate director compensation at the combined Company taking into account peer practices and the larger size of the Company. Based on WTW's recommendation, the Nominating and Corporate Governance Committee approved and recommended to the Board the compensation for non-employee directors of the combined Company as set forth below. Following review and consideration, the Board accepted the committee's recommendation and approved director compensation as follows, effective as of the date of the Merger:

Director Compensation	2022
Annual Cash Retainer	\$60,000
Annual Stock Grant	\$80,000
Lead Independent Director Fee	\$35,000
Committee Compensation	Annual Committee Member Fee/ Additional Chair Fee
Audit	\$10,000 / \$20,000
Enterprise Risk	\$8,500 / \$13,500
Compensation	\$8,500 / \$13,500
Nominating and Corporate Governance	\$7,500 / \$12,500
Corporate Responsibility	\$7,500 / \$12,500
Executive	\$7,500 / NA*
Stock Ownership Guidelines	5x annual cash retainer

*The Executive Committee is presently chaired by Mr. Scudder, who serves as a director and Executive Chairman of the Company. Only non-employee directors are entitled to compensation as directors.

Item 2 – APPROVAL OF AMENDMENT OF THE OLD NATIONAL BANCORP AMENDED AND RESTATED 2008 INCENTIVE COMPENSATION PLAN

The second item to be acted upon at the Annual Meeting is the approval of a further amendment to the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan (the “Plan”), approved on March 21, 2022 by the Board. The amendment relates to a proposed increase in the number of shares available under the Plan by 9,000,000 shares. This is the first time the Company is requesting an increase to the number of shares available under the Plan since it was first adopted in 2008.

The proposed amendment to the Plan is subject to approval by the shareholders at the Annual Meeting. If the amendment is approved by shareholders, it will become effective as of the date of the Annual Meeting. Outstanding awards under the Plan will continue in effect in accordance with their terms. We are not requesting an extension of the existing term of the Plan.

The Plan was first approved by the Company’s shareholders on May 15, 2008, amended and restated as of May 10, 2012, further amended and restated as of April 27, 2017, and further amended as of April 29, 2021.

The primary reason for the amendment is the need for additional shares for the Plan given the increase in the size of the Company due to the Merger and the resulting greater number of employees who now are eligible to receive equity awards under the Plan. As of March 31, 2021, only 87,911 shares remain available under the Plan. Such remaining shares would not be sufficient to make normal annual awards under the Plan beginning in 2023. If the amendment to the Plan is approved, the aggregate number of shares available under the Plan will be increased by 9,000,000 shares, to a total of 9,087,911 shares.

The Board believes that stock-based and other types of incentive compensation payable in equity and/or cash enable the Company to attract and retain talented employees and provide an incentive for those employees to achieve Board-established corporate goals and, ultimately, increase our value. The Board also believes that stock-based compensation for our directors enables us to attract qualified individuals to serve on our Board as well as establish director compensation that is competitive with market practices and aligned with the median director compensation of our peer group. In addition, the Board believes stock ownership is important because it aligns our employees’ and directors’ interests with the interests of our shareholders.

Available Shares

As of March 31, 2022, prior to the amendment, (i) 4,240,759 shares are subject to outstanding awards under the Plan and (ii) 87,911 shares are available for future grants of awards under the Plan.

If the amendment to the Plan is approved, the total number of shares of the Company’s common stock that may be granted under the Plan after the 2022 Annual Meeting may not exceed the sum of (i) nine million shares, plus (ii) any shares available for awards under the Plan as of the date of the 2022 Annual Meeting, plus (iii) any shares covered by an award under the Plan that are outstanding on the date of the 2022 Annual Meeting that are subsequently forfeited or remain unpurchased or undistributed upon termination or expiration of the award. The impact of the amendment would be to increase the remaining aggregate number of shares available under the Plan for grants after the 2022 Annual Meeting by 9,000,000 shares, to a total of 9,087,911 shares. There are no awards outstanding, or shares available for awards, under the predecessor Old National Bancorp 1999 Equity Incentive Plan.

Run Rate and Potential Dilution

The Company believes that the increased number of shares under the Plan will provide sufficient shares for equity-based compensation needs of the Company for approximately four years following approval at the Annual Meeting. This estimate is based on our historical share usage under the Plan and takes into consideration the impact of the Merger and resulting increased number of employees eligible to receive grants of equity-based awards under the Plan.

The table below shows our historic run rate over the past three years.

	2019	2020	2021	Average
(a) Full value awards granted/earned	534,000	830,000	521,000	628,333
(b) Stock options granted	-0-	-0-	-0-	-0-
(c) Weighted average shares outstanding (basic)	171,907,000	165,509,000	165,178,000	167,531,333
(d) Run rate (a + b) / c	0.31%	0.50%	0.32%	0.38%

The table below shows our overhang as of March 31, 2022:

(a) Outstanding full value awards	4,232,304
(b) Outstanding stock options	8,455
Weighted average exercise price	\$5.67
Weighted average remaining term	1 year
(c) Shares remaining under the Plan	87,911
(d) Proposed share increase under the Plan (as proposed by the current amendment to the Plan)	9,000,000
(e) Basic shares of common stock outstanding (March 31, 2022)	292,959,164
(f) Basic overhang (a + b + c + d) / e	4.5%
(g) Fully diluted overhang (a + b + c + d) / (a + b + c + d + e)	4.4%

As commonly calculated, the total potential dilution or “overhang” from the approval of the amendment to the Plan would be 4.4% on a fully diluted basis. The Company also takes into account the relevant accounting and tax impact of all potential forms of equity awards in designing our grants. We believe that the benefits to the holders of our common stock resulting from equity award grants to our employees and directors, including interest alignment and mitigation of incentives to take inappropriate business risks, outweigh the potential dilutive effect of expected grants under the Plan. Our Compensation Committee believes that long-term incentives, primarily delivered through equity grants, are an effective vehicle to align the interests of our employees with those of our shareholders, encourage ownership in the Company and serve as a risk management tool.

Without the amendment, we project that we will use up the available shares under the Plan prior to the 2023 Annual Meeting. Therefore, if our shareholders do not approve the amendment to the Plan, our future ability to issue equity-based awards other than cash-settled awards will be limited. This could have negative consequences, including:

- **Limiting pay for performance and alignment with shareholder interests.** A key element of our compensation philosophy is to align the long-term economic interests of key employees with those of our shareholders by ensuring that a meaningful component of their compensation is provided in the form of equity awards. We believe that equity-based compensation aligns the interests of our employees and directors with those of our shareholders by rewarding for long-term value creation and performance achievements as well as stock price appreciation. If the amendment to the Plan is not approved, we would not be able to grant equity-based awards and would need to rely instead on cash-based awards, which do not have the same alignment of interests.
- **Impede ability to attract and retain executives.** The attraction and retention of talented employees is critical to executing our business strategy successfully, and we believe that equity awards are a competitive tool to recruit and motivate key employees. If the amendment to the Plan is not approved, we would be limited in our ability to use a valuable incentive tool and would be at a significant disadvantage in attracting new talent and retaining existing talent.
- **Impact on ability to attract qualified directors.** The use of stock is an important element of our director compensation program and is aligned with market practices for director compensation. If the amendment to the Plan is not approved, we believe our director compensation program would not be consistent with director compensation at our peers.

Summary of the Plan

The following summary of the material features of the Plan, as amended, is qualified in its entirety by reference to the full text of the Plan and its amendments, which are set out in Appendix I, II, and III to this Proxy Statement.

Eligibility

The Compensation Committee, in its discretion, may grant an award under the Plan to any eligible Employee (as defined in the Plan) or director of the Company or an affiliate. As of March 31, 2022, we had approximately 1,947 Employees and fourteen non-employee directors eligible to participate in the Plan, and there were approximately 437 Employees and fourteen non-employee directors participating in the Plan.

Common Stock Subject to the Plan

Under the Plan, as amended, the total number of shares of the Company's common stock that may be granted under the Plan after the 2022 Annual Meeting may not exceed the sum of (i) nine million shares, plus (ii) any shares available for awards under the Plan as of the date of the 2022 Annual Meeting, plus (iii) any shares covered by an award under the Plan that are outstanding on the date of the 2022 Annual Meeting and that are subsequently forfeited or remain unpurchased or undistributed upon termination or expiration of the award. Under the Plan, any shares used to pay the exercise price of an option will not be added back to the aggregate number of shares available; however, shares covered by an award under the Plan that are forfeited or remain unpurchased or undistributed upon termination or expiration of the award will be added back to the aggregate number of shares available under the Plan.

In the event of any stock split, stock dividend, spin-off or other relevant change affecting the Company's common stock, the Compensation Committee may adjust the number of shares available for grants and the number of shares and price under outstanding grants made before the event, as provided in the Plan.

Administration

The Plan is administered by the Compensation Committee, which has broad discretionary authority under the Plan. The Compensation Committee may delegate all or any part of its authority and powers under the Plan to one or more directors or officers of the Company. However the Compensation Committee may not delegate its authority and powers:

- with respect to grants to persons covered by Section 16 of the Exchange Act; or
- in a way that would jeopardize the Plan's satisfaction of Rule 16b-3 of the Securities Exchange Act.

The full Board will administer the Plan, as set forth above, with respect to any awards granted to non-employee directors. For purposes of this summary, the Board has the authority and responsibilities attributed to the Compensation Committee with respect to any awards granted to a non-employee director.

Description of Award Types

Subject to the limits imposed by the Plan and described below, the Compensation Committee, in its discretion, may award any of the following types of awards to eligible employees: (i) incentive stock options, (ii) nonqualified stock options, (iii) stock appreciation rights ("SARs"), (iv) restricted shares, (v) unrestricted shares, (vi) performance shares, (vii) performance units, and (viii) restricted stock units. The Compensation Committee may also grant short-term incentive awards as provided in the Plan to any key executive employee.

Limits on Awards

Subject to the Plan's adjustment provisions in connection with certain corporate events, the Board may not grant any awards to any non-employee director under the Plan during any calendar year period that would result in (i) more than 10,000 shares being issued to such non-employee director or (ii) cash payments in excess of \$20,000 (the cash retainer component of director compensation is not paid under the Plan).

Performance Targets and Performance Measures

The Compensation Committee may condition awards on the achievement of certain objective performance targets ("Performance Targets"). The performance measures used to establish the Performance Targets will be based on any of the factors listed below or such other factors specified by the Compensation Committee, alone or in combination, as determined by the Compensation Committee. Such factors may be applied on a corporate-wide or business-unit basis, include or exclude one or more of the Company's subsidiaries, may be in comparison with plan, budget, or prior performance, and may be on an absolute basis or in comparison with peer-group performance. Performance measures may differ from participant to participant and from award to award. The factors that may be used as performance measures will be one or more of the following: (1) interest income; (2) net interest income; (3) interest expense; (4) net interest margin; (5) non-interest income; (6) fee income; (7) revenues; (8) securities gains or losses; (9) other income; (10) deposits; (11) deposit growth; (12) deposit market share; (13) non-interest expense; (14) total expenses; (15) efficiency ratio; (16) credit quality; (17) non-performing assets; (18) net charge-offs; (19) provision expense; (20) operating income; (21) budgeted margin (which is business unit income before taxes excluding intangible amortization and unallocated expenses); (22) net income; (23) earnings per share; (24) return on assets; (25) return on equity; (26) return on average tangible common equity; (27) return on average tangible common shareholders' equity; (28) regulatory capital ratios; (29) stock price; (30) dividends; (31) total shareholder return; (32) operating leverage; (33)

productivity; (34) customer satisfaction; (35) employee diversity goals or employee turnover; (36) specified objective social goals; and (37) goals relating to acquisitions or divestitures of subsidiaries or business units.

No Liberal Share Counting/Recycling Provisions

The Plan prohibits liberal share counting by requiring that no shares tendered in payment of an option's exercise price may be added back into the aggregate share limit. The Plan also provides that no shares withheld in satisfaction of tax withholding obligations may be added back into the aggregate share limit. The number of shares of common stock covered by a stock appreciation right, to the extent that it is exercised and settled in common stock, and whether or not shares are actually issued to a participant upon exercise of the stock appreciation right, will be considered issued or transferred. Lastly, in the event that the Company repurchases shares of common stock with option exercise proceeds, those shares will not be added to the aggregate plan limit.

Minimum Vesting Periods

The Plan provides for a one-year minimum vesting period for stock options, SARs and performance-based full value awards and a three-year minimum vesting period for time-based full value awards (which can vest in ratable tranches over the three-year period). Full value awards include grants of restricted stock, restricted stock units, performance shares and share grants. In addition, a "basket" of shares is reserved in the Plan, in which 10% of the shares available under the Plan can be used for awards that are not subject to the minimum vesting restrictions.

No Repricing

The Company has never repriced underwater stock options or SARs, and repricing or replacing of underwater options and SARs is prohibited without shareholder approval under the Plan, except in connection with certain corporate events or transactions described in the Plan.

Stock Options

The Compensation Committee may grant incentive stock options, nonqualified stock options, or any combination thereof. The Compensation Committee establishes the exercise price, which may not be less than 100% of the fair market value of the stock on the grant date. The Compensation Committee establishes the vesting date and the term of the option, subject to a maximum term of ten years. A participant may pay the option price in cash or, if permitted by the Compensation Committee, by cashless exercise through a broker-dealer, by a net exercise, or by delivering shares already owned by the participant having a fair market value equal to the option price. An award agreement for an option may provide that such option becomes exercisable in the event of the participant's death, disability or retirement or in connection with a change in control.

Additional limits and rules apply to incentive stock options. For example, the Compensation Committee may not grant an employee incentive stock options to the extent that it would result in the employee first being able to exercise incentive stock options to purchase shares with an aggregate fair market value (determined as of the grant date) of more than \$100,000 in any one calendar year. Additionally, the total number of shares actually issued or transferred by the Company upon the exercise of incentive stock options will not exceed one million (1,000,000) shares.

As of March 31, 2022, the price for one share of the Company's common stock was \$16.38.

Stock Appreciation Rights

The Compensation Committee may grant SARs. The value of a SAR is based on the increase in the value of the Company's common stock from the grant date to the date on which the employee exercises the SAR. The Compensation Committee determines the vesting and exercise periods for each SAR. A SAR must expire not later than ten years after the grant date. SARs may be granted in connection with or separate from option grants. An award agreement for a SAR may provide that such SAR becomes exercisable in the event of the participant's death, disability or retirement or in connection with a change in control.

Restricted Stock

The Compensation Committee may grant restricted shares of Company stock. At the time of grant, the Compensation Committee will specify the period of restriction, the number of shares granted and the conditions of the award. At the time of the award, the Compensation Committee will establish the period that must lapse and/or the performance targets that must be satisfied for the restrictions to lapse. In the case of performance-based restricted stock, the Compensation Committee will base Performance Targets on one or more of the performance measures listed under "Performance Targets and Performance Measures" above. An award agreement for restricted stock may provide for

the earlier termination of restrictions on such restricted stock in the event of the participant's death, disability or retirement or in connection with a change in control.

Performance Units/Shares

The Compensation Committee may grant performance units and/or performance shares. The Compensation Committee will set Performance Targets, based on one or more of the performance measures listed under "Performance Targets and Performance Measures" above, which, depending on the extent to which they are met, will determine the number or value of performance units or performance shares that will be paid to the participant. Performance units and performance shares may be paid in the form of cash, shares, or a combination of cash and shares. During the applicable performance period, the participant will have no right to transfer any rights under his or her award and will have no right to vote the units or shares. An award agreement for performance shares or performance units may provide for the earlier lapse of restrictions or other modifications in the event of the participant's death, disability or retirement or in connection with a change in control.

Restricted Stock Units

The Compensation Committee may grant restricted stock units. Restricted stock units will be evidenced by an award agreement containing such terms and provisions, consistent with the Plan, as the Compensation Committee may approve. A grant of restricted stock units constitutes an agreement by the Company to deliver common shares or cash to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the restriction period as the Compensation Committee may specify. During the applicable restriction period, the participant will have no right to transfer any rights under his or her award, will have no rights of ownership in the common shares deliverable upon payment of the restricted stock units, and will have no right to vote the common shares. An award agreement for restricted stock units may provide for the earlier termination of restrictions on such restricted stock units in the event of the participant's death, disability or retirement or in connection with a change in control.

Share Grants

The Compensation Committee may grant shares, without restrictions on the shares granted.

Dividends and Dividend Equivalents

The Plan specifies that dividends or dividend equivalents issued with respect to shares of common stock subject to performance-based awards will be deferred until and paid contingent upon the achievement of the applicable performance target.

Short-Term Incentive Awards

The Compensation Committee may grant performance awards under the Company's short-term incentive program to key employees. Such awards will be contingent on the achievement of Performance Targets based on one or more of the performance measures listed under "Performance Targets and Performance Measures" above. Short-term incentive awards may be paid in the form of cash, shares, or a combination of cash and shares, but may not exceed, for a calendar year, the lesser of (i) two times the employee's base salary for such year or (ii) Two Million Five Hundred Thousand Dollars (\$2,500,000).

Change in Control

The Plan includes a "double-trigger" vesting provision, under which:

- if, upon a change in control, an outstanding award is replaced with a new award with comparable terms and conditions as the original award, then the award will continue vesting under its original terms, provided that if the participant's employment is terminated without cause or for good reason within two years following the change in control, then the awards will fully vest, with performance-based awards vesting as if a target level of performance was achieved; or
- if, upon a change in control, an outstanding award is not replaced with a new award with comparable terms and conditions, then such outstanding award will fully vest upon the change in control, with performance-based awards vesting as if a target level of performance was achieved.

Amendment and Termination

The Board may amend, suspend or terminate the Plan at any time, provided that generally no such supplement, amendment, alteration or discontinuation may impair the rights of a participant under an existing award without the participant's consent. Shareholder approval of an amendment will be required only to the extent necessary to satisfy applicable legal and regulatory agency rules. Under its current terms, the Plan will terminate automatically on April 27, 2027, provided that previously granted awards will remain outstanding per their terms. The proposed amendment to the Plan that will be considered by shareholders at the Annual Meeting will not change or extend the current Plan termination date.

In addition, the Compensation Committee may waive any vesting or performance requirements upon a participant's death or disability or in connection with a change in control.

Compliance with Section 409A of the Code

To the extent applicable, it is intended that the Plan and any grants made thereunder comply with or be exempt from the provisions of Section 409A of the Code so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the participants. The Plan and any grants made under the Plan will be administered in a manner consistent with this intent.

Federal Income Tax Consequences

Tax Consequences for Participants

The federal income tax consequences to a participant vary depending upon the type of award granted under the Plan. Generally, there are no federal income tax consequences to the participant upon the grant or exercise of an incentive stock option. If an employee holds the shares purchased through the exercise of an incentive stock option for more than two years after the grant day and one year after the exercise date ("required holding period"), the employee will be eligible for capital gains treatment on any excess of the sales price over the option price upon selling the shares. However, if the employee sells the shares during the required holding period, he must recognize ordinary income on the date of sale equal to the difference between the option price and the fair market value of the shares on the exercise date. The balance of the employee's gain, if any, on the sale of the shares is subject to capital gains treatment.

The recipient of a non-qualified stock option realizes ordinary income upon exercising the option equal to the difference between the option price and the fair market value on the exercise date of the shares purchased. Upon the subsequent sale of any such shares by the recipient, any appreciation or depreciation in the value of the shares after the exercise date will be treated as a capital gain or loss for the recipient.

A participant generally does not recognize income from the grant of restricted shares until the restrictions on the shares lapse. Any dividends on restricted shares paid to participants before the lapse of restrictions are taxable to the participant.

A participant generally does not recognize income from the grant of restricted stock units until the restrictions on the restricted stock units lapse. At that time, the participant must recognize as ordinary income an amount equal to the fair market value of the shares underlying the restricted stock units. No income generally will be recognized upon the grant of performance shares or performance units. Upon payment in respect of the earn-out of performance shares or performance units, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any unrestricted common shares received.

In general, other awards under the Plan are taxable to the participant and deductible by the Company at the time paid.

Tax Consequences to the Company or Subsidiary

To the extent that a participant recognizes ordinary income in the circumstances described above, the Company or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Section 280G of the Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Code. In the case of grants of incentive stock options, the Company does not receive an income tax deduction, provided that the employee disposes of the shares after the required holding period.

New Plan Benefits

Awards under the Plan are made at the discretion of the Compensation Committee. Therefore, the benefits and amounts that will be received or allocated under the Plan in the future are not determinable at this time. Awards under the Plan during fiscal year 2021 are set forth under the “Grants of Plan-Based Awards During 2021” table on page 62. The awards granted under the Plan for the 2021 fiscal year are set forth in the following table and, for our Named Executive Officers, in the 2021 Summary Compensation Table and 2021 Grants of Plan-Based Awards table included in the *Compensation Discussion and Analysis* section of this Proxy Statement.

New Plan Benefits

Name and Position	Dollar Value	Number of PSUs	Number of Restricted Shares	Number of Shares of Common Stock
James C. Ryan, III, <i>Chairman and CEO</i>	\$1,540,832	72,237	24,080	-0-
Brendon B. Falconer, <i>Senior EVP and CFO</i>	\$362,536	16,996	5,666	-0-
James A. Sandgren, <i>President and Chief Operating Officer</i>	\$580,069	27,195	9,065	-0-
Jeffrey L. Knight, <i>EVP and Chief Legal Counsel</i>	\$271,911	12,747	4,250	-0-
Kendra L. Vanzo, <i>Senior EVP and Chief Administrative Officer</i>	\$271,911	12,747	4,250	-0-
Executive Group(1)	\$5,321,687	248,572	82,865	-0-
Non-Executive Officer Employee Group(2)	\$2,960,335	-0-	171,540	-0-

(1) This group includes all of the Company’s executive officers as of December 31, 2021.

(2) This group includes all of the Company’s employees as of December 31, 2021, excluding the Company’s executive officers.

	Dollar Value	Number of PSUs	Number of Restricted Shares	Number of Shares of Common Stock(2)
Non-Executive Directors Group(1)	\$59,988	-0-	-0-	3,287

(1) The dollar value and number of shares of common stock are presented on a per person basis. This group includes all of the Company’s non-employee directors as of December 31, 2021. There were 12 non-employee directors that comprised the Non-Executive Director Group on December 31, 2021.

(2) Reflects the number of shares awarded in 2021.

Vote Required

The approval of the Plan requires the affirmative vote of a majority of the votes cast at the Annual Meeting with respect to this proposal.

The Board unanimously recommends a vote “FOR” the proposal contained in Item 2 to approve and adopt the second amendment of the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team of the Company as of February 15, 2022 is listed in the table below. Each officer serves a term of office of one year and until the election and qualification of his or her successor.

<u>Name</u>	<u>Office and Business Experience</u>
Chady M. AlAhmar	Chief Executive Officer, Wealth Management of the Company since January 2020. Previously, Senior Vice President and Head of Strategy and Business Development of U.S. Bank from December 2013 to January 2020; age 48.
Nicholas J. Chulos	Chief Legal Officer and Corporate Secretary of the Company since February 2022. Previously, Executive Vice President, General Counsel and Corporate Secretary of First Midwest from January 2013 to February 2022; age 62.
Caroline J. Ellspermann	Chief People Officer of the Company since 2020. Previously, Executive Vice President and Chief Talent Management Officer from 2018 to 2020. Executive Vice President and Chief Talent Development Officer from 2016 to 2018. President and CEO of Wealth Management from 2007 to 2016. Manager of the Corporate Private Client Group prior to 2007; age 54.
Scott J. Evernham	Chief Risk Officer of the Company since August 2019. Previously, Executive Vice President, Wealth Management from May 2016 to August 2019. President of Old National Insurance from December 2014 to May 2016. Senior Vice President, Assistant General Counsel from October 2012 to December 2014; age 44.
Brendon B. Falconer	Chief Financial Officer of the Company since May 2019. Previously, Senior Vice President and Treasurer of the Company from November 2016 to May 2019. Senior Vice President and Director of Credit Operations from March 2013 to November 2016. Loss Share President from January 2012 to March 2013. Vice President and Bank Controller from April 2009 to January 2012; age 46.
Corliss V. Garner	Chief Diversity, Equity and Inclusion Officer of the Company since February 2022. Previously, Senior Vice President and Head of Corporate Social Responsibility and Diversity, Equity and Inclusion at First Midwest from 2019 to February 2022. Vice President and Senior Advisor, Diversity & Inclusion at BMO Harris Bank from 2018 to 2019. Vice President and Senior Manager of Diverse Markets, Corporate Giving at BMO Harris Bank from 2013 to 2019. Vice President and Senior Commercial Banker, Business Banking Group at BMO Harris Bank from 2005 to 2013. Vice President and Senior Trust/Estate Administrator, Private Wealth Management at BMO Harris Bank from 1995 to 2005; age 48.
Kevin P. Geoghegan	Chief Credit Officer of the Company since February 2022. Previously, Executive Vice President and Chief Credit Officer of First Midwest from April 2019 to February 2022. Executive Vice President and Regional Credit Executive for PNC Financial Services from 2009 to 2019; age 62.
Paul S. Kilroy	Chief Information Officer of the Company since February 2020. Previously, Segment Chief Information Officer in Architecture and Information Management from October 2018 to January 2019 and Segment Chief Information Officer in Consumer Lending at Huntington National Bank. Managing Director and Chief Development Officer of Mortgage Bank at JPMorgan Chase & Co from January 2017 to April 2017. Managing Director and CTO of Chase Auto Finance at JPMorgan Chase & Co from March 2015 to January 2017. Managing Director and Infrastructure CTO of Mortgage Bank at JPMorgan Chase & Co from June 2011 to March 2015; age 49.
Joan M. Kissel*	Chief Auditing and Ethics Officer of the Company since 2017. Previously, Corporate Controller of the Company from 2006 to 2017. Assistant Corporate Controller from 2005 to 2006; age 53.
Jeffrey L. Knight	Chief Government Relations Officer of the Company since February 2022. Previously, Executive Vice President and Chief Legal Counsel of the Company from December 2004 to February 2022. Senior Vice President of the Company from 2001 to 2004. Corporate Secretary of the Company from 1994 to February 2022 and General Counsel of the Company from 1993 to 2004; age 62.

John V. Moran	Chief Strategy Officer of the Company since 2021. Previously, Chief Financial Officer for NBT Bancorp from 2019 to 2021. Director of Corporate Development and Strategy of the Company from 2017 to 2019. Senior Equity Analyst at Macquarie Capital (USA) from 2010 to 2017; age 46.
Jeff C. Newcom	Chief Operations Officers of the Company since February 2022. Previously, Executive Vice President and Chief Risk Officer of First Midwest from 2016 to February 2022. Chief Compliance and Enterprise Risk Management Officer at Fulton Financial Corporation from 2014 to 2016; age 49.
James C. Ryan, III	Chief Executive Officer of the Company since May 2, 2019. Mr. Ryan served as Chairman and CEO of the Company from May 2, 2019 through February 15, 2022, which was the closing date of the Merger. Prior to beginning his role as CEO in 2019, Mr. Ryan was Senior Executive Vice President and Chief Financial Officer of the Company from 2016 until 2019. He has also served the Company as Director of Corporate Development and Mortgage Banking, Integration Executive and Treasurer. Prior to joining Old National in 2005, Mr. Ryan held senior finance positions at Wells Fargo Home Mortgage and Old Kent Financial Corp; age 50.
Mark G. Sander	President and Chief Operating Officer of the Company since February 2022. Previously, President and Chief Operating Officer of First Midwest from 2019 to February 2022. Director at First Midwest from 2014 to February 2022. Senior Executive Vice President and Chief Operating Officer of First Midwest from 2011 to 2019. Previously held executive level positions in Commercial Banking with Associated Banc-Corp, Bank of America, and LaSalle Bank; age 63.
James A. Sandgren	Chief Executive Officer, Commercial Banking of the Company since February 2022. Previously, President and Chief Operating Officer of the Company from May 2016 to February 2022. Executive Vice President and Chief Banking Officer of the Company from April 2014 to May 2016. Executive Vice President and Regional CEO of the Company from May 2007 to April 2014. Executive Vice President and Southern Division Chief Credit Officer from January 2004 to May 2007; age 55.
Kathy A. Schoettlin	Chief Communications, Culture and Social Responsibility Officer of the Company since February 2022. Previously, Executive Vice President and Chief Brand & Culture Officer from 2020 to February 2022. Executive Vice President and Chief Cultural Officer from 2018 to 2020. Executive Vice President and Chief Community Relations and Social Responsibility Officer from 2011 to 2018. Chief Marketing and Communications Officer from 2009 to 2011. Director of Marketing and Communications from 2008 to 2009. Director of Public Relations from 2007 to 2008; age 51.
Roland B. Shelton	Chief Strategic Business Partnership Officer of the Company since 2020. Previously, Senior Vice President and Executive Business Development Officer from 2019 to 2020. Vice President and Senior Business Development Officer from 2017 to 2019; age 56.
James V. Stadler	Chief Marketing Officer of the Company since February 2022. Previously, Executive Vice President and Chief Marketing and Communications Officer of First Midwest from 2018 to February 2022; age 58.
Kendra L. Vanzo	Chief Administrative Officer of the Company since March 2021. Executive Vice President, Chief Administrative Officer of the Company from January 2020 to March 2021. Executive Vice President and Chief People Officer from May 2018 to January 2020. Executive Vice President, Associate Engagement and Integrations Officer from June 2014 to May 2018. Executive Vice President and Chief Human Resources Officer from January 2010 to June 2014. Senior Vice President and Chief Human Resources Officer from March 2007 to January 2010; age 55.

**ex-officio*

TALENT DEVELOPMENT AND COMPENSATION COMMITTEE MATTERS

The Compensation Committee of the Board is currently composed of six non-employee directors, each of whom is independent from management and the Company (as independence is currently defined in the NASDAQ listing requirements and in the Company's Corporate Governance Guidelines). No member is eligible to participate in any management compensation program.

Compensation Committee Charter

The Compensation Committee operates pursuant to a written charter. A copy of the Compensation Committee's charter is available on our website at www.oldnational.com under the Investor Relations/Corporate Governance link.

Compensation Consultant

The Compensation Committee has the authority to hire outside compensation consultants to advise it on the structure and amount of compensation of the executive officers. For 2021 compensation decisions, the Compensation Committee retained WTW as its independent compensation consultant to provide analyses and advice regarding executive compensation.

All of the decisions with respect to determining the amount or form of executive compensation under the Company's executive compensation programs are made by the Compensation Committee and may reflect factors and considerations other than the information and advice provided by WTW. To the extent that WTW's services involves director compensation, that work is shared with the Nominating and Corporate Governance Committee, which is responsible for reviewing and making recommendations to the Board regarding director compensation.

Scope of Responsibilities

The Compensation Committee is responsible for approving and evaluating the Company's employee compensation and benefit programs, ensuring the competitiveness of those programs and advising the Board regarding the talent development and succession management of key executives of the Company. The Compensation Committee is responsible for annually reviewing, approving and recommending to the Board for its approval all elements of the compensation of the CEO and other executive officers who report directly to the CEO. The Compensation Committee is also responsible for determining equity awards to employees pursuant to the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2021, there were no Compensation Committee interlocks or insider participation.

Assessing Risk in Compensation

Our compensation programs do not use incentives that drive risky short-term behavior. Our compensation programs are designed to reward our executives for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total shareholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. With the balance of compensation distributed among annual salary, short-term incentive and long-term equity awards, no particular element of compensation is excessively weighted versus other elements. In addition, the use of multiple performance measures in the short-term and long-term incentive plans ensures that executives must excel in a number of areas – rather than simply maximizing performance on a single performance measure – in order to earn their variable compensation.

In addition, we have stock ownership guidelines and a bonus recoupment policy that provide a strong incentive to ensure that the Company is managed with a long-term view and helps to ensure that Company management avoids excessive risk taking in the short-term.

Our Compensation Committee annually reviews the relationship between our risk management policies and practices and the incentive compensation provided to our Named Executive Officers. After review with the Company's Chief Risk Officer and representatives of WTW, the Compensation Committee determined in 2021 that our incentive compensation programs do not encourage unnecessary or excessive risk taking.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Compensation Committee

Daniel S. Hermann, Chairperson

Barbara A. Boigegrain

Kathryn J. Hayley

Peter J. Henseler

Thomas E. Salmon

Rebecca S. Skillman

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This Compensation Discussion and Analysis describes the key principles and approaches used to determine the compensation earned by our Chief Executive Officer, Chief Financial Officer and our three other executive officers employed at the end of 2021 who were most highly compensated for 2021. Detailed information regarding the compensation of these executive officers, who are referred to as “Named Executive Officers” or “NEOs,” appears in the tables following this Compensation Discussion and Analysis. This discussion should be read in conjunction with those tables.

The following individuals served as our Named Executive Officers for the fiscal year ended December 31, 2021:



James C. Ryan, III
Chairman and CEO



Brendon B. Falconer
Chief Financial Officer



James A. Sandgren
President and COO



Jeffrey L. Knight
Chief Legal Counsel



Kendra L. Vanzo
Chief Administrative Officer

This Compensation Discussion and Analysis consists of the following parts:

- *Executive Summary*
- *Review of 2021 Advisory Vote on Executive Compensation*
- *Responsibility for Executive Compensation Program*
- *Compensation Philosophy and Objectives*
- *Role of Executive Officers in Compensation Decisions*
- *Compensation Committee Procedures*
- *Executive Compensation in 2021*
- *Changes in Executives and Executive Compensation in 2022 and Impact of the First Midwest Merger*

Executive Summary

Pay for Performance in 2021. We seek to closely align the interests of our NEOs with the interests of our shareholders. Our compensation programs are designed to reward our NEOs for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total shareholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. Our NEOs’ total compensation is comprised of a mix of base salary, annual cash incentive awards and long-term incentive awards paid in equity. These compensation components, combined with our stock ownership guidelines and bonus recoupment policy, extend the time horizon for incentive compensation beyond the vesting and/or performance periods and provide balance between rewarding short-term and long-term performance.

The Company delivered record operating results in 2021. As more fully described in “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” in our Annual Report on Form 10-K, the Company took certain transformational actions in 2021 to position the Company for future growth, most notably the merger of equals transaction with First Midwest, as discussed in more detail throughout this Proxy Statement. During 2021, the Company’s management worked on conversion and integration planning matters to ensure the Merger would be successful in achieving its announced strategic benefits of the Merger. The Company closely assessed the relative executive compensation and benefit programs, practices and principles of the two standalone companies and determined to make several changes to our executive compensation program for 2022, described in more detail under the heading *Changes in Executives and Executive Compensation in 2022 and Impact of the First Midwest Merger* starting on page 56.

The conversion and integration planning accomplished in 2021 was also designed to ensure the Merger would deliver the compelling financial benefits to shareholders of the combined Company, which are expected to include, among others:

- Significant earnings per share accretion in 2022 and beyond;
- Top quartile pro forma profitability; and
- Modest tangible book value per share earnback.

The Merger with First Midwest was completed on February 15, 2022 and created a financial services company with \$46 billion in assets, \$34 billion of assets under management and offices in six states. Although we consider the combination of the Company and First Midwest to be financially compelling for shareholders, the Company, on a standalone basis in 2021, executed on its initiatives focused on organic growth and other efficiency efforts which resulted in strong earnings as evidenced by the following 2021 highlights:

- Earnings per share of \$1.67 compared to \$1.36 in 2020
 - Adjusted earnings per share of \$1.73 compared to \$1.50 in 2020
- Record net income of \$277.5 million compared to \$226.4 million in 2020
 - Record adjusted net income of \$286.5 million compared to \$250.3 million in 2020
- Record wealth management revenues
- Total loan and total commercial loan growth, excluding PPP loans, of 4.6% and 7.2%, respectively
- Continued strong credit quality, with net charge-offs (recoveries) to average loans of (0.03)% compared to 0.02% in 2020
- Adjusted return on average tangible common equity of 15.4% compared to 14.6% in 2020
- Continued favorable adjusted efficiency ratio of 56.8%, which was consistent with 2020 and continues to reflect effective cost controls

This 2021 performance, which positioned the Company to produce strong future shareholder returns, is reflected in variable compensation outcomes for the year and demonstrates our commitment to pay for performance.

- Strong actual financial performance compared to our targets for the three metrics of our STIP, namely earnings per share, return on average tangible common equity and efficiency ratio, resulted in short-term incentives to be earned at 150% of target. The Company's ability to achieve maximum performance in 2021 for these metrics occurred primarily due to record net income; record wealth management revenues; stronger than expected commercial loan growth, core deposit growth and PPP fee income; mortgage banking and capital markets revenues that exceeded expectations; effective cost controls; and a lower than anticipated provision for credit losses as a result of exceptional credit discipline and quality. *See Annual Incentive Compensation beginning on page 49.*
- Performance-based restricted stock units granted in 2019 with a three-year performance period ended on December 31, 2021, which are earned based on TSR and ROATCE metrics, were deemed earned at target (100%) in connection with the Merger but are still subject to service-based vesting requirements for the remainder of the applicable performance period, as further discussed on page 59 of this Proxy Statement.

Executive Compensation Framework in 2021. There are three core elements of our executive compensation framework reflecting short and long-term performance horizons:

Compensation Element and Purpose	Key Features												
Base Salary Fixed compensation for performing the responsibilities associated with an executive's position	<ul style="list-style-type: none"> Set with reference to market data, role scope, changes in duties, individual performance and experience Informed by market data for similar positions at other peer group companies, generally targeted at median Reviewed annually with changes effective in April 												
Annual Incentive Compensation Reward short-term financial and operational performance	<ul style="list-style-type: none"> Variable cash incentive Target value aligned to similarly-situated executives within peer group Capped at 150% of target; 50% of target paid for threshold performance Target opportunities expressed as a percentage of base salary as follows: 												
	<table border="1"> <thead> <tr> <th>2021 NEO</th><th>2021 Target</th></tr> </thead> <tbody> <tr> <td>Chairman and CEO</td><td>100%</td></tr> <tr> <td>CFO</td><td>75%</td></tr> <tr> <td>President and COO</td><td>85%</td></tr> <tr> <td>Chief Administrative Officer</td><td>65%</td></tr> <tr> <td>Chief Legal Counsel</td><td>50%</td></tr> </tbody> </table>	2021 NEO	2021 Target	Chairman and CEO	100%	CFO	75%	President and COO	85%	Chief Administrative Officer	65%	Chief Legal Counsel	50%
2021 NEO	2021 Target												
Chairman and CEO	100%												
CFO	75%												
President and COO	85%												
Chief Administrative Officer	65%												
Chief Legal Counsel	50%												
	<ul style="list-style-type: none"> 2021 awards based on EPS (60%), ROATCE (20%) and Efficiency Ratio (20%) Subject to bonus recoupment policy 												
Long-Term Incentive Compensation Align executive interests with those of our shareholders over the long-term, incentivize sustainable share price growth and retain talent	<ul style="list-style-type: none"> Variable equity incentive Awarded as a combination of performance-based restricted stock units and service-based restricted stock: 												
	<table border="1"> <thead> <tr> <th rowspan="2">2021 NEO</th><th colspan="2">2021 Equity Mix</th></tr> <tr> <th>Performance-Based</th><th>Service-Based</th></tr> </thead> <tbody> <tr> <td>Chairman and CEO</td><td>75%</td><td>25%</td></tr> <tr> <td>All other NEOs</td><td>75%</td><td>25%</td></tr> </tbody> </table>	2021 NEO	2021 Equity Mix		Performance-Based	Service-Based	Chairman and CEO	75%	25%	All other NEOs	75%	25%	
2021 NEO	2021 Equity Mix												
	Performance-Based	Service-Based											
Chairman and CEO	75%	25%											
All other NEOs	75%	25%											
	<ul style="list-style-type: none"> Target value aligned to market median within peer group Capped at 150% of target; 25% of target paid for threshold performance Target opportunities expressed as a value in dollars as follows: 												
	<table border="1"> <thead> <tr> <th>2021 NEO</th><th>Target</th></tr> </thead> <tbody> <tr> <td>Chairman and CEO</td><td>\$1,700,000</td></tr> <tr> <td>CFO</td><td>\$400,000</td></tr> <tr> <td>President and COO</td><td>\$640,000</td></tr> <tr> <td>All other NEOs</td><td>\$300,000</td></tr> </tbody> </table>	2021 NEO	Target	Chairman and CEO	\$1,700,000	CFO	\$400,000	President and COO	\$640,000	All other NEOs	\$300,000		
2021 NEO	Target												
Chairman and CEO	\$1,700,000												
CFO	\$400,000												
President and COO	\$640,000												
All other NEOs	\$300,000												
	<ul style="list-style-type: none"> Performance-based restricted stock units based on three-year ROATCE (50%) and three-year TSR (50%), with both metrics measured relative to our peer group Service-based restricted stock vest in three approximately equal installments over three years Subject to bonus recoupment policy 												

Performance metrics for our incentive compensation programs are selected given their alignment to long-term value creation and our areas of strategic focus. We have selected the following performance metrics for our incentive compensation programs because these are metrics that are commonly used by investors to evaluate a financial institution's performance. In addition, these metrics are based on the audited financial results of the Company and are the foundation of a responsible incentive program that rewards performance without encouraging excessive risks:

Measure	Why It Matters
One-Year Performance Measures	
EPS	Indicates the overall profitability of the Company.
ROATCE	ROATCE is a key factor to long-term profitable growth due to the strong correlation of higher ROATCE to higher market price-to-tangible book value valuations for common stock of publicly traded bank holding companies.
Efficiency Ratio	Provides focus on expense management.
Three-Year Performance Measures	
Relative ROATCE	Operational performance measure with clear line of sight to participants, while also being aligned with long-term shareholder value creation. Measuring over a three-year period against our peer group assesses our success of sustaining multi-year outperformance.
Relative TSR	Clear alignment with shareholder interests and our ability in delivering strong relative value creation.

We believe that our compensation program builds upon the Company's compensation governance framework and our overall pay-for-performance philosophy, which are demonstrated by the following:

COMPANY'S COMPENSATION PROGRAM – BEST PRACTICES IMPLEMENTED

✓ Long Term Performance Based Compensation We award a significant portion of our long-term incentive compensation in the form of performance-based restricted stock units, which vest following the completion of a three-year period upon the achievement of specific goals. With a three-year vesting period, we hope to more closely align our NEOs' incentives with the long-term interests of our shareholders.	✓ Lack of Gross-Up Our employment agreements do not provide for: <ul style="list-style-type: none">• Tax gross-ups on severance benefits; or• Tax gross-ups on perquisites
✓ Clawback Policy We have a bonus recoupment policy which provides our Board with authority to recover a bonus or other incentive payout paid to any executive officer in the event there is a material restatement of the Company's financial results.	✓ Shareholder Advisory Vote Each year, shareholders provide an advisory "say-on-pay" vote.
✓ Rigorous Stock Ownership Guidelines NEOs are required to own a certain minimum amount of stock depending upon their salary.	✓ Internal Pay Equity We consider a person's responsibilities, skill level and effort in relation to other similarly-situated NEOs when making compensation determinations.
✓ Responsible Employee Ownership We prohibit employees, including the NEOs, from engaging in any short-term, speculative transactions with respect to Company securities, including purchasing securities on margin, engaging in short sales, buying or selling put or call options and trading in options.	✓ Hedging and Pledging Prohibition Policy Our policy prohibits our directors, NEOs and other key executive officers from hedging or pledging, as more fully described on page 55.
✓ A Well-Informed Compensation Committee Our Compensation Committee is informed as to all compensation that is available at target performance levels to our NEOs.	✓ Independent Compensation Consultant The Compensation Committee engages an independent consultant in determining executive compensation that does not provide any services to management.
✓ Compensation Risk Assessment Our Compensation Committee oversees the ongoing evaluation of the relationship between our compensation programs and risk management. The Committee annually reviews the risk associated with executive compensation.	✓ Minimum Vesting Periods Our equity awards have a period of not less than three years for full vesting to occur, subject to certain limited exceptions.

Review of 2021 Advisory Vote on Executive Compensation

Our shareholders have the opportunity at each Annual Meeting to provide an advisory vote on the compensation paid to our NEOs, more commonly referred to as a “say-on-pay” vote. At our 2021 Annual Meeting, 97.6% of the votes cast by our shareholders were in favor of the compensation provided to our NEOs. This result affirmed a significant majority of shareholder support of our approach to executive officer compensation and informed the Compensation Committee’s discussions during the year.

In addition, in recognition of the Board’s and shareholders’ majority preference expressed at the 2017 Annual Meeting, the Compensation Committee recommended, and the Board approved, an annual non-binding “say-on-pay” vote to occur at each annual shareholder meeting, so that any shareholder concerns about executive pay can be acknowledged and considered in a timely manner. The Compensation Committee will continue to consider the results from this year’s say-on-pay advisory vote and future advisory votes on executive compensation and any related feedback received from our shareholders via other channels when making its compensation decisions.

Responsibility for Executive Compensation Program

Our Compensation Committee is responsible for establishing and implementing our general executive compensation philosophy and determining the compensation for our CEO and all of our executive officers reporting directly to the CEO, including our NEOs, subject to approval by our Board. The Compensation Committee’s charter permits the Compensation Committee to delegate authority to subcommittees. In 2021, the Compensation Committee made no delegation of its authority over compensation matters relating to our NEOs.

Compensation Philosophy and Objectives

The Merger increased the size of the Company and transformed the composition of the executive leadership team. After the Merger, the Compensation Committee reconsidered executive compensation in light of these changes, including the selection of a new peer group for the Company based on guidance from WTW. Through our compensation program for executive officers, we strive to attract and retain superior executives in a highly competitive environment and provide financial incentives that align our executive officers’ interests with those of our shareholders. This philosophy and its objectives are generally consistent over time, accommodating modifications as economic and business conditions change to ensure continued alignment.

The Compensation Committee believes that the primary components of each executive officer’s compensation should be a competitive base salary and incentive compensation that rewards the achievement of annual and long-term objective performance goals. The Compensation Committee also believes stock ownership is important because it aligns our executives’ interests with those of our shareholders. Thus, equity compensation represents a significant element of each executive officer’s potential compensation.

The Board intends to continue to reward management’s performance with cash and equity compensation based on a philosophy and belief that the strong operating fundamentals in the Company will be reflected in earnings growth and eventual stock price appreciation. It is in this context that certain actions were taken by the Board to reward executive management for 2021 performance and to establish incentive goals for 2021.

Role of Executive Officers in Compensation Decisions

Our Compensation Committee approves, and recommends to our Board for approval, the compensation of our CEO and each of our executive officers who reports to the CEO. Our CEO annually reviews with the Compensation Committee the performance of each of our executive officers who report to him, the compensation of each of these executive officers (including base salary, annual incentive compensation and long-term incentive awards) and makes compensation recommendations to the Compensation Committee for these officers for the following year. The Compensation Committee considers the recommendations of the CEO in determining, and recommending to the Board for approval, the base salary, annual incentive compensation and long-term incentive awards for each of the executive officers who report to the CEO. The Compensation Committee reviews our CEO’s compensation with representatives from the Committee’s independent compensation consultant (in conjunction with the annual performance review led by the Company’s Lead Independent Director) and makes a recommendation to the Board with respect to the CEO’s compensation for the following year. The CEO is not involved in the final determination regarding his own compensation, and all decisions with respect to the CEO’s compensation are made in executive sessions of the Compensation Committee and the Board, without the CEO present.

Compensation Committee Procedures

The Compensation Committee considers the information provided by its independent consultant, including peer data, compensation reports and best practices as a baseline for establishing targeted total compensation, principal compensation components and the allocation of total potential compensation components for each NEO and other executives of the Company. The Company seeks to establish total compensation, base salaries, annual incentive compensation and long-term equity incentive compensation for each position at the median of the Company's peer group if target performance is achieved, and at or near the 75th percentile of the peer group if exceptional performance is achieved. The Compensation Committee also seeks to allocate potential total compensation among base salary, annual incentive compensation and longer-term incentive compensation in proportions that reflect peer group practices.

The Compensation Committee engaged WTW to assist the Compensation Committee in evaluating the executive compensation program for 2021. The Compensation Committee reviewed its relationship with WTW and concluded that the consultant was independent and free of any conflicts of interest in regard to the advice it provided the Compensation Committee and the Nominating and Corporate Governance Committee.

The following is a description of the services WTW provided to the Compensation Committee to assist it in establishing compensation for the NEOs and other members of management for 2021:

- assessed the competitiveness of our compensation packages for executive officers;
- provided comparative peer compensation data;
- analyzed our business performance over one-year and three-year periods;
- evaluated the relationship between executive officer pay and our performance; and
- assisted in merger-related activities and planning related to executive compensation.

In examining our business performance, the consultant focused on the Company's relative performance in three key metrics, including total shareholder return, return on assets and return on equity.

In evaluating the competitiveness of our compensation levels for NEOs and our other executives, the consultant gathers pay and performance data from a peer group of publicly traded financial services companies that includes a broad representation of regional banks and which are similar in asset size to the Company. The consultant identifies the peer group with input and approval from the Compensation Committee. The Compensation Committee then considers the peer group data when evaluating compensation. The composition of the peer group may be updated from year to year to take account of mergers, acquisitions and other changes that make a company more or less appropriate for inclusion. The Compensation Committee has at times in the past removed companies from the peer group because the companies' asset sizes were deemed by the Compensation Committee to not be representative of the other companies in the group and not reflective of the Company's asset size. For 2021 compensation decisions, WTW recommended that the Company use the following peer group, consisting of 20 bank holding companies which had asset sizes ranging from \$12 billion to \$50 billion, with a median asset size of \$30 billion:

Associated Banc-Corp	First Midwest Bancorp, Inc.	Umpqua Holdings Corporation
BancorpSouth Bank	Fulton Financial Corporation	United Bankshares, Inc.
Bank OZK	Great Western Bancorp, Inc.	Valley National Bancorp
Cadence Bancorporation	Hancock Holding Company	Webster Financial Corporation
Commerce Bancshares, Inc.	TCF Financial Corporation	Western Alliance Bancorporation
F.N.B. Corp.	Trustmark Corporation	Wintrust Financial Corporation
First Financial Bancorp	UMB Financial Corporation	

Under SEC disclosure rules, companies generally limit executive compensation disclosure to certain of their most highly compensated executive officers. To determine competitive pay for these positions, the consultant uses data from publicly filed documents as well as data from its proprietary market surveys. For the remaining executives, the consultant uses data from its proprietary market surveys only. The market surveys include a broader range of companies and do not provide company-specific information. The survey data is used as a general reference and is one of a number of factors considered in determining where pay is actually set.

Following the closing of the Merger with First Midwest in early 2022, the Compensation Committee undertook a review of the Company's peer group to be used for 2022 compensation decisions, as discussed further under the heading *Changes in Executives and Executive Compensation in 2022 and Impact of the First Midwest Merger* starting on page 56.

Executive Compensation in 2021

In making its recommendations to the Compensation Committee regarding executive officer compensation in 2021, the consultant reviewed the compensation practices and performance of the companies in the above peer group and discussed our performance and strategic objectives with our CEO, CFO and Chief Administrative Officer. In January 2021, the Compensation Committee reviewed our executive compensation structure, its competitiveness relative to the peer group companies and the alignment of our executive pay with the Company's performance. Over periods of one year and three years, the Company continued to remain within competitive ranges in ROA and ROE relative to peers. For example, for the three year period ended December 31, 2020, the Company's TSR was at the 90th percentile relative to peers. Target compensation levels were positioned at or below our peer median for a majority of the NEOs. As a result of this review, the Compensation Committee approved 2021 base salaries for our NEOs as described on page 49.

Pay Mix. In establishing the 2021 compensation for our executive officers, the Compensation Committee:

- analyzed the compensation levels of comparable executive officers in our peer group;
- determined a mix of base salary and cash incentive opportunity, along with an equity position to align our executive officers' compensation with our performance and leadership accomplishments;
- assessed our executive officers' performance; and
- assessed our financial and business results relative to other companies within the banking industry as well as to our own past performance and financial goals.

The principal components of each executive officer's compensation used by the Compensation Committee to reward, align and retain our named executives are:

- base salary;
- annual incentive compensation; and
- long-term equity incentive compensation.

In general, we strive to target the percentage that each of these components bears to the total compensation for our executive officer group as a whole, assuming the achievement of targeted performance, to approximately the corresponding percentages for the peer group. Based on the advice of WTW, our pay mix is more performance-oriented than our peers.

In structuring our long-term incentive awards for our CEO and the other NEOs in 2021, we emphasized the use of performance-based equity awards with 75% of the long-term incentive awards being performance-based. The actual mix of these components for each individual executive officer varies, depending on our evaluation of the executive officer's responsibilities, the percentage of the executive officer's compensation that should be at risk and the reasonable potential compensation in light of that risk.

2021 Cash Compensation. The only elements of our executive officers' compensation that we pay in cash are base salary and annual incentive compensation. For 2021, we paid the following cash compensation to our NEOs:

2021 Named Executive Officers' Cash Compensation			
<u>Name</u>	<u>Base Salary (\$)</u>	<u>Non-Equity Incentive Plan Compensation (1) (\$)</u>	<u>Total Cash Compensation (\$)</u>
James C. Ryan, III Chairman and CEO	913,462	1,370,192	2,283,654
Brendon B. Falconer Senior EVP and CFO	465,769	523,990	989,759
James A. Sandgren President and Chief Operating Officer	561,539	715,962	1,277,501
Jeffrey L. Knight EVP and Chief Legal Counsel	419,231	314,423	733,654
Kendra L. Vanzo Senior EVP and Chief Administrative Officer	369,231	360,000	729,231

(1) Annual incentive compensation awards were earned based on 2021 performance and paid on March 11, 2022.

Base Salary. Base salary is the only component of compensation that is not subject to the achievement of performance or vesting criteria. Base salary is designed to provide a fixed level of cash compensation for performing the responsibilities associated with an executive's position. We establish base salary ranges for each position based on the ranges for similar positions at other peer group companies. In general, we target base salary ranges at the median for the peer group. We review base salaries annually and we adjust them in April of each year to take into account such factors as market changes, changes in duties, individual performance and experience.

In assessing Mr. Ryan's performance for 2021 compensation decisions, the Compensation Committee considered, among other items, the role Mr. Ryan played in selecting and leading the management team in the execution of The ONB Way strategic plan. The Compensation Committee determined that Mr. Ryan's leadership skills and financial acumen within the Company were significant contributors to the Company's success during the year, which set certain records for the Company's financial performance. These accomplishments, and the fact that Mr. Ryan's base salary lagged behind the median of peers, were considered by the Compensation Committee in its decision to increase Mr. Ryan's base salary for 2021.

In assessing the performance of Messrs. Falconer, Sandgren and Knight, and Ms. Vanzo, Mr. Ryan subjectively evaluated their contributions to the strategic, operational and financial performance of the Company in 2020. Messrs. Falconer, Sandgren and Knight, and Ms. Vanzo met or exceeded the performance expectations set for them for 2020 and, based on Mr. Ryan's recommendation, the Compensation Committee increased their base salaries in 2021 as indicated in the table below.

Named Executive Officer	2021 Base Salary (1) (\$)	% Increase from 2020
James C. Ryan, III Chairman and CEO	940,000	13.9%
Brendon B. Falconer Senior EVP and Chief Financial Officer	475,000	9.2%
James A. Sandgren President and Chief Operating Officer	565,000	2.7%
Jeffrey L. Knight EVP and Chief Legal Counsel	425,000	6.3%
Kendra L. Vanzo Senior EVP and Chief Administrative Officer	375,000	7.1%

(1) 2021 base salaries became effective in April 2021

Annual Incentive Compensation. Our practice is to award annual cash incentive awards based on the Company's achievement of pre-established objective performance goals. In this regard, the Compensation Committee endeavors to establish rigorous STIP metrics that require strong performance to achieve target payout. The objective of awarding annual incentive compensation is to reward short-term financial and operational performance. Our STIP under the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan is intended to be our primary vehicle for awarding such incentives. The STIP does not preclude us from making discretionary bonus payments or special

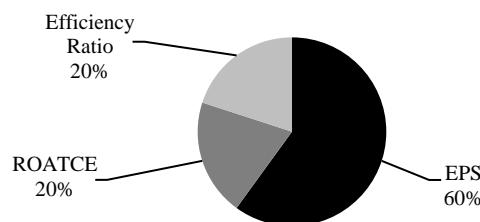
awards to STIP participants outside of the STIP. In establishing performance goals for 2021, the Compensation Committee made a determination at the beginning of 2021 to exclude certain severance charges, merger charges and certain charges associated with acquisitions and branch closings that occurred in 2021.

The amount of cash incentive payments under the STIP is based entirely on financial measures and the achievement of the performance goals established by the Compensation Committee at the beginning of the year. Payout levels are determined by the Compensation Committee after evaluating actual performance through the end of the year and reviewing peer and survey data provided by WTW.

The 2021 STIP contained targeted annual incentives and provided an opportunity for participants, including the NEOs, to earn between 50% and 150% of their target opportunities provided certain performance thresholds are met. The Compensation Committee believes having a payout range helps to ensure that pay varies with performance and aligns it with market. No payouts under the STIP are made for performance below minimum threshold performance. If the threshold is achieved, an incentive payout equal to 50% of the targeted incentive level for each of the NEOs will be paid. If the targeted profitability measures are achieved, each of the NEOs will receive 100% of the target incentive payout.

The performance metrics, as well as the weighting given to the metrics, for the 2021 STIP for Messrs. Ryan, Falconer, Sandgren and Knight and Ms. Vanzo included the following:

**Messrs. Ryan, Falconer, Sandgren, Knight and Ms. Vanzo
STIP Performance Metrics**



The Compensation Committee established the performance metrics of EPS and ROATCE as part of the STIP design for 2021 because of their correlation with creating shareholder value and their frequent use to assess short-term corporate performance by shareholders and the investment community. The Compensation Committee determined to utilize the efficiency ratio metric as part of the STIP design to ensure management focuses on managing expenses within the Company.

The Compensation Committee established the 2021 potential payouts to each NEO. Under the STIP, the target incentive payout for the CEO was established at 100% of base salary, for the President and Chief Operating Officer was established at 85% of base salary, for the CFO was established at 75% of base salary, for the Chief Administrative Officer was established at 65% of base salary and for the other NEO was established at 50% of base salary. The maximum payout under the STIP is 150% of the target incentive payout and is earned only when actual performance significantly exceeds the target.

The 2021 STIP performance and payout results for Messrs. Ryan, Falconer, Sandgren and Knight, and Ms. Vanzo were as follows, resulting in a bonus payout of 150% of target:

	<u>STIP Target</u>	<u>2021 Results</u>	<u>Performance Level</u>	<u>Percentage Weight</u>	<u>Performance Factor</u>
EPS ⁽¹⁾	\$1.14	\$1.75	150.0%	60%	90.0%
Efficiency Ratio	62.40%	56.80%	150.0%	20%	30.0%
ROATCE ⁽¹⁾	10.10%	15.51%	150.0%	20%	<u>30.0%</u>
Total Percentage Earned					150.0%
(1) Adjusted for factors approved by the Compensation Committee as described above.					

Percentage amounts under the caption “Performance Factor” in the table above reflects the overall percentage of annual incentive compensation earned with respect to each metric after giving effect to the weighting factor applied to the metric and the performance level achieved for that metric.

Strong actual financial performance compared to our targets for the three metrics of our STIP, namely earnings per share, return on average tangible common equity and efficiency ratio, resulted in short-term incentives to be earned at 150% of target. The Company’s ability to achieve maximum performance in 2021 for these metrics occurred primarily due to record net income; record wealth management revenues; stronger than expected commercial loan growth, core deposit growth and PPP fee income; mortgage banking and capital markets revenues that exceeded expectations; effective cost controls; and a lower than anticipated provision for credit losses as a result of exceptional credit discipline and quality.

Long-Term Incentive Compensation. We believe that stock ownership by our executive officers is an important tool for aligning their interests with those of our shareholders over the long-term. Therefore, our long-term incentive compensation consists entirely of equity compensation awards.

In 2021, the awards for the CEO and other NEOs consisted of a combination of performance-based restricted stock units and service-based restricted stock. The majority of the value awarded (75%) consisted of performance-based restricted stock units, as described below:

Named Executive Officer Long-Term Incentive Compensation

Performance-Based Restricted Stock Units – 75%	ROATCE – 50% Return on Average Tangible Common Equity relative to peer group measured over a three-year performance period ending December 31, 2023.
Service-Based Restricted Stock – 25%	TSR – 50% Total shareholder return relative to peer group measured over a three-year period ending December 31, 2023.
	Three-Year Annual Vesting – 100% The restricted stock will vest in three approximately equal annual installments over a three-year period ending February 1, 2024.

Each of these forms of equity awards encourages ownership by our executives of our common stock, aligns the executive's interests with those of our shareholders, encourages the retention of executives of the Company, whose future service is deemed essential to the ongoing success of the Company, and promotes performance excellence and teamwork.

Our practice is to determine the dollar amount of equity compensation that we provide, based on consultation with WTW who advises the Compensation Committee concerning current market practices. In general, we seek to pay equity incentive compensation that approximates the median for our peer group if target performance is achieved, and the 75th percentile for our peer group if maximum performance is achieved. The Compensation Committee typically makes recommendations regarding equity compensation awards at its first meeting in January of each year, depending upon the availability of the financial results for the preceding year. Typically, these awards are then approved or adjusted by the Board at its next meeting. We make the awards as early as practicable in the year and communicate them to executive officers so that the incentives will be known as early as possible, thereby maximizing their potential impact. We make equity awards after financial data for the preceding year is available, because this information enables us to refine our expectations for the current year. Under special circumstances, such as the employment of a new executive or substantial promotion of an existing executive, the Compensation Committee may award equity compensation at other times during the year.

Long-term incentive compensation awards were made on January 28, 2021, pursuant to the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan. These awards are reflected in the table entitled "Grants of Plan-Based Awards During 2021" on page 62.

Performance-Based Restricted Stock Units. Our Compensation Committee continued the use of performance-based restricted stock units ("PSUs") in 2021. PSUs may be earned based on the level of achievement of two performance metrics that are measured at the end of the performance period: TSR and ROATCE. Earned PSUs are converted into shares of our common stock after actual results have been determined for the applicable performance metrics and any other vesting requirements have been satisfied.

PSU awards have a three-year performance period. Our executive officers will earn PSUs only if we meet the applicable performance criteria for the performance period, and the executive officer remains employed throughout the performance period and during any subsequent required service or vesting period until shares are distributed in respect of such awards.

The Committee allocated 50% of the 2021 PSU awards based on TSR and 50% based on ROATCE. For each PSU award, we have established threshold, target and maximum performance levels at attainment percentages relative to the companies in our peer group, as shown in the table below. The actual performance level for the performance period will determine the PSUs earned. No PSUs will be earned if our results are less than the required relative threshold performance, except as described below with respect to certain Company standalone ROATCE minimum and maximum attainment levels. Subject to the same exceptions, if the relative target level is achieved, all of the PSUs awarded will be earned, and if the maximum performance level is achieved, 150% of the awarded PSUs will be earned, in each case subject to any additional vesting requirements.

The following performance measures and levels were approved for 2021 PSU awards:

Measure	Threshold	Target	Maximum
Relative TSR (50%)	25 th percentile	50 th percentile	80 th percentile
Relative ROATCE (50%)	25 th percentile	50 th percentile	80 th percentile
Associated Payout	25% of target	100% of target	150% of target

The TSR performance metric is based on TSR over the three-year performance period, including both stock price appreciation and cash dividends (assuming dividend reinvestment) or stock dividends, expressed as a percentage increase or decrease. TSR is measured for the Company and for each member of our peer group, with the Company's TSR then compared to all of the companies in our peer group for purposes of determining the Company's relative percentage performance level ranking (as used in the above table).

Similarly, ROATCE is measured for the Company and for each member of our peer group, with the Company's ROATCE then compared to all of the companies in our peer group for purposes of determining the Company's relative percentage performance level ranking (as used in the above table). Notwithstanding the Company's actual ROATCE compared to the peer group, a PSU award will not be earned for the ROATCE metric unless the Company's ROATCE is at least 8.50% even if such achievement level otherwise would be at or above the threshold performance level. In addition, a PSU award will be earned at the maximum level for the ROATCE metric for a performance period if the

Company's ROATCE is at 17.61% or higher without regard to the Company's ROATCE attainment relative to the peer group.

Shares distributed upon vesting of any PSUs must be held until the Company's stock ownership guidelines are met. Dividends on vested PSUs that were accrued as dividend equivalents during the performance period are paid in shares of the Company's common stock on vesting after the performance period and are also subject to the Company's stock ownership guidelines.

In general, even after the performance period has ended and performance results have been determined, an NEO must remain employed by the Company through the vesting date (the date on which shares of Company stock are distributed for PSU awards having the same performance period). If the NEO is not employed by the Company during the entire performance period, the PSU will be forfeited with certain limited exceptions. If an executive's employment is terminated on account of death during the performance period, the PSU award will be deemed earned at the target level of performance upon death. If the executive's employment is terminated due to a qualifying disability or retirement, the executive will be treated as if he or she had continued employment through the end of the performance period, at which time the level of achievement for the PSU award is determined.

Upon a change in control (as defined in the Amended and Restated 2008 Incentive Compensation Plan) after the award date and the employment of the NEO is terminated involuntarily by the Company without cause or by the NEO for good reason within two years after the change in control, then any unearned PSUs awarded to the NEO will be deemed earned at the target level of performance.

As described in more detail below under the heading *Changes in Executives and Executive Compensation in 2022 and Impact of First Midwest Merger*, the performance components of the Company's 2019-2021 PSU awards were deemed earned at target upon the completion of the Merger.

Service-Based Restricted Stock. Our Compensation Committee also continued the use of service-based restricted stock awards in 2021. Service-based restricted stock granted in 2021 will vest in three approximately equal annual installments over a three-year period ending on February 1, 2024. We pay current cash dividends on service-based restricted stock to our executive officers during the period of restriction. The service-based restricted stock must be held until our stock ownership guidelines are met by that individual, even if the restrictions have lapsed.

If the NEO is not employed by the Company during the entire period of restriction, the restricted stock award will be forfeited with certain limited exceptions. If an executive's employment is terminated on account of death during the period of restriction, the restricted stock award will vest in full upon death. If an executive's employment is terminated on account of a qualifying disability or retirement, the executive will be treated as if he or she had continued employment through the end of the period of restriction, at which time the award will vest in full.

Upon a change in control (as defined in the Amended and Restated 2008 Incentive Compensation Plan) after the award date and the employment of the NEO is terminated involuntarily by the Company without cause or by the NEO for good reason within two years after the change in control, then any unvested restricted stock awards will vest in full.

Retirement Plans. Until December 31, 2005, we maintained a qualified defined benefit pension plan, known as the Old National Bancorp Employees' Retirement Plan ("Retirement Plan"). We froze the Retirement Plan as of December 31, 2001, except for employees who were at least age 50 or who had 20 years of credited service as of December 31, 2001. As of December 31, 2005, we froze the Retirement Plan for all remaining employees. We also maintained a nonqualified retirement plan to replace any reduction in benefits under the Retirement Plan due to limitations on benefits under the Internal Revenue Code ("Supplemental Plan"). We also froze the Supplemental Plan as of December 31, 2005. No executive officer will earn further benefits under the Retirement Plan or the Supplemental Plan after 2005, although benefits as of December 31, 2005, are preserved.

In 2016, the Board terminated the Retirement Plan and paid out the proceeds to former and current employees on October 21, 2016. The Supplemental Plan was not terminated.

We continue to maintain a tax-qualified defined contribution plan, known as the Old National Bancorp Employee Stock Ownership and Savings Plan or our "401(k) Plan," for eligible employees. The 401(k) Plan allows employees to make pre-tax and Roth 401(k) contributions. Subject to the conditions and limitations of the 401(k) Plan, new employees are automatically enrolled in the 401(k) Plan with an automatic deferral of 5% of eligible compensation, unless participation is changed or declined. All active participants receive a Company match of 75 cents on the dollar of the first 4% contributed into the Savings Plan, and 50 cents on the dollar of the next 4% of eligible compensation that is contributed to the 401(k) Plan. We may also make profit sharing contributions, in our discretion. To receive

profit sharing contributions for a year, an employee must have (i) completed at least 1,000 hours of service during the year and (ii) been employed on the last day of the year or retired on or after age 65, died, or became disabled during the year.

We also maintain a nonqualified deferred compensation plan, known as the “Executive Deferred Compensation Plan,” for a select group of management employees designated by the Compensation Committee. All executive officers are eligible to participate in the plan. An executive officer may elect to defer up to 25% of his or her regular compensation, and up to 75% of his or her annual bonus under the STIP, in which case the deferral amount will be credited to his or her plan account. The Executive Deferred Compensation Plan applies the same matching formula that is used for the 401(k) Plan. We provide matching contribution credits under the plan, reduced by any matching contributions under the 401(k) Plan. In addition, we may provide discretionary contribution credits to make up for any reduction in discretionary profit-sharing contributions under the 401(k) Plan due to Internal Revenue Code contribution limits applicable to tax-qualified retirement plans. We did not provide discretionary credits for 2021.

We credit an executive officer’s plan account with earnings based on the hypothetical earnings of an investment fund consisting of Company common stock, the return on a recognized market index selected by the Compensation Committee, or a combination of the two, as elected by the executive officer. The earnings credited under the Executive Deferred Compensation Plan could be in excess of earnings that would have been credited using the applicable federal long-term rate. Any excess earnings are reported in column (h) of the Summary Compensation Table on page 60.

All amounts paid under the Executive Deferred Compensation Plan are paid from our general assets and are subject to the claims of our creditors. Except in the case of financial emergency, an executive officer’s benefits under the plan may not be distributed until after termination of employment. In general, an executive officer may elect to receive plan benefits in a lump sum or in annual installments over two to ten years.

Employment Arrangements. We have entered into employment agreements or severance and change in control agreements with each of the NEOs (referred to collectively as “employment agreement(s)” or “agreements”). The employment agreements provide for, among other provisions:

- No Gross-up on Severance Benefits - The Company has adopted a “best after-tax provision” whereby the executive receives the full 280G payment and has the responsibility for any excise tax, or the payment is reduced to the safe harbor amount, whichever will put the executive in the best after-tax position with the most compensation and income.
- No Gross-up on Perquisites - There will be a continuation of benefit coverage to be provided by the Company for the requisite number of months. However, any tax resulting from these payments will be the executive’s responsibility.
- No Walk Away Provision - The Company has eliminated the ability of the executive to voluntarily terminate his or her employment within 12 months of a Change in Control without good reason. The executive will continue to have the right to terminate employment within 24 months of a Change in Control with good reason and receive severance and other benefits.

These agreements were entered into after reviewing prevailing market and developing executive compensation best practices. Under each of their respective agreements, the NEOs are entitled to a base salary, incentive compensation (both cash and equity) and other employee benefits as determined by the Board. Based on information provided by the Compensation Committee’s compensation consultant, the Committee determined that the benefits, including the various multiples of components of compensation, were within the market range for such payouts and benefits. The Committee regularly reviews the Company’s employment agreements and uses peer data to determine whether these arrangements are consistent with prevailing market practices.

Under the employment agreements, we are generally obligated to pay certain non-change in control severance benefits to the NEO if we terminate his or her employment without cause, or the executive resigns within 90 days after we have taken certain actions that adversely affect him or her. An NEO must satisfy the terms of the agreement, including its non-solicitation and non-compete provisions, to receive his or her severance benefits.

The employment agreements also provide for double trigger change in control severance benefits for each NEO. The Company is required to pay change in control severance benefits if, within two years following a change in control (as defined in the agreements), we terminate the NEO’s employment for a reason other than “cause” or the NEO’s

disability, or if the executive resigns within two years after a change in control after we have taken certain actions detrimental to the NEO.

The Compensation Committee believes that the employment agreements, which include change in control severance benefits, assure the fair treatment of the NEOs in relation to their professional careers with the Company by assuring them of some financial security in the event of a change in control. The change in control provision also protects the shareholders of the Company by encouraging the NEOs to continue to devote their full attention to the Company without being distracted by the need to seek other employment following the change in control. The Compensation Committee established the change in control payouts to each of the NEOs after reviewing peer data and consulting with its compensation consultant.

The Potential Payments on Termination or Change in Control tables on pages 68 through 72 and the discussion of the employment agreements beginning on page 64 set forth the estimated values and details of the termination benefits under various scenarios for each of the NEOs.

Perquisites and Other Compensation. Detailed information regarding perquisites and other compensation is provided in note 5 to the Summary Compensation Table on page 60. In general, we believe that perquisites should not constitute a consequential portion of any executive officer's compensation.

Stock Ownership Guidelines. The Compensation Committee and Board have adopted stock ownership guidelines for the Company's executive officers, including the NEOs, that are consistent with market practices, and ensure executives retain a specified percentage of stock of the Company until the target ownership level is achieved. Under the guidelines, the NEOs are required to hold shares of our stock with a value which is the lesser of the following:

Position or Salary	Target Ownership Guidelines
Chief Executive Officer	5x salary in stock or 200,000 shares
Chief Operating Officer	4x salary in stock or 100,000 shares
Salary equal to or greater than \$250,000	3x salary in stock or 50,000 shares
Salary below \$250,000	2x salary in stock or 25,000 shares

As of the date of this Proxy Statement, each of the NEOs has met the applicable stock ownership guideline requirement. For purposes of the guidelines, vested in-the-money options, unearned PSUs, unvested service-based restricted stock and phantom shares in the Nonqualified Deferred Compensation Plan are taken into account.

Recoupment Policy. The Board has adopted a bonus recoupment, or "clawback," policy that provides the Board with authority to recover a bonus or other cash or equity incentive paid to any NEO or executive officer in appropriate circumstances where there has been a material restatement of the Company's financial results. The Board believes that this policy, along with a requirement that executive officers maintain a significant level of stock ownership in the Company while they are employees, provides significant incentives to help ensure that executives are not encouraged to take inappropriate risks and that the Company is managed with a long-term view.

Prohibition on Hedging and Pledging. All directors, officers and employees, including family members and anyone designated to engage in securities transactions on behalf of any director, officer or employee, are prohibited at all times from (a) holding any Company securities in a margin account, or borrowing against any account in which Company securities are held, or pledging Company securities as collateral for loan without the approval of our Chief Legal Officer; (b) engaging in puts, calls or other derivative transactions relating to the Company's securities; (c) short-selling securities of the Company; and (d) purchasing any financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of any equity securities of the Company. The foregoing restrictions apply to all securities of the Company owned directly or indirectly by directors, officers or employees, including securities of the Company owned by family members where the director, officer or employee is deemed to beneficially own such securities, and their respective designees. These restrictions will not preclude any director, officer or employee, their family members or their designees from engaging in general portfolio diversification or investing in broad-based index funds.

Effect of Section 162(m) of the Internal Revenue Code. Section 162(m) of the Internal Revenue Code was amended by the Tax Cuts and Jobs Act of 2017 to eliminate the tax deduction for performance-based compensation (other than with respect to payments made pursuant to certain "grandfathered" arrangements entered into prior to November 2, 2017) and to expand the group of current and former executive officers who may be covered by the \$1 million per year compensation deduction limit per covered employee under Section 162(m). The Compensation Committee

intends to continue the pay-for-performance philosophy of awarding executive pay notwithstanding the deductibility limitation of Section 162(m).

Changes in Executives and Executive Compensation in 2022 and Impact of the First Midwest Merger

As previously described in the Company's Form 8-K filed on February 16, 2022, certain of the Company's NEOs resigned from their previous roles and assumed new roles at the Company following the completion of the Merger with First Midwest. The following table includes the post-Merger title for each of our 2021 NEOs:

Named Executive Officer	Pre-Merger Title	Post-Merger Title
James C. Ryan, III	Chairman and Chief Executive Officer	Chief Executive Officer
Brendon B. Falconer	Chief Financial Officer	Chief Financial Officer
James A. Sandgren	President and Chief Operating Officer	Chief Executive Officer, Commercial Banking
Jeffrey L. Knight	Chief Legal Counsel	Chief Government Relations Officer
Kendra L. Vanzo	Chief Administrative Officer	Chief Administrative Officer

Additionally, effective February 15, 2022, Michael L. Scudder, the former Chairman and Chief Executive Officer of First Midwest, became the Executive Chairman of the Company, and Mark G. Sander, the former President and Chief Operating Officer of First Midwest, became the President and Chief Operating Officer of the Company.

In March 2022, in light of the closing of the Merger and the integration of the Company's and First Midwest's executive leadership teams, the Compensation Committee reviewed and approved compensation for the Company's executive leadership team that became effective on March 7, 2022. In making its compensation decisions, the Compensation Committee considered the commitments to maintain compensation and benefit levels negotiated between the Company and First Midwest as part of the Merger Agreement, as well as the letter agreements entered into with certain executives in connection with the Merger (discussed further below), and sought to find the appropriate balance between short- and long-term incentives, cash/stock mix of compensation, revenue and risk metrics and absolute and relative performance measures.

In setting compensation, the Compensation Committee and the Board recognized that the merger of equals transaction approximately doubled the size of the Company and created an organization with over \$46 billion in assets, which resulted in the need for the Compensation Committee and the Board to align the compensation of the combined Company's executive leadership team with institutions of similar sizes. Based on an agreed set of factors for assessing peer relevance, namely size, product scope, geographic scope and competition for talent, and a recommendation from the Committee's compensation consultant, an adjusted peer group consisting of sixteen companies was approved for fiscal year 2022, with asset sizes ranging from \$35 billion to \$95 billion and a median asset size of \$52 billion, comprised of the following companies:

Associated Banc-Corp	Hancock Whitney Corporation	Webster Financial Corporation
BOK Financial Corporation	People's United Financial	Western Alliance Bancorporation
Cadence Bank	Synovus Financial Corp.	Wintrust Financial Corporation
Comerica Incorporated	UMB Financial Corporation	Zions Bancorporation
First Horizon Corporation	Umpqua Holdings Corporation	
F.N.B. Corporation	Valley National Bancorp	

The following table details the 2022 compensation that was approved for James C. Ryan, III, Brendon B. Falconer, Mark G. Sander, James A. Sandgren and Kendra L. Vanzo in light of this holistic review. The Compensation Committee and the Board, with input from the Committee's consultant, determined the compensation of the Company's executive leadership team, including the following:

Compensation Element	2022 Description
Base Salary	<ul style="list-style-type: none"> Salary increases became effective March 7, 2022. Revised salaries take into account the new asset size of the Company consistent with the new peer group pay practices, individual performance and the market competitiveness of base salary and total cash compensation. Salaries for each of the following executives generally were positioned at or near the market 50th percentile of the new peer group.
	Base Salary as of March 7, 2022
	Name and Post-Merger Title
	James C. Ryan, III <i>Chief Executive Officer</i>
	\$1,100,000
	Brendon B. Falconer <i>Chief Financial Officer</i>
	\$550,000
	Mark G. Sander <i>President and Chief Operating Officer</i>
	\$715,000
	James A. Sandgren <i>Chief Executive Officer, Commercial Banking</i>
	\$600,000
	Kendra L. Vanzo <i>Chief Administrative Officer</i>
	\$425,000
Annual Incentive Compensation	<ul style="list-style-type: none"> To align with peer practices, the target annual incentive compensation opportunities for 2022 for the executives were set as follows: Mr. Ryan, 125% of base salary; Messrs. Sander and Sandgren, 85% of base salary; Mr. Falconer, 80% of base salary; and Ms. Vanzo, 65% of base salary.
Long-Term Incentive Compensation	<ul style="list-style-type: none"> Also to align with peer practices, the target annual long term incentive compensation opportunities 2022 for the executives were set as follows: Mr. Ryan, 260% of base salary; Mr. Sander, 130% of base salary; Mr. Sandgren, 110% of base salary; Mr. Falconer, 110% of base salary; and Ms. Vanzo, 80% of base salary.

Michael L. Scudder, Executive Chairman of the combined Company, will receive compensation during his two-year term as Executive Chairman that is based on a percentage of the compensation of the CEO of the Company. As described in the Company's joint proxy statement/prospectus on Form S-4/A filed on July 23, 2021, in connection with the execution of the Merger Agreement, each of Messrs. Ryan and Sandgren entered into letter agreements with the Company, and Messrs. Scudder and Sander entered into letter agreements with First Midwest, in each case, amending their existing employment agreements with the Company or First Midwest, as applicable, as summarized below.

Letter Agreements with James C. Ryan, III and James A. Sandgren

Mr. Ryan's letter agreement provides that he will serve as the Chief Executive Officer, as well as a member of the Board of Directors, of the combined Company, and Mr. Sandgren's letter agreement provides that he will serve as the Chief Executive Officer, Commercial Banking, of the combined Company.

The letter agreements also provide that Messrs. Ryan and Sandgren waive any right to claim that the Merger constitutes a change in control under their respective employment agreements. In his letter agreement, Mr. Ryan also agreed that not serving in the role as Chairman of the Board of Directors of the combined Company will not constitute good reason under his existing employment agreement so long as he is re-elected as Chairman of the Board of Directors on the second annual anniversary of the closing of the Merger. Similarly, Mr. Sandgren agreed that not serving in the role of President and Chief Operating Officer of the combined Company will not constitute good reason under his existing employment agreement. These waivers and agreements mean that Messrs. Ryan and Sandgren will not be entitled to severance compensation because of the corporate governance changes effected in connection with the Merger.

Under the letter agreements, Messrs. Ryan and Sandgren will be granted integration awards in the form of performance shares issued pursuant to Old National's Amended and Restated 2008 Incentive Compensation Plan, as amended (discussed further below). Messrs. Ryan's and Sandgren's equity awards that are outstanding on the closing of the Merger and any unpaid portion of the integration awards will vest and be payable to the executive, if (for purposes of any unpaid portion of the integration awards, prior to the end of the performance period), there is (i) an early termination of service of the executive by the combined Company other than for "unacceptable performance" or

“cause” or (ii) a resignation by the executive for “good reason” (as such terms are defined in their respective employment agreements).

Letter Agreement with Michael L. Scudder

The letter agreement with Mr. Scudder provides that, following the effective time of the Merger, Mr. Scudder will no longer serve as Chief Executive Officer of First Midwest and will serve as the Executive Chairman of the combined Company until the second anniversary of closing. Upon the second anniversary, Mr. Scudder will serve as a consultant to the combined Company for a period of one (1) year (the “consultancy period”). The letter agreement also provides that Mr. Scudder not serving in the role of Chief Executive Officer and any change in his duties and/or responsibilities at the closing will not constitute “good reason” (as defined in Mr. Scudder’s employment agreement with First Midwest).

Under his letter agreement, Mr. Scudder will receive for the duration of the three (3) year service period a salary, annual bonus and annual equity award grants set at 90% of the salary, annual bonus and annual equity award grants of the combined Company’s Chief Executive Officer, and he will receive the same perquisites, office space and administrative support as provided immediately before the closing. Mr. Scudder will also be credited under the First Midwest Bancorp, Inc. Consolidated Pension Plan with one (1) additional year of age at retirement with respect to his service during the consultancy period, or if such crediting is not permitted under the plan, he will receive a supplemental equivalent payment from the combined Company. During the consultancy period, Mr. Scudder will be entitled to indemnification by the combined Company and the combined Company will maintain directors’ and officers’ liability insurance for him, in each case, to the same extent as other officers. If Mr. Scudder is terminated without “cause” or for “good reason,” as both are defined in his employment agreement, any unpaid salary and annual bonus (based on target) and ungranted annual equity awards for his entire period of service will be paid in full in cash, and any outstanding equity awards will accelerate and vest in full, subject to execution of a release. At the end of Mr. Scudder’s period of service, he will receive a prorated annual bonus and any equity awards of the combined Company that are outstanding will accelerate and vest in full (unless such award is subject to a performance condition, in which case it will remain subject to such condition).

In lieu of any severance Mr. Scudder would be entitled to receive in connection with the closing of the Merger, his letter agreement grants Mr. Scudder a cash-based retention bonus equal to \$5.4 million, 50% of which will be paid on the first anniversary of the closing and 50% of which will be paid on the second anniversary of the closing, subject to continued employment through such dates. Any unpaid portion of the retention bonus would be paid in a lump sum in full upon early termination without “cause” by the combined Company or due to death or disability or upon a resignation by Mr. Scudder for “good reason.” Pursuant to the letter agreement, any First Midwest equity awards will be converted to equity awards of the combined Company as contemplated by the Merger Agreement and, upon termination without “cause” by the combined Company or due to death or disability or upon a resignation by Mr. Scudder for “good reason,” any unvested equity awards outstanding on the closing will accelerate and vest in full. In consideration of the compensation granted under his letter agreement, Mr. Scudder also agreed to extend his non-compete provision to last a period of five (5) years following the closing and expand the scope of the non-compete.

Letter Agreement with Mark G. Sander

The letter agreement with Mr. Sander provides that, following the effective time of the Merger, Mr. Sander will serve as President and Chief Operating Officer of the combined Company, reporting directly to the Chief Executive Officer, but will no longer serve as a director on the board of directors of First Midwest. His letter agreement also provides that Mr. Sander not serving in the role of director and any change in his duties and/or responsibilities at the closing will not constitute “good reason” (as defined in Mr. Sander’s employment agreement between First Midwest and Mr. Sander). Pursuant to the letter agreement, the compensation committee of the combined Company will set his annual compensation, which will be no less than his annual compensation immediately prior to the closing.

If Mr. Sander is terminated without “cause” by the combined Company or resigns for “good reason,” as both are defined in his employment agreement, he would be eligible for severance under his employment agreement but, for any severance related to a “change in control” (as defined in his employment agreement), he would only receive such severance upon a change in control subsequent to the closing of the Merger.

In lieu of any severance Mr. Sander would be entitled to receive in connection with the closing of the Merger, his letter agreement grants Mr. Sander a cash-based retention bonus equal to \$3.55 million, 50% of which will be paid on the first anniversary of the closing and 50% of which will be paid on the second anniversary of the closing, subject to continued employment through such dates. Any unpaid portion of the retention bonus will be paid in lump sum in full upon early termination without “cause” by the combined Company or due to death or disability or upon a resignation

by Mr. Sander for “good reason.” Pursuant to the letter agreement, any First Midwest equity awards will be converted to equity awards of the combined Company as contemplated by the Merger Agreement and, upon termination without “cause” by the combined Company or due to death or disability or upon a resignation by Mr. Sander for “good reason,” any unvested equity awards outstanding on the closing will accelerate and vest in full.

Integration Awards

As described in the Company’s Form 8-K filed on March 8, 2022, the Board, upon the recommendation of the Compensation Committee, approved integration awards (“Integration Awards”) on March 2, 2022, for the Company’s executive leadership team, including certain of the Company’s NEOs.

The primary purposes of the Integration Awards are to motivate performance and the achievement of certain cost savings relating to the Merger, foster alignment with the interests of the Company’s shareholders and support retention of certain key leaders of the Company. The Integration Awards consist of either (i) a combination of performance-based stock units (“Performance Units”) issued pursuant to the Company’s Amended and Restated 2008 Incentive Compensation Plan and cash, or (ii) only Performance Units.

The Board approved the grant of the following number of Performance Units to our NEOs: Mr. Falconer – 41,689 Performance Units; Ms. Vanzo – 41,689 Performance Units; and Mr. Knight – 35,436 Performance Units. As described above, the Board previously approved Performance Units for Mr. Ryan and Mr. Sandgren in connection with their letter agreements in the following amounts: Mr. Ryan – 296,063 Performance Units and Mr. Sandgren – 164,829 Performance Units, and their Performance Units also were granted on March 2, 2022. Mr. Sander did not receive an Integration Award.

Additionally, the Integration Awards granted to the NEOs, other than Messrs. Ryan and Sandgren who received only Performance Units, include a time-based cash component that vests 50% on each of the first and second anniversaries of the Merger. The amounts of cash awarded to such NEOs under the Integration Awards are as follows: Mr. Falconer – \$250,000; Ms. Vanzo – \$250,000; and Mr. Knight – \$637,500.

Treatment of Outstanding Performance-Based Equity Awards Upon the Merger

The Merger Agreement provided that, as a result of the change in control of First Midwest, any performance conditions under outstanding First Midwest performance-based equity awards would be deemed earned at the greater of target or actual performance as of the closing of the Merger, as determined by First Midwest’s Compensation Committee. Awards with performance periods still remaining were converted into service-based restricted stock of the Company for the remainder of the original performance period.

Prior to closing, the Compensation Committees of both companies considered the impact of the Merger on the outstanding performance-based equity awards of both companies and determined to treat each of its executive management teams similarly with respect to performance-based equity awards for the 2019, 2020, and 2021 award years and, as such, all performance conditions were deemed achieved at target for both companies upon the closing of the Merger. This determination reflects the Compensation Committees’ recognition of the inherent difficulties in calculating results of pre-established goals after a merger of equals transaction, particularly given the substantial changes in the Company and difficulty in determining performance results that were attributable to the Company as it existed at the time the performance goals were established as well as the extraordinary nature of the Merger and the importance of ensuring internal and external parity between the Company’s and First Midwest’s executive management teams.

The equity awards for the Company’s 2019 grants were paid at target on February 10, 2022 in line with their original service-based vesting schedule. The performance components of the equity awards under the 2020 and 2021 grants were deemed earned at target, but such awards will otherwise continue to be subject to the same terms and conditions (including service-based vesting schedule) as applied to such awards when initially made.

2021 SUMMARY COMPENSATION TABLE

The table below provides information regarding compensation earned by our CEO, CFO and the other three Named Executive Officers employed at the end of 2021 who were most highly compensated for 2021:

Name and Principal Position	Year	Salary(1) (\$)	Bonus (\$)	Stock Awards(2) (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation(3) (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4) (\$)	All Other Compensation (5) (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
James C. Ryan, III Chairman and CEO	2021	913,462	-0-	1,540,832	-0-	1,370,192	14,610	132,005	3,971,101
	2020	807,692	-0-	1,424,200	-0-	1,393,269	-0-	83,311	3,708,472
	2019	646,154	-0-	925,588	-0-	945,937	8,002	47,503	2,573,184
Brendon B. Falconer Senior EVP and CFO	2021	465,769	-0-	362,536	-0-	523,990	78	23,561	1,375,934
	2020	424,615	-0-	356,050	-0-	477,692	28	21,608	1,279,994
	2019	341,308	-0-	276,162	-0-	282,415	2	19,866	919,753
James A. Sandgren President and Chief Operating Officer	2021	561,539	-0-	580,069	-0-	715,962	12,144	79,059	1,948,773
	2020	537,308	-0-	623,088	-0-	604,472	3,176	74,099	1,842,141
	2019	491,538	-0-	404,588	-0-	438,010	5,551	59,344	1,399,031
Jeffrey L. Knight EVP and Chief Legal Counsel	2021	419,231	-0-	271,911	-0-	314,423	882	34,529	1,040,975
	2020	391,577	-0-	267,038	-0-	293,683	3,829	25,468	981,594
	2019	361,423	-0-	202,294	-0-	230,046	596	25,901	820,260
Kendra L. Vanzo Senior EVP and Chief Administrative Officer	2021	369,231	-0-	271,911	-0-	360,000	8,174	35,416	1,044,731
	2020	341,923	-0-	267,038	-0-	256,442	-0-	33,368	898,771
	2019	307,477	-0-	202,294	-0-	195,709	10,611	28,107	744,198

(1) Base salary increases for NEOs became effective on the first pay date of April in 2021.

(2) Stock awards included in Column (e) consist entirely of service-based restricted stock and performance-based restricted stock units granted under the Amended and Restated 2008 Incentive Compensation Plan. The grant date value of the awards is as determined under FASB ASC Topic 718. The amount shown for the awards granted by the Company in 2021 was calculated using the assumptions described in Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. For performance-based restricted stock, the grant date value is based on the number of units that would be earned at target performance. The value of the award assuming the highest level of performance conditions are achieved for the 2019, 2020, and 2021 awards would be: James Ryan (\$1,328,006, \$1,954,300, and \$2,103,920); Brendon Falconer (\$372,696, \$488,575, and \$495,020); James Sandgren (\$546,506, \$855,006, and \$792,054); Jeffrey Knight (\$273,253, \$366,431, and \$371,274) and Kendra Vanzo (\$273,253, \$366,431, and \$371,274). For the number of shares of service-based and performance-based restricted stock awarded in 2021, please refer to the Grants of Plan-Based Awards Table.

(3) These amounts reflect incentives earned under the Company's STIP.

(4) These amounts reflect the increase of the actuarial present value of the executive's benefit under our frozen defined benefit plans, plus the amount of the executive's earnings credit under our Executive Deferred Compensation Plan in excess of the earnings that would have been credited using the applicable federal long-term rate, with compounding (as described by Section 1274(d) of the Internal Revenue Code).

The 2021 Change in Pension Values and Non-Qualified Deferred Compensation "excess" earnings were: James Ryan (\$0 and \$14,610); Brendon Falconer (\$0 and \$78), James Sandgren (\$0 and \$12,144); Jeffrey Knight (\$0 and \$882), and Kendra Vanzo (\$0 and \$8,174).

The 2020 Change in Pension Values and Non-Qualified Deferred Compensation "excess" earnings were: James Ryan (\$0 and -\$5,386); Brendon Falconer (\$0 and \$28), James Sandgren (\$0 and \$3,176); Jeffrey Knight (\$0 and \$3,829), and Kendra Vanzo (\$0 and -\$1,951).

The 2019 Change in Pension Values and Non-Qualified Deferred Compensation "excess" earnings were: James Ryan (\$0 and \$8,002); Brendon Falconer (\$0 and \$2), James Sandgren (\$0 and \$5,551); Jeffrey Knight (\$0 and \$596); and Kendra Vanzo (\$0 and \$10,611).

(5) The amounts specified in Column (i) include the following: perquisites, Company contributions to defined contribution plans, cash dividends on restricted stock, and life insurance premiums.

<u>Name</u>	Perquisites & Other Personal Benefits (a) (\$)	Company Contributions to Defined Contribution Plans (b) (\$)	Cash Dividends on Restricted Stock (\$)	Life Insurance Premiums (c) (\$)	Total (\$)
James C. Ryan, III	19,291	89,581	22,352	780	132,005
Brendon B. Falconer	1,471	15,375	5,974	741	23,561
James A. Sandgren	19,520	49,016	9,743	780	79,059
Jeffrey L. Knight	380	29,006	4,480	663	34,516
Kendra L. Vanzo	2,336	28,015	4,480	585	35,416

(a) Messrs. Ryan and Sandgren received country club membership allowances of \$17,820 and \$18,780, respectively for business development purposes. Additionally, Messrs. Ryan and Sandgren received company executive physical benefits of \$1,091 and \$360, respectively.

(b) Company Contributions to Defined Contribution Plans include the following amounts to the Old National Bancorp Employee Stock Ownership and Savings Plan and the Old National Bancorp Executive Deferred Compensation Plan, respectively, for the following executive officers: Mr. Ryan: \$14,500 and \$75,081; Mr. Falconer: \$13,350 and \$2,025; Mr. Sandgren: \$14,500 and \$34,516; Mr. Knight: \$14,250 and \$14,756; and Ms. Vanzo: \$15,383 and \$12,632.

(c) Amounts in this column reflect life insurance premiums paid for each executive officer listed. Executive officers receive group life coverage equal to two times base salary.

GRANTS OF PLAN-BASED AWARDS DURING 2021

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non- Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	All Other Option Awards: Number of Securities Underlying Options (#) (4)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Options Awards (\$)(5) (l)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)				
James C. Ryan, III	1/28/2021	456,731	913,462	1,370,192							1,126,175
	1/28/2021				18,059	72,237	108,356				414,658
	1/28/2021							24,080			
Brendon B. Falconer	1/28/2021	174,663	349,327	523,990							254,968
	1/28/2021				4,249	16,996	25,494				97,569
	1/28/2021							5,666			
James A. Sandgren	1/28/2021	238,654	477,308	715,962							423,970
	1/28/2021				6,799	27,195	40,793				156,099
	1/28/2021							9,065			
Jeffrey L. Knight	1/28/2021	104,808	209,615	314,423							198,726
	1/28/2021				3,187	12,747	19,121				73,185
	1/28/2021							4,250			
Kendra L. Vanzo	1/28/2021	120,000	240,000	360,000							198,726
	1/28/2021				3,187	12,747	19,121				73,185
	1/28/2021							4,250			

(1) All non-equity incentive plan awards are made pursuant to the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan.

(2) The shares in Columns (f), (g), and (h) are performance-based restricted stock units granted under the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan. The performance period for 100% of the performance-based awards is the three-year period ending December 31, 2023. The restriction period for 100% of the performance-based grant ends on the date of the Company's annual filing of Form 10-K in 2024. For all executive awards, 50% of the grant is based on the Company's Return on Average Tangible Common Equity with the other 50% of the grant based upon Total Shareholder Return as compared to the Company's peer group. Dividends accumulate on earned shares and are paid in the form of shares. As described in more detail under the heading "*Changes in Executives and Executive Compensation in 2022 and Impact of First Midwest Merger*," the performance components of the Company's 2021 PSU awards were deemed earned at target upon the closing of the merger.

(3) The shares in Column (i) are service-based restricted shares granted under the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan that vest in three substantially equal installments on February 1 of 2022, 2023 and 2024. Vesting is contingent upon the Executive Officers remaining employed during the required service period. Executive Officers are entitled to dividends during the vesting period on the number of outstanding shares.

(4) No stock options were granted in 2021.

(5) The fair market value of the service-based restricted stock units reported in Column (l) is the grant date value of the awards based on the closing stock price. The fair market value of the internal performance-based restricted stock units reported in Column (l) is the grant date value based on the closing stock price less the present value of dividends expected to be paid during the requisite performance period. A Monte-Carlo simulation is used to determine the fair market value of the relative performance-based restricted stock units.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2021

Name	Option Awards							Stock Awards				Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards:	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)	Number of Unearned Shares, Units, or Other Rights that Have Not Vested (#)					
	Exercisable	Unexercisable	(d)	Option Exercise Price (\$)	Option Expiration Date	(g)	(h)	(i)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)			
James C. Ryan, III						2,500 13,334 24,080	(1A) (1B) (1C)	45,300 241,612 436,330	68,680 64,252 74,521	(2) (3) (4)	1,244,482 1,164,246 1,350,321	
Brendon B. Falconer						1,667 3,334 5,666	(1A) (1B) (1C)	30,206 60,412 102,668	16,486 16,062 17,534	(2) (3) (4)	298,726 291,043 317,716	
James A. Sandgren						2,500 5,834 9,065	(1A) (1B) (1C)	45,300 105,712 164,258	24,840 28,110 28,055	(2) (3) (4)	450,101 509,353 508,357	
Jeffrey L. Knight						1,250 2,500 4,250	(1A) (1B) (1C)	22,650 45,300 77,010	12,420 12,048 13,151	(2) (3) (4)	225,050 218,310 238,296	
Kendra L. Vanzo						1,250 2,500 4,250	(1A) (1B) (1C)	22,650 45,300 77,010	12,420 12,048 13,151	(2) (3) (4)	225,050 218,310 238,296	

(1A) Service-based restricted shares granted in 2019 that will become vested on February 1, 2022.

(1B) Service-based restricted shares granted in 2020 that will become vested in two substantially equal installments on February 1 of 2022 and 2023.

(1C) Service-based restricted shares granted in 2021 that will become vested in three substantially equal installments on February 1 of 2022, 2023 and 2024.

(2) This award represents performance-based restricted stock units granted in 2019. The number of units assumes that target performance has been achieved. The executive officers' interest in any earned shares will vest on the distribution date which will be the date of the Company's annual filing of Form 10-K in 2022. At threshold performance, the number of shares that would vest would be 17,171; 4,122; 6,211; 3,105; and 3,105 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo. At maximum performance, the number of shares that would vest would be 103,020; 24,728, 37,260, 18,631, and 18,631 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo.

(3) This award represents performance-based restricted stock units granted in 2020. The number of units assumes that target performance has been achieved. The executive officers' interest in any earned shares will vest on the distribution date which will be the date of the Company's annual filing of Form 10-K in 2023. At threshold performance, the number of shares that would vest would be 16,062; 4,016; 7,029; 3,013; and 3,013 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo. At maximum performance, the number of shares that would vest would be 96,378; 24,094, 42,165, 18,071, and 18,071 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo.

(4) This award represents performance-based restricted stock units granted in 2021. The number of units assumes that threshold performance has been achieved. The executive officers' interest in any earned shares will vest on the distribution date which will be the date of the Company's annual filing of Form 10-K in 2024. At threshold performance, the number of shares that would vest would be 18,631; 4,383; 7,014; 3,287; and 3,287 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo. At maximum performance, the number of shares that would vest would be 111,782; 26,300, 42,083, 19,725, and 19,725 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo.

(5) Based on a closing price of the Company's common stock as reported by NASDAQ on December 31, 2021 of \$18.12

OPTION EXERCISES AND STOCK VESTED IN 2021

<u>Name</u> <u>(a)</u>	<u>Option Awards</u>			<u>Stock Awards</u>	
	Number of Shares Acquired on Exercise <u>(#)</u> <u>(b)</u>		Value Realized on Exercise <u>(\\$)</u> <u>(c)</u>	Number of Shares Acquired on Vesting <u>(#)</u> <u>(d)</u>	Value Realized on Vesting <u>(\\$)</u> <u>(e)</u>
James C. Ryan, III	-0-	-0-		36,737	651,171
Brendon B. Falconer	-0-	-0-		9,950	175,635
James A. Sandgren	-0-	-0-		32,987	587,121
Jeffrey L. Knight	-0-	-0-		16,837	299,901
Kendra L. Vanzo	-0-	-0-		10,771	191,079

2021 NONQUALIFIED DEFERRED COMPENSATION

<u>Name</u> <u>(a)</u>	Executive Contributions in Last Fiscal Year <u>(\\$)</u> <u>(b)</u>	Company Contributions in Last Fiscal Year (1) <u>(\\$)</u> <u>(c)</u>	Aggregate Earnings in Last Fiscal Year (2) <u>(\\$)</u> <u>(d)</u>	Aggregate Withdrawals/ Distributions <u>(\\$)</u> <u>(e)</u>	Aggregate Balance at Last Fiscal Year End (3) <u>(\\$)</u> <u>(f)</u>
James C. Ryan, III	212,404	75,081	27,374	-0-	622,631
Brendon B. Falconer	13,973	2,025	358	-0-	18,390
James A. Sandgren	75,147	34,516	19,772	-0-	373,562
Jeffrey L. Knight	44,456	14,756	3,590	-0-	135,002
Kendra L. Vanzo	48,000	12,632	14,070	-0-	293,014

(1) These amounts are also included under All Other Compensation in the Summary Compensation Table on page 60.

(2) Of the 2021 balances reported in this column, the amounts of \$14,610; \$78; \$12,144; \$882; and \$8,174 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo, respectively, were reported under Change in Pension Value and Non-Qualified Deferred Compensation in the Summary Compensation Table, on page 60.

(3) Of the 2021 balances reported in this column, the amounts of \$69,211, \$1,995, \$75,471, \$43,227, and \$28,859 with respect to Messrs. Ryan, Falconer, Sandgren, Knight, and Ms. Vanzo, respectively, were reported in the Summary Compensation Table in prior years.

CEO PAY RATIO

We believe our executive compensation program must be internally consistent and equitable to motivate our employees to create shareholder value, and our Compensation Committee monitors the relationship between the compensation of our executive officers and our non-executive employees.

For 2021, the ratio of Mr. Ryan's total compensation to the median employee's total compensation is as follows:

Median Employee Total Compensation	\$59,258
CEO's Total Compensation	\$3,971,101
Ratio of CEO to Median Employee Compensation	67:1

In determining the median employee, a ranked list was prepared of all employees other than the CEO as of October 1, 2021 based on their compensation for 2021. The ranked list of all employees for 2021 had an even number of employees; therefore, the Company was unable to select one median employee. In order to arrive at the median employee total compensation, the Company averaged total compensation of the two employees nearest the median.

The calculation of compensation for the median employee was determined in the same manner as the "Total Compensation" shown for our CEO in the Summary Compensation Table to arrive at the median employee total compensation.

POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL

Employment Agreements. The following discussion is as of December 31, 2021. As described above under the heading *Changes in Executives and Executive Compensation in 2022 and Impact of First Midwest Merger* starting on page 56, certain members of our executive leadership team entered into new letter agreements in connection with the Merger Agreement that amended their terms of employment, and such arrangements became effective on February 15, 2022 upon the consummation of the Merger.

We have entered into employment agreements with each NEO (collectively referred to as “employment agreements” or “agreements”). The agreements are summarized below. The summary is qualified in its entirety by reference to the agreements themselves, copies of which are available from the Company or from the Company’s public filings with the SEC.

The agreements contain automatic one-year extensions unless the NEO or the Company provides 60 days’ notice before the end of the year of intent not to renew the agreement. Each of the employment agreements contain non-solicitation and non-compete provisions, which remain in effect for two years after termination of employment for Messrs. Ryan, Falconer, and Sandgren, and one year for Mr. Knight and Ms. Vanzo.

Under each of their respective employment agreements, the NEOs are entitled to a base salary, incentive compensation (both cash and equity) and other employee benefits as determined by the Board. Based on information provided by the Compensation Committee’s compensation consultant, the Committee determined that the benefits, including the various multiples of components of compensation, were within the market range for such payouts and benefits. The Committee regularly reviews the Company’s employment arrangements and uses peer data to determine whether these arrangements are consistent with prevailing market practices.

Pursuant to the employment agreements, we are generally obligated to pay certain non-change in control severance benefits to the NEO if we terminate his or her employment without cause, or the executive resigns within 90 days after we have taken certain actions that adversely affect him or her. The agreements also obligate the Company to pay certain severance benefits if there is a change in control of the Company as defined within the agreement. An NEO must satisfy the terms of the agreement, including its non-solicitation and non-compete provisions, in order to receive his or her benefits.

For purposes of the employment agreements, “Cause” includes: (i) the NEO’s act or failure to act constituting willful misconduct or gross negligence that is materially injurious to the Company or its reputation; (ii) the NEO’s willful and material failure to perform the duties of his/her employment (except in the case of a termination of employment for Good Reason or on account of the NEO’s physical or mental inability to perform such duties) and the failure to correct such failure within five (5) days after receiving notice from the Board specifying such failure in detail; (iii) the NEO’s willful and material violation of our Code of Business Conduct and Ethics or written discrimination or harassment policies; (iv) the requirement or direction of a federal or state regulatory agency having jurisdiction over the Company that the NEO’s employment be terminated; (v) the NEO’s arrest or indictment for (a) a felony or (b) a lesser criminal offense involving dishonesty, breach of trust or moral turpitude; or (vi) the NEO’s intentional breach of a material term, condition or covenant of the Agreement and the failure to correct such violation within five (5) days after receipt of written notice from the Board of Directors specifying such breach in detail.

We are generally required to pay change in control and non-change in control benefits under the employment agreements if the NEO terminates his or her employment for “Good Reason” within 90 days after we have taken specified actions and we have failed to correct the event within 30 days following the NEO’s notice of termination. These actions include (i) a material reduction in the NEO’s duties, responsibilities or authority with the Company; (ii) a reduction in the NEO’s base salary or failure to include the NEO with other similarly situated employees in any incentive, bonus or benefit plans as may be offered by the Company from time to time; (iii) a reduction in the NEO’s total compensation opportunity; (iv) a change in the primary location at which the NEO is required to perform the duties of his/her employment to a location that is more than 50 miles from the location at which his/her office is located on the effective date of this Agreement; or (v) the Company’s material breach of the Agreement.

The non-change in control severance benefits for our CEO, CFO and Chief Operating Officer provide for a severance payment of two-times the sum of the annual base salary and targeted cash incentive compensation for the year the severance is paid. The non-change in control severance benefits payable for all other NEOs provide for a severance benefit of one-times the sum of the annual base salary and targeted cash incentive compensation for the year the severance is paid. Such non-change in control severance benefits are payable in a single lump sum within 60 days after the date of the NEO’s termination of employment.

The employment agreements also provide for change in control severance benefits for each NEO. The Company is required to pay change in control severance benefits if, within two years following a change in control (as defined in the agreements), we terminate the NEO's employment for a reason other than "cause" or the NEO's disability. The Board believes that the employment agreements, which include change in control severance benefits, assure the fair treatment of the NEOs in relation to their professional careers with the Company by providing them some measure of financial security in the event of a change in control. The change in control provision also protects the shareholders of the Company by encouraging the NEOs to continue to devote their full attention to the Company without being distracted by the need to seek other employment following the change in control. The Compensation Committee established the change in control payouts to each of the NEOs after reviewing peer data and consulting with WTW.

The change in control severance payment required under the employment agreements is a single lump sum payment in an amount equal to the product of (i) three times (for the CEO, CFO and Chief Operating Officer and two (2) times for our other NEOs) (ii) the sum of (A) the NEO's annual base salary, at the greater of the rate in effect on the change in control date or the termination date, plus (B) the NEO's target bonus for the year containing the change in control date, or, if greater, the calculated bonus percentage for the year preceding the change in control date, subject to certain limitations and reimbursement provisions contained in the employment agreement.

Following a change in control and non-change in control severance, each NEO receives the following benefits: (i) the Company will continue to provide group medical coverage for the NEO and the NEO's spouse and dependents for a period of 24 months; (ii) the Company will continue to provide 24 months of term life insurance coverage in substantially the same amount as provided to the NEO immediately before the NEO's termination of employment; and (iii) 12 months of outplacement services.

Following a change in control, all outstanding Company stock options, to the extent not previously vested and exercisable, shall become vested and exercisable upon the NEO's termination of employment. The grants of performance-based restricted stock will be paid to the NEOs who are also terminated after a change in control as if target performance had been achieved. Service-based restricted stock awards will vest immediately upon an involuntary or good reason termination of a NEO following a change in control. Otherwise, they will vest according to their original terms and conditions.

Under Code Section 4999, a 20% excise tax is imposed on change in control payments that are "excess parachute payments" within the meaning of Section 280G(b)(1). In general, the excess parachute payment threshold above which excise taxes are imposed is three times the base amount (which is the average W-2 compensation over five years). The employment agreements do not contain tax gross ups and adopt a "best after-tax provision" whereby the executive receives the full 280G payment and has the responsibility for any excise tax, or the payment is reduced to the safe harbor amount, whichever will provide the executive the largest total after-tax benefit.

POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE IN CONTROL

The following tables provide information regarding potential payments upon termination of employment or a change in control as of December 31, 2021 for our NEOs. Amounts shown in the tables below assume the NEO terminated employment on December 31, 2021, and are estimates of the amounts the NEO would receive upon termination pursuant to the employment agreement applicable to each such executive as in effect on December 31, 2021. The actual amounts to be paid can only be determined at the time of a NEO's termination of employment.

As described above under the heading *Changes in Executives and Executive Compensation in 2022 and Impact of First Midwest Merger* starting on page 56, certain NEOs entered into new letter agreements in connection with the Merger Agreement that amended their terms of employment, and such arrangements became effective on February 15, 2022 upon the consummation of the Merger. The following tables are based on the terms of the employment agreements with the Company's NEOs as in effect on December 31, 2021, and we have used the closing price of our stock on that date which was \$18.12, as reported by NASDAQ.

**James C. Ryan, III
Chairman and Chief Executive Officer**

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	For Cause Termination	Involuntary or Good Reason Termination Upon Change in Control	Termination on Account of Disability	Termination on Account of Death
Compensation:						
Base Salary	-0-	\$1,880,000	-0-	-0-	-0-	-0-
Short-Term Incentive	-0-	\$1,880,000	-0-	-0-	-0-	-0-
Change in Control Severance	-0-	-0-	-0-	\$7,684,500 ⁽¹⁾	-0-	-0-
Long Term Incentive						
Performance-Based Restricted Stock Shares						
2020-2022 (Performance Period)	-0-	-0-	-0-	\$1,087,200 ⁽²⁾	\$1,630,800 ⁽³⁾	\$1,087,200 ⁽⁴⁾
2021-2023 (Performance Period)	-0-	-0-	-0-	\$1,308,934 ⁽²⁾	\$1,963,402 ⁽³⁾	\$1,308,934 ⁽⁴⁾
Stock Options						
Unvested & Accelerated Service-Based Restricted Stock	-0-	-0-	-0-	-0-	-0-	-0-
Unvested Awards	-0-	-0-	-0-	\$723,242 ⁽²⁾	\$723,242 ⁽³⁾	\$723,242 ⁽⁴⁾
Benefits and Perquisites:						
Medical / Life & Outplacement	-0-	\$75,760	-0-	\$75,760	-0-	-0-
Total	-0-	\$3,835,760	-0-	\$10,879,636	\$4,317,444	\$3,119,376

(1) The Change in Control severance is calculated using Mr. Ryan's actual 2020 bonus percentage at 150% of target.

(2) Performance-based restricted stock units and all service-based restricted stock units are treated as fully earned at target level and the period of restriction lapses upon a change in control and subsequent termination of employment.

(3) If Mr. Ryan terminates employment on account of his disability, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based restricted stock units (including forfeiture of some or all shares) and unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(3) If Mr. Ryan terminates employment on account of his disability, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based restricted stock units (including forfeiture of some or all shares) and unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(4) If Mr. Ryan dies while an employee, the period of restriction will lapse, and 2020 and 2021 performance-based restricted stock units will be treated as earned at the "target" level.

Brendon B. Falconer
Senior Executive Vice President
Chief Financial Officer

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	For Cause Termination	Involuntary or Good Reason Termination Upon Change in Control	Termination on Account of Disability	Termination on Account of Death
Compensation:						
Base Salary	-0-	\$950,000	-0-	-0-	-0-	-0-
Short-Term Incentive	-0-	\$712,500	-0-	-0-	-0-	-0-
Change in Control Severance	-0-	-0-	-0-	\$3,028,125 ⁽¹⁾	-0-	-0-
Long Term Incentive						
Performance-Based Restricted Stock Shares						
2020-2022 (Performance Period)	-0-	-0-	-0-	\$271,800 ⁽²⁾	\$407,700 ⁽³⁾	\$271,800 ⁽⁴⁾
2021-2023 (Performance Period)	-0-	-0-	-0-	\$307,968 ⁽²⁾	\$461,951 ⁽³⁾	\$307,968 ⁽⁴⁾
Stock Options						
Unvested & Accelerated Service-Based Restricted Stock	-0-	-0-	-0-	-0-	-0-	-0-
Unvested Awards	-0-	-0-	-0-	\$193,286 ⁽²⁾	\$193,286 ⁽³⁾	\$193,286 ⁽⁴⁾
Benefits and Perquisites:						
Medical / Life & Outplacement	-0-	\$65,682	-0-	\$65,682	-0-	-0-
Total	-0-	\$1,728,182	-0-	\$3,866,861	\$1,062,937	\$773,054

(1) The Change in Control severance is calculated using Mr. Falconer's actual 2020 bonus percentage at 150% of target.

(2) Performance-based restricted stock units and all service-based restricted stock units are treated as fully earned at target level and the period of restriction lapses upon a change in control and subsequent termination of employment.

(3) If Mr. Falconer terminates employment on account of his disability, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based restricted stock units (including forfeiture of some or all shares) and unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(4) If Mr. Falconer dies while an employee, the period of restriction will lapse, and 2020 and 2021 performance-based restricted stock units will be treated as earned at the "target" level.

James A. Sandgren
President and Chief Operating Officer

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	For Cause Termination	Involuntary or Good Reason Termination Upon Change in Control	Termination on Account of Disability	Termination on Account of Death
Compensation:						
Base Salary	-0-	\$1,130,000	-0-	\$0	-0-	-0-
Short-Term Incentive Change in Control	-0-	\$960,500	-0-	\$0	-0-	-0-
Severance	-0-	-0-	-0-	\$3,601,875 ⁽²⁾	-0-	-0-
Long Term Incentive Performance-Based Restricted Stock Shares 2020-2022 (Performance Period)	\$713,475 ⁽¹⁾	-0-	-0-	\$475,650 ⁽³⁾	\$713,475 ⁽⁴⁾	\$475,650 ⁽⁵⁾
2021-2023 (Performance Period)	\$739,160 ⁽¹⁾	-0-	-0-	\$492,773 ⁽³⁾	\$739,160 ⁽⁴⁾	\$492,773 ⁽⁵⁾
Stock Options						
Unvested & Accelerated Service-Based Restricted Stock	-0-	-0-	-0-	-0-	-0-	-0-
Unvested Awards	\$315,270 ⁽¹⁾	-0-	-0-	\$315,270 ⁽³⁾	\$315,270 ⁽⁴⁾	\$315,270 ⁽⁵⁾
Benefits and Perquisites:						
Medical / Life & Outplacement	-0-	\$65,760	-0-	\$65,760	-0-	-0-
Total	\$1,767,905	\$2,156,260	-0-	\$4,951,328	\$1,767,905	\$1,283,693

(1) If Mr. Sandgren voluntarily terminates his employment, based upon his age and years of service, his termination would be classified as a retirement. As such, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based shares (including the forfeiture of some or all shares) and his unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(2) The Change in Control severance is calculated using Mr. Sandgren's actual 2020 bonus percentage at 150% of target.

(3) Performance-based restricted stock units and all service-based restricted stock units are treated as fully earned at target level and the period of restriction lapses upon a change in control and subsequent termination of employment.

(4) If Mr. Sandgren terminates employment on account of his disability, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based restricted stock units (including forfeiture of some or all shares) and unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(5) If Mr. Sandgren dies while an employee, the period of restriction will lapse, and the 2020 and 2021 performance-based restricted stock units will be treated as earned at the "target" level.

Jeffrey L. Knight
Executive Vice President
Chief Legal Counsel

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	For Cause Termination	Involuntary or Good Reason Termination Upon Change in Control	Termination on Account of Disability	Termination on Account of Death
Compensation:						
Base Salary	-0-	\$425,000	-0-	-0-	-0-	-0-
Short-Term Incentive Change in Control	-0-	\$212,500	-0-	-0-	-0-	-0-
Severance	-0-	-0-	-0-	\$1,487,500 ⁽²⁾	-0-	-0-
Long Term Incentive Performance-Based Restricted Stock Shares 2020-2022 (Performance Period)	\$305,775 ⁽¹⁾	-0-	-0-	\$203,850 ⁽³⁾	\$305,775 ⁽⁴⁾	\$203,850 ⁽⁵⁾
2021-2023 (Performance Period)	\$346,463 ⁽¹⁾	-0-	-0-	\$230,976 ⁽³⁾	\$346,463 ⁽⁴⁾	\$230,976 ⁽⁵⁾
Stock Options						
Unvested & Accelerated Service-Based Restricted Stock	-0-	-0-	-0-	-0-	-0-	-0-
Unvested Awards	\$144,960 ⁽¹⁾	-0-	-0-	\$144,960 ⁽³⁾	\$144,960 ⁽⁴⁾	\$144,960 ⁽⁵⁾
Benefits and Perquisites:						
Medical / Life & Outplacement	-0-	\$65,526	-0-	\$65,526	-0-	-0-
Total	\$797,198	\$703,026	\$0	\$2,132,812	\$797,198	\$579,786

(1) If Mr. Knight voluntarily terminates his employment, based upon his age and years of service, his termination would be classified as a retirement. As such, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based shares (including the forfeiture of some or all shares) and his unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(2) The Change in Control severance is calculated using Mr. Knight's actual 2020 bonus percentage at 150% of target.

(3) Performance-based restricted stock units and all service-based restricted stock units are treated as fully earned at target level and the period of restriction lapses upon a change in control and subsequent termination of employment.

(4) If Mr. Knight terminates employment on account of his disability, he will continue as a participant through the service and performance period, and his 2020 and 2021 performance-based units (including forfeiture of some or all shares) and unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(5) If Mr. Knight dies while an employee, the period of restriction will lapse, and 2020 and 2021 performance-based units will be treated as earned at the "target" level.

Kendra L. Vanzo
Senior Executive Vice President
Chief Administrative Officer

Executive Benefits and Payments Upon Termination	Voluntary Termination/ Retirement	Involuntary Not for Cause Termination	For Cause Termination	Involuntary or Good Reason Termination Upon Change in Control	Termination on Account of Disability	Termination on Account of Death
Compensation:						
Base Salary	-0-	\$375,000	-0-	-0-	-0-	-0-
Short-Term Incentive	-0-	\$243,750	-0-	-0-	-0-	-0-
Change in Control Severance	-0-	-0-	-0-	\$1,312,500 ⁽²⁾	-0-	-0-
Long Term Incentive						
Performance-Based Restricted Shares						
2020-2022 (Performance Period)	\$305,775 ⁽¹⁾	-0-	-0-	\$203,850 ⁽³⁾	\$305,775 ⁽⁴⁾	\$203,850 ⁽⁵⁾
2021-2023 (Performance Period)	\$346,463 ⁽¹⁾	-0-	-0-	\$230,976 ⁽³⁾	\$346,463 ⁽⁴⁾	\$230,976 ⁽⁵⁾
Stock Options						
Unvested & Accelerated	-0-	-0-	-0-	-0-	-0-	-0-
Service-Based Restricted Stock						
Unvested Awards	\$144,960 ⁽¹⁾	-0-	-0-	\$144,960 ⁽³⁾	\$144,960 ⁽⁴⁾	\$144,960 ⁽⁵⁾
Benefits and Perquisites:						
Medical / Life & Outplacement	-0-	\$54,570	-0-	\$54,570	-0-	-0-
Reduction for 280G						
Total	\$797,198	\$673,320	-0-	\$1,584,593	\$797,198	\$579,786

(1) If Ms. Vanzo voluntarily terminates her employment, based upon her age and years of service, her termination would be classified as a retirement. As such, she will continue as a participant through the service and performance period, and her 2020 and 2021 performance-based shares (including the forfeiture of some or all shares) and her unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(2) The Change in Control severance is calculated using Ms. Vanzo's actual 2020 bonus percentage at 150% of target.

(3) Performance-based restricted stock units and all service-based restricted stock units are treated as fully earned at target level and the period of restriction lapses upon a change in control and subsequent termination of employment.

(4) If Ms. Vanzo terminates employment on account of her disability, she will continue as a participant through the service and performance period, and her 2020 and 2021 performance-based units (including forfeiture of some or all shares) and unvested restricted stock will be determined at the end of those periods in accordance with the agreement(s) and paid shortly after the end of the period. The amount recorded assumes the maximum payment is earned under those agreement(s).

(5) If Ms. Vanzo dies while an employee, the period of restriction will lapse, and the 2020 and 2021 performance-based shares will be treated as earned at the "target" level.

(6) Under Code Section 4999, a 20% excise tax is imposed on change in control payments that are "excess parachute payments" within the meaning of Section 280G(b)(1). In order to provide Ms. Vanzo with the "best after tax" benefit in accordance with her Severance and Change In Control agreement, her payment would be reduced to the safe harbor amount which is three times her base amount less \$1.

BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table and accompanying footnotes set forth information concerning the beneficial ownership of the shares of our common stock and our depositary shares (each representing a 1/40th interest in a share of our Series C preferred stock) as of March 10, 2022 by each director and Named Executive Officer and all directors and executive officers as a group. Except as described below, each person has sole voting and investment power for all shares shown. Unless otherwise indicated, the address of each beneficial owner is c/o Old National Bancorp, One Main Street, Evansville, Indiana 47708.

For common stock, we calculated the percent of class based on 292,218,288 shares of common stock outstanding on March 10, 2022. We include shares of restricted stock subject to future vesting conditions for which an individual has voting but not dispositive power. We also include shares underlying performance-based restricted stock units and service-based restricted stock that could vest within 60 days of March 10, 2022, even though an individual has neither voting nor dispositive power. Those shares are deemed to be outstanding and beneficially owned by the person holding such securities for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. For our depositary shares (each representing a 1/40th interest in a share of our Series C preferred stock), we calculated the percent of class based on 4,900,000 depositary shares outstanding as of March 10, 2022.

<u>Name of Person</u>	<u>Number of Depositary Shares</u>	<u>Percent of Class</u>	<u>Number of Common Shares/Units (1)(2)(3)(4)</u>	<u>Percent of Class</u>
Barbara A. Boigegrain	-	*	53,877	*
Brendon B. Falconer	-	*	54,269	*
Thomas L. Brown	-	*	33,570	*
Kathryn J. Hayley	12,000	*	26,072	*
Peter J. Henseler	4,000	*	38,857	*
Daniel S. Hermann	-	*	27,740	*
Ryan C. Kitchell	-	*	27,865	*
Jeffrey L. Knight	-	*	116,081	*
Austin M. Ramirez	-	*	11,880	*
Ellen A. Rudnick	3,000	*	48,269	*
James C. Ryan, III	-	*	280,304	*
Thomas E. Salmon	-	*	18,114	*
Michael L. Scudder	4,000	*	438,122	*
James A. Sandgren	-	*	155,288	*
Rebecca S. Skillman	-	*	28,777	*
Michael J. Small	-	*	36,105	*
Derrick J. Stewart	-	*	20,045	*
Stephen C. Van Arsdell	2,000	*	32,849	*
Kendra L. Vanzo	-	*	83,236	*
Katherine E. White	-	*	19,503	*
Directors and Executive Officers as a Group (25 persons)	28,000	0.57%	2,034,628	0.70%

⁽¹⁾ Some of our directors and officers have deferred cash compensation (in the form of phantom common stock) or stock option gains (in the form of common stock equivalents) under our deferred compensation plans. Some of these deferred amounts will be paid in cash and others in shares of our common stock upon the director's or officer's retirement or other termination of employment or service with the Company. The directors participating in the First Midwest Bancorp, Inc. Nonqualified Deferred Compensation Plan for Nonemployee Directors have voting and investment power for the shares of phantom common stock but no dispositive power for the common stock equivalent shares. The directors and officers participating in the Old National Bancorp Directors Deferred Compensation Plan or the Old National Bancorp Executive Deferred Compensation Plan do not have voting, investment or dispositive power for their shares of phantom common stock. All shares held under our deferred compensation plans are included in the totals for our directors and officers. The number of shares of common stock to which our directors and officers would be entitled had their service or employment with the Company terminated as of March 10, 2022 is as follows: Mr. Brown, 30,170 shares; Mr. Henseler, 2,355 shares; Mr. Kitchell, 27,765 shares; Mr. Knight, 6,215 shares; Mr. Ryan, 6,383 shares; Mr. Salmon, 18,114 shares; Mr. Sandgren, 11,362 shares; Mr. Scudder, 12,407 shares; Mr. Stewart, 11,244 shares; Mr. Van Arsdell, 14,145 shares; Ms. Vanzo, 3,610 shares; and Ms. White, 10,703.

⁽²⁾ Includes the following shares of common stock held through the Company's 401(k) Plan: Mr. Knight, 12,936 shares; Mr. Ryan, 1,548 shares; Mr. Sandgren, 6,303 shares; and Ms. Vanzo, 5,860 shares.

⁽³⁾ Includes the following shares of restricted stock subject to future vesting conditions for which the individual has voting but not dispositive power: Mr. Falconer, 22,260 shares; Mr. Knight, 9,253 shares; Mr. Ryan, 86,312 shares; Mr. Sandgren, 27,305 shares; Mr. Scudder, 105,458 shares; and Ms. Vanzo, 13,534 shares.

⁽⁴⁾ Excludes the following shares underlying restricted stock units would not vest within 60 days of March 10, 2022 under the terms of the applicable award agreements and therefore are not included in the table: Mr. Falconer, 89,009 shares; Mr. Knight, 61,711 shares; Mr. Ryan, 517,508 shares; Mr. Sandgren, 234,277 shares; Mr. Scudder, 175,262 shares; and Ms. Vanzo, 73,967 shares.

SECURITIES OWNED BY CERTAIN BENEFICIAL OWNERS

The following table and accompanying footnotes set forth information concerning the beneficial ownership of the shares of common stock of the Company by each person or entity known by us to own beneficially more than 5% of our Common Stock as of December 31, 2021.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percent of Common Stock</u>
BlackRock, Inc. 55 E. 52 nd Street New York, NY 10055	24,254,518 ⁽¹⁾	14.60%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	18,561,683 ⁽²⁾	11.19%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746	10,547,044 ⁽³⁾	6.40%
State Street Corporation State Street Financial Center 1 Lincoln Street Boston, MA 02111	9,958,135 ⁽⁴⁾	6.01%

- ⁽¹⁾ Ownership based on the Schedule 13G/A filed by BlackRock, Inc. on January 27, 2022, which reported 24,254,518 shares beneficially owned with sole voting power over 24,046,934 shares and sole dispositive power over 24,254,518 shares.
- ⁽²⁾ Ownership based on the Schedule 13G/A filed by The Vanguard Group on February 10, 2022, reporting 18,561,683 shares beneficially owned with shared voting power over 145,366 shares, sole dispositive power over 18,265,073 shares, and shared dispositive power over 296,610 shares.
- ⁽³⁾ Ownership based on the Schedule 13G/A filed by Dimensional Fund Advisors, LP on February 8, 2022, reporting 10,547,044 shares beneficially owned with sole voting power over 10,332,714 shares, and sole dispositive power over 10,547,044 shares.
- ⁽⁴⁾ Ownership based on the Schedule 13G filed by State Street Corporation on February 10, 2022, reporting 9,958,135 shares beneficially owned with shared voting power over 9,604,352 shares and shared dispositive power over 9,604,352 shares.

DELIQUENT SECTION 16(a) REPORTS

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who beneficially own more than 10% of the Company common stock to file with the SEC reports showing ownership of and changes of ownership in shares of the Company's common stock and other equity securities. On the basis of reports and representations submitted by the Company's directors, executive officers and greater-than-10% owners, the Company believes that all required Section 16(a) filings for fiscal year 2021 were timely made.

Item 3 – APPROVAL OF A NON-BINDING ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION

In accordance with applicable SEC requirements, we are seeking advisory shareholder approval of the compensation of the NEOs as disclosed in this Proxy Statement. This proposal, commonly known as a “say-on-pay” proposal, provides our shareholders with the opportunity to endorse or not endorse our executive pay program through the following resolution:

RESOLVED, that the shareholders advise that they approve the compensation of the Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure shall include the “*Compensation Discussion and Analysis*” section of this Proxy Statement).

In response to the voting results for the frequency of the “say-on-pay” vote at the 2017 Annual Meeting, we are providing shareholders with the opportunity to provide annually a “say-on-pay” advisory vote.

Because your vote is advisory, it will not be binding upon the Board. However, the Board and the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

We believe that our compensation policies and procedures are centered on a pay-for-performance culture and are aligned with the long-term interests of our shareholders and practices of companies in our peer group.

We believe that our CEO and executive management have successfully managed the Company in a competitive and ever-changing economic and banking environment, including navigation of the effects of the COVID-19 pandemic. In 2021, the Company delivered strong standalone operating results. Financial highlights for 2021 include:

- Earnings per share of \$1.67 compared to \$1.36 in 2020
 - Adjusted earnings per share of \$1.73 compared to \$1.50 in 2020
- Record net income of \$277.5 million compared to \$226.4 million in 2020
 - Record adjusted net income of \$286.5 million compared to \$250.3 million in 2020
- Record wealth management revenues
- Total loan and total commercial loan growth, excluding PPP loans, of 4.6% and 7.2%, respectively
- Continued strong credit quality, with net charge-offs (recoveries) to average loans of (0.03)% compared to 0.02% in 2020
- Adjusted return on average tangible common equity of 15.4% compared to 14.6% in 2020
- Continued favorable adjusted efficiency ratio of 56.8%, which was consistent with 2020 and continues to reflect effective cost controls

Our Board recommends a vote FOR this resolution because it believes the programs and practices described in the Compensation Discussion and Analysis section of this Proxy Statement are effective in achieving the Company’s goals of rewarding financial performance, aligning our executives’ long-term interests with those of the shareholders and also motivating the executives to remain with the Company for long and productive careers.

Shareholders are encouraged to carefully review the information provided in this Proxy Statement regarding the compensation of our NEOs in the section captioned “Compensation Discussion and Analysis” beginning on page 42.

**The Board unanimously recommends that shareholders vote “FOR” approval of the
advisory vote on Executive Compensation**

**Item 4 – RATIFICATION OF THE APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board proposes the ratification by the shareholders at the Annual Meeting of the Audit Committee's appointment of Crowe LLP, as the independent registered public accounting firm for the Company and its subsidiaries for the fiscal year ending December 31, 2022. Although ratification by the shareholders of the Company's independent registered public accounting firm is not required, the Company deems it desirable to continue its established practice of submitting such selection to our shareholders. In the event the appointment of Crowe LLP is not ratified by shareholders, the Audit Committee of the Board will consider appointment of other independent registered public accounting firms for the fiscal year ending December 31, 2022, but may determine to retain Crowe LLP nonetheless. A representative of Crowe LLP will attend the virtual Annual Meeting and will have the opportunity to make a statement or respond to any questions that shareholders may have.

**The Board unanimously recommends that shareholders vote “FOR” the ratification
of the appointment of Crowe LLP as our independent registered public
accounting firm for the fiscal year ending December 31, 2022.**

FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table sets forth the approximate fees for services rendered by Crowe LLP for fiscal years 2021 and 2020 to the Company and its subsidiaries, as well as expenses incurred in connection with these services.

	<u>2021</u>	<u>2020</u>
Audit Fees	\$1,664,000	\$1,503,250
Audit Related Fees	-0-	-0-
Tax Fees	-0-	-0-
All Other Fees	58,500	-0-
Total	<u>\$1,722,500</u>	<u>\$1,503,250</u>

Audit Fees

Audit Fees consist of fees for professional services and related services rendered for the audits of (i) the Company's consolidated financial statements and its internal control over financial reporting as of December 31, 2021 and 2020, (ii) the limited reviews of the interim consolidated financial statements included in quarterly reports on Form 10-Q, (iii) the services that are normally provided by the principal accountant in connection with statutory and regulatory filings or engagements, and (iv) other services that generally only the principal accountant can provide. These services included fees for the audit of the financial statements of Indiana Old National Insurance Company in 2021, HUD audits for 2021 and consents in connection with registration statements filed by the Company with the SEC in 2021.

All Other Fees

All Other Fees consist of fees for all other services provided other than those described above.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee has adopted procedures for pre-approving all audit and non-audit services provided by the independent registered public accounting firm; all of the fees and services described above were pre-approved under these procedures. The Audit Committee also will pre-approve non-audit services that are permissible under the Sarbanes-Oxley Act of 2002 and the rules of the SEC on a case-by-case basis. The Audit Committee may delegate pre-approval authority to one or more of its members. Such pre-approvals are reported to the Audit Committee at its next scheduled meeting.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is comprised of six independent directors meeting the applicable requirements of the SEC and NASDAQ. Additionally, two of the members, Stephen C. Van Arsdell and Ryan C. Kitchell, qualify as “Audit Committee Financial Experts” as defined by the SEC and have been so designated.

Audit Committee Responsibilities and Actions

The Audit Committee’s key responsibilities are set forth in its charter, which has been approved by the Board and which is available on the Company’s website.

The principal responsibilities of the Audit Committee are, among others, to assist the Board in its oversight of:

- (i) the integrity of the Company’s financial statements;
- (ii) the appointment, independence, qualifications and performance of the independent registered public accounting firm;
- (iii) the scope and results of the independent registered public accounting firm’s audits and other services, if any;
- (iv) the Company’s system of internal controls over financial reporting;
- (v) the services and performance of the Company’s internal audit function;
- (vi) the Company’s actions in response to matters raised by the independent registered public accounting firm or the internal auditors; and
- (vii) the Company’s compliance with legal and regulatory requirements in relation to financial reporting.

The Audit Committee reviewed and discussed with management and Crowe LLP the Company’s consolidated financial statements for the year ended December 31, 2021 as well as Crowe LLP’s reports on its audit of such financial statements and the Company’s internal control over financial reporting at December 31, 2021; discussed with Crowe LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the SEC; received the required written disclosures and the letter from Crowe LLP under applicable PCAOB standards regarding auditor independence; and discussed with Crowe LLP its independence.

The Audit Committee has established policies and procedures regarding the pre-approval of all services provided by Crowe LLP; reviewed all proposed audit and non-audit services to be provided by Crowe LLP; considered whether such services are compatible with maintaining Crowe LLP’s independence; and has pre-approved all such services prior to their performance.

While the Enterprise Risk Committee of the Board has primary oversight responsibility for the Company’s compliance activities, the Audit Committee also monitors the Company’s compliance with banking laws and regulations and other risk management activities that might raise material issues regarding the Company’s financial statements, accounting policies or internal controls over financial reporting.

In carrying out its oversight responsibilities, the Audit Committee relies on the expertise and knowledge of management, the independent registered public accounting firm and the internal auditors, as follows:

- (i) Management is responsible for preparing the Company’s financial statements in accordance with U.S. generally accepted accounting principles and for maintaining appropriate internal controls over financial reporting.
- (ii) The Company’s independent registered public accounting firm was responsible for conducting audits of the Company’s financial statements and the Company’s internal controls over financial reporting and rendering its reports thereon.
- (iii) The Company’s internal auditors are responsible for evaluating the adequacy and effectiveness of the Company’s processes and system of internal controls to achieve the Company’s stated goals and objectives.

It is not the duty of the Audit Committee to plan or conduct audits related to the Company’s financial statements or internal controls nor to conduct other types of audits, accounting reviews or similar procedures.

Sarbanes-Oxley Act of 2002

As required by the Sarbanes-Oxley Act of 2002, the Audit Committee has established procedures for the confidential submission of employee concerns regarding accounting, auditing or internal control matters. These procedures provide for appropriate monitoring and follow-up on any such matters submitted. In addition, the Company's Chief Ethics Officer is charged with promptly reporting to the Audit Committee any matter of which the Chief Ethics Officer becomes aware involving any serious or potentially serious breach of the Code of Business Conduct and Ethics or other Company policies involving any accounting or auditing matters, allegations of fraud, or misconduct by senior management.

Conclusion

In reliance on the matters and discussions referred to above, the reports of management and the independent registered public accounting firm and the representations of management, the Audit Committee recommended to the Board that the Company's audited financial statements as of and for the year ended December 31, 2021 be included in the Company's Annual Report on Form 10-K for the same year, as filed with the SEC.

Members of the Audit Committee

Stephen C. Van Arsdell, Chairperson

Thomas L. Brown

Daniel S. Hermann

Ryan C. Kitchell

Michael J. Small

Katherine E. White

TRANSACTIONS WITH MANAGEMENT AND OTHERS

The executive officers and directors of the Company are at present, as in the past, customers of one or more of the Company's subsidiaries and have had and expect in the future to have similar transactions with these subsidiaries in the ordinary course of business. In addition, some of the executive officers and directors of the Company are at present, as in the past, officers, directors or principal shareholders of corporations which are customers of these subsidiaries and which have had and expect to have transactions with the subsidiaries in the ordinary course of business. All such transactions were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present other unfavorable features.

Related party transactions are evaluated on a case-by-case basis in accordance with the applicable provisions of our By-Laws and our Code of Business Conduct and Ethics of the Company.

Contracts or transactions between the Company and the persons described above are valid for all purposes, if the fact of such interest is disclosed to the Board and the Board authorizes, approves and ratifies such contract or transaction by a vote of a majority of the directors present at the meeting at which the contract or transaction is considered. In the case where a director has an interest in the transaction or contract, the director is permitted to attend the meeting of the Board at which the transaction is considered and may be counted for purposes of determining if a quorum is present. The vote of the interested director may not, however, be counted for purposes of determining whether the transaction is approved by a majority of the directors present.

Old National Bank, which is the Company's banking subsidiary, has made, and expects to make in the future, loans in the ordinary course of business to directors and officers of the Company, members of their immediate families and corporations and other entities in which they may have a controlling interest. The loans to such persons are, and will be, made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company or Old National Bank, and did not, or will not, involve more than the normal risk of collectability or present other unfavorable features.

SHAREHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR THE 2023 ANNUAL MEETING

Proposals submitted by shareholders under SEC Rule 14a-8 to be presented at our 2023 annual meeting of shareholders must be received by the Company at its principal executive office no later than December 9, 2022 to be considered for inclusion in the proxy statement and form of proxy relating to that meeting. Any such proposals should be received by our Corporate Secretary at P.O. Box 718, Evansville, Indiana 47705-0718 no later than December 9, 2022.

Proposals or director nominations submitted by shareholders under our By-Laws outside of SEC Rule 14a-8 (but not necessarily included in our proxy statement for that meeting) in connection with our 2023 annual meeting of shareholders must comply with the requirements of our By-Laws and be received by the Company at its principal executive office no later than December 9, 2022. Any such nomination should be received by our Corporate Secretary at P.O. Box 718, Evansville, Indiana 47705-0718 no later than December 9, 2022.

All nominations of persons to serve as directors of the Company must be made in accordance with the requirements contained in the Company's By-Laws. In addition to satisfying the requirements contained in the Company's By-Laws, shareholders who intend to solicit proxies in support of director nominees other than the Company's nominees must provide notice that sets forth the information required by Rule 14a-19 of the Securities Exchange Act of 1934 no later than February 7, 2023.

ANNUAL REPORT

Upon written request, the Company will provide, without charge, to each shareholder who does not otherwise receive a copy of the Company's annual report to shareholders with a copy of the Company's annual report on Form 10-K filed with the SEC for the year ended December 31, 2021. Requests should be addressed to:

Old National Bancorp
c/o Corporate Secretary
P. O. Box 718
Evansville, Indiana 47705-0718

OTHER MATTERS

The Board does not know of any matters for action by shareholders at the 2022 Annual Meeting other than the matters described in the accompanying Notice of Annual Meeting. However, the enclosed Proxy Card will confer upon the named proxies authority with respect to matters which are not known to the Board at the time of the printing hereof and which may properly come before the Annual Meeting. It is the intention of the persons named as proxies to vote pursuant to the Proxy Card with respect to such matters in accordance with their judgment.

It is important that proxies be returned promptly. Shareholders are requested to complete, sign and return their proxies in order that a quorum for the Annual Meeting may be assured. You may also vote your proxy via the Internet or by telephone. If you do not vote your proxy via the Internet or by telephone, then it may be mailed in the enclosed envelope, to which no postage need be affixed.

**OLD NATIONAL BANCORP
AMENDED AND RESTATED 2008 INCENTIVE COMPENSATION PLAN
(Amended and Restated as of May 10, 2012, and
further Amended and Restated as of April 27, 2017, and further Amended as of
April 29, 2021)**

**ARTICLE I.
PURPOSE AND DURATION**

Section 1.01. Establishment of the Plan. Old National Bancorp, an Indiana corporation, hereby establishes an equity-based incentive compensation plan, to be known as the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan ("Plan"), amended and restated as of May 10, 2012, and further amended and restated as of April 27, 2017. The Plan was initially approved by the shareholders of the Company on May 15, 2008. This amendment and restatement of the Plan was adopted by the Company's Board on January 26, 2017, contingent on shareholder approval, and it became effective upon the shareholders' approval of the Plan on April 27, 2017.

Section 1.02. Purposes of the Plan. The purposes of the Plan are to further the growth and financial success of the Company and its Affiliates by aligning the interests of Participants more closely with the interests of the Company's shareholders; to provide Participants with an additional incentive to excel in performing services for the Company and its Affiliates, and to promote teamwork among Participants. The Plan is further intended to provide flexibility to the Company and its Affiliates in attracting, motivating, and retaining directors and key employees. To achieve these objectives, the Plan provides for the grant of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares, Shares, and Short-Term Incentive Awards.

**ARTICLE II.
DEFINITIONS AND RULES OF INTERPRETATION**

Section 2.01. Definitions. For purposes of the Plan, the following words and phrases shall have the following meanings, unless a different meaning is plainly required by the context:

- (a) "Act" or "1934 Act" means the Securities Exchange Act of 1934, as amended from time to time.
- (b) "Affiliate" means any corporation or any other entity (including, but not limited to, a partnership, limited liability company, joint venture, or Subsidiary) controlling, controlled by, or under common control with the Company.
- (c) "Affiliated SAR" means an SAR that is granted in connection with a related Option and is deemed to be exercised at the same time as the related Option is exercised.
- (d) "Aggregate Share Limit" has the meaning specified in Section 4.01(a).
- (e) "Award" means, individually or collectively, a grant under the Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Service-Based Restricted Stock, Performance-Based Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares, Shares, or Short-Term Incentive Awards.
- (f) "Award Agreement" means the written agreement that sets forth the terms and conditions applicable to an Award.
- (g) "Board" or "Board of Directors" means the Company's Board of Directors, as constituted from time to time.
- (h) "Cashless Exercise" means, if there is a public market for the Shares, the payment of the Exercise Price for Options (i) through a same day sale commitment from the Participant and a FINRA member firm, whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay the Exercise Price, and whereby the FINRA member firm irrevocably commits upon receipt of such stock to forward the Exercise Price directly to the Company, or (ii) through a margin commitment from the Participant and a FINRA member firm whereby the Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the FINRA member firm in a margin account as security for a loan from

the FINRA member firm in the amount of the Exercise Price and whereby the FINRA member firm irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company.

- (i) "*Cause*" means, for purposes of determining whether and when a Participant has incurred a Termination of Service for Cause, (i) any act or failure to act that permits the Company or an Affiliate to terminate the written agreement or arrangement between the Participant and the Company or Affiliate for "*cause*," as defined in such agreement or arrangement or, (ii) if there is no such agreement or arrangement, or the agreement or arrangement does not define the term "*cause*," any act or failure to act deemed to constitute "*cause*" under the Company's established and applied practices, policies, or guidelines applicable to the Participant.
- (j) "*Change in Control*" has the meaning specified in Section 15.02.
- (k) "*Code*" means the Internal Revenue Code of 1986, as amended from time to time.
- (l) "*Committee*" means the Compensation and Management Development Committee of the Board or such other committee appointed by the Board pursuant to Section 3.01 to administer the Plan.
- (m) "*Company*" means Old National Bancorp, an Indiana corporation, and any successor thereto.
- (n) "*Covered Employee*" means an Employee who is a "*covered employee*" as defined in Code Section 162(m)(3).
- (o) "*Director*" means any individual who is a member of the Board of Directors.
- (p) "*Effective Date*" means May 15, 2008, which is the date on which the Company's shareholders initially approved the Plan.
- (q) "*Employee*" means an officer or key employee of the Company or an Affiliate.
- (r) "*Exercise Price*" means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option.
- (s) "*Fair Market Value*" means, with respect to a Share as of a particular date, the per share closing price for the Shares on such date, as reported by the principal exchange or market over which the Shares are then listed or regularly traded. If Shares are not traded over the applicable exchange or market on the date as of which the determination of Fair Market Value is made, "*Fair Market Value*" means the per share closing price for the Shares on the most recent preceding date on which the Shares were traded over such exchange or market. If the Shares are not traded on national securities exchange or market, the "*Fair Market Value*" of a Share shall be determined by the Committee in a reasonable manner pursuant to a reasonable valuation method. Notwithstanding anything to the contrary in the foregoing, as of any date, the "*Fair Market Value*" of a Share shall be determined in a manner consistent with avoiding adverse tax consequences under Code Section 409A and, with respect to an Incentive Stock Option, in the manner required by Code Section 422.
- (t) "*FINRA*" means the Financial Industry Regulatory Authority.
- (u) "*Fiscal Year*" means the annual accounting period of the Company.
- (v) "*Freestanding SAR*" means an SAR that is granted independently of any Option.
- (w) "*Good Reason*" means, with respect to any Participant, the meaning ascribed to such term in any employment, severance or change in control agreement entered into by such Participant. If the Participant has not entered into any employment, severance, or change in control agreement with a definition of "*Good Reason*," then "*Good Reason*" means the occurrence of one or more of the following events within the two-year period following a Change in Control:
 - (i) A material diminution in the Participant's authority, duties, or responsibilities or in those of the individual to whom the Participant is required to report;
 - (ii) The Participant's annual base salary is materially reduced;
 - (iii) The Participant's principal place of employment with the Company or the Post-CIC Entity is relocated a material distance (which for this purpose shall be deemed to be more than 50 miles) from such Participant's principal place of employment immediately prior to the Change in Control; or

- (iv) Any other action or inaction that constitutes a material breach by the Company or the Post-CIC Entity of this Plan, any Award Agreement or any other agreement under which the Participant provides his or her services to the Company or the Post-CIC Entity.
- (x) "*Grant Date*" means the date specified by the Committee or the Board on which a grant of an Award under this Plan will become effective, which date will not be earlier than the date on which the Committee or the Board takes action with respect thereto.
- (y) "*Incentive Stock Option*" means an option to purchase Shares that is granted pursuant to the Plan, is designated as an "*incentive stock option*," and satisfies the requirements of Code Section 422.
- (z) "*1999 Plan*" means the Old National Bancorp 1999 Equity Incentive Plan, which was approved by shareholders on April 15, 1999.
- (aa) "*Nonqualified Stock Option*" means an option to purchase Shares that is granted pursuant to the Plan and is not an Incentive Stock Option.
- (bb) "*Option*" means an Incentive Stock Option or a Nonqualified Stock Option.
- (cc) "*Option Period*" means the period during which an Option is exercisable in accordance with the applicable Award Agreement and Article VI.
- (dd) "*Participant*" means an Employee or a Director to whom an Award has been granted.
- (ee) "*Performance Award*" means, with respect to a Participant for a Performance Period, an Award under which the amount payable to the Participant (if any) is contingent on the achievement of pre-established Performance Targets during the Performance Period.
- (ff) "*Performance-Based Compensation*" means compensation described in Code Section 162(m)(4)(C) that is excluded from "*applicable employee remuneration*" under Code Section 162(m).
- (gg) "*Performance-Based Restricted Stock*" means Restricted Stock that is subject to forfeiture unless specified Performance Targets are satisfied during the Performance Period.
- (hh) "*Performance Measures*" means, with respect to a Performance Award, the objective factors used to determine the amount (if any) payable pursuant to the Award. "*Performance Measures*" shall be based on any of the factors listed below, alone or in combination, as determined by the Committee. Such factors may be applied (i) on a corporate-wide or business-unit basis, (ii) including or excluding one or more Subsidiaries, (iii) in comparison with plan, budget, or prior performance, and/or (iv) on an absolute basis or in comparison with peer-group performance. The factors that may be used as Performance Measures are: (1) interest income; (2) net interest income; (3) interest expense; (4) net interest margin; (5) non-interest income; (6) fee income; (7) revenues; (8) securities gains or losses; (9) other income; (10) deposits; (11) deposit growth; (12) deposit market share; (13) non-interest expense; (14) total expenses; (15) efficiency ratio; (16) credit quality; (17) non-performing assets; (18) net charge offs; (19) provision expense; (20) operating income; (21) budgeted margin (which is business unit income before taxes excluding intangible amortization and unallocated expenses); (22) net income; (23) earnings per share; (24) return on assets; (25) return on equity; (26) return on average tangible common equity; (27) return on average tangible common shareholders' equity; (28) regulatory capital ratios; (29) stock price; (30) dividends; (31) total shareholder return; (32) operating leverage; (33) productivity; (34) customer satisfaction; (35) employee diversity goals or employee turnover; (36) specified objective social goals; and (37) goals relating to acquisitions or divestitures of subsidiaries or business units. Performance Measures may differ from Participant to Participant and from Award to Award.
- (ii) "*Performance Period*" means the period of time during which Performance Targets must be achieved with respect to an Award, as established by the Committee.
- (jj) "*Performance Share*" means an Award granted to a Participant pursuant to Section 10.01, the initial value of which is equal to the Fair Market Value of a Share on the Grant Date.
- (kk) "*Performance Targets*" means, with respect to a Performance Award for a Performance Period, the objective performance under the Performance Measures for that Performance Period that will result in payments under the Performance Award. Performance Targets may differ from Participant to Participant and Award to Award.

- (ll) "*Performance Unit*" means an Award granted to a Participant pursuant to Section 10.01, the initial value of which is established by the Committee on or before the Grant Date.
- (mm) "*Period of Restriction*" means the period during which a Share of Restricted Stock is subject to restrictions and a substantial risk of forfeiture.
- (nn) "*Plan*" means the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan, as set out in this instrument and as hereafter amended from time to time.
- (oo) "*Post-CIC Entity*" means any entity (or any successor or parent thereof) that effects a Change in Control pursuant to Article XVI.
- (pp) "*Restricted Stock*" means an Award granted to a Participant pursuant to Section 8.01.
- (qq) "*Restricted Stock Unit*" means an Award granted to a Participant pursuant to Section 9.01 and represents the right of the Participant to receive Shares or cash at the end of the specified period.
- (rr) "*Retirement*" means, with respect to a Participant, Termination of Service after having (i) completed at least five years of service with the Company and (ii) reached age fifty-five (55). For purposes of the preceding sentence, service with an Affiliate shall be considered service with the Company.
- (ss) "*Rule 16b-3*" means Rule 16b-3 under the 1934 Act and any future rule or regulation amending, supplementing, or superseding such rule.
- (tt) "*Section 16 Person*" means a person subject to potential liability under Section 16(b) of the 1934 Act with respect to transactions that involve equity securities of the Company.
- (uu) "*Service-Based Restricted Stock*" means Restricted Stock with restrictions based only on the Participant's continued service to the Company and/or an Affiliate.
- (vv) "*Shares*" means the whole shares of issued and outstanding regular voting common stock, no par value, of the Company, whether presently or hereafter issued and outstanding, and any other stock or securities resulting from adjustment thereof as provided in Section 4.04, or the stock of any successor to the Company that is so designated for the purposes of the Plan.
- (ww) "*Short-Term Incentive Award*" means an Award pursuant to the STIP.
- (xx) "*STIP*" means the Old National Bancorp Short-Term Incentive Plan for Executive Employees, as set out in Appendix A, and as amended from time to time. The terms of the STIP are part of the Plan as if fully set out herein.
- (yy) "*Stock Appreciation Right*" or "*SAR*" means an Award, granted alone or in connection or tandem with a related Option, that is designated as an SAR pursuant to Section 7.01.
- (zz) "*Subsidiary*" means any corporation (including, without limitation, any bank, savings association, financial institution, or financial services company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.
- (aaa) "*Tandem SAR*" means an SAR that is granted in tandem with a related Option, the exercise of which requires forfeiture of the right to exercise the related Option with respect to an equal number of Shares and that is forfeited to the extent that the related Option is exercised.
- (bbb) "*Termination of Service*," "*Terminates Service*," "*Terminated*," or any variation thereof means a separation from service within the meaning of Code Section 409A(a)(2)(A)(i).

Section 2.02. Rules of Interpretation. The following rules shall govern in interpreting the Plan:

- (a) Except to the extent preempted by United States federal law or as otherwise expressly provided herein, the Plan and all Award Agreements shall be interpreted in accordance with and governed by the internal laws of the State of Indiana without giving effect to any choice or conflict of law provisions, principles, or rules.
- (b) The Plan and all Awards are intended to be exempt from or comply with the requirements of Code Section 409A and all other applicable laws, and this Plan shall be so interpreted and administered. In addition to the

general amendment rights of the Company with respect to the Plan, the Company specifically retains the unilateral right (but not the obligation) to make, prospectively or retroactively, any amendment to this Plan and any Award Agreement or any related document as it deems necessary or desirable to more fully address issues in connection with compliance with (or exemption from) Code Section 409A. In no event, however, shall this section or any other provisions of this Plan be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Plan. Except as may be expressly provided in another agreement to which the Company is bound, the Company and its Affiliates shall have no responsibility for tax or legal consequences to any Participant (or beneficiary) resulting from the terms or operation of this Plan.

- (c) Any reference herein to a provision of law, regulation, or rule shall be deemed to include a reference to the successor of such law, regulation, or rule.
- (d) To the extent consistent with the context, any masculine term shall include the feminine, and vice versa, and the singular shall include the plural, and vice versa.
- (e) If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity of that provision shall not affect the remaining parts of the Plan, and the Plan shall be interpreted and enforced as if the illegal or invalid provision had never been included herein.
- (f) The grant of Awards and issuance of Shares hereunder shall be subject to all applicable statutes, laws, rules, and regulations and to such approvals and requirements as may be required from time to time by any governmental authority or securities exchange or market on which the Shares are then listed or traded.
- (g) The descriptive headings and sections of the Plan are provided for convenience of reference only and shall not serve as a basis for interpretation of the Plan.

ARTICLE III. ADMINISTRATION

Section 3.01. *The Committee.* The Committee shall administer the Plan and, subject to the provisions of the Plan and applicable law, may exercise its discretion in performing its administrative duties. The Committee shall consist of not fewer than three (3) Directors, and Committee action shall require the affirmative vote of a majority of its members. The members of the Committee shall be appointed by, and shall serve at the pleasure of, the Board of Directors. The Committee shall be composed solely of Directors who are both (i) non-employee directors under Rule 16b-3 and (ii) outside directors under Code Section 162(m)(3)(C)(ii).

Section 3.02. *Authority of the Committee.* Except as limited by law or by the Articles of Incorporation or By-Laws of the Company, and subject to the provisions of the Plan, the Committee shall have full power and discretion to (a) select the Employees who shall participate in the Plan; (b) determine the sizes and types of Awards; (c) determine the terms and conditions of Awards in a manner consistent with the Plan; (d) construe and interpret the Plan, all Award Agreements, and any other agreements or instruments entered into under the Plan; (e) establish, amend, or waive rules and regulations for the Plan's administration; and (f) amend the terms and conditions of any outstanding Award and applicable Award Agreement to the extent that such terms and conditions are within the discretion of the Committee, subject to the provisions of this Plan and any applicable law. Further, the Committee shall make all other determinations that may be necessary or advisable for the administration of the Plan. Each Award shall be evidenced by a written Award Agreement between the Company and the Participant and shall contain such terms and conditions established by the Committee consistent with the provisions of the Plan. Notwithstanding the preceding provisions, the Committee shall not have any authority to take any action with respect to an Award intended to constitute Performance-Based Compensation that would disqualify it from being such. Except as limited by applicable law or the Plan, the Committee may use its discretion to the maximum extent that it deems appropriate in administering the Plan. The full Board will have the authority outlined above in this Section 3.02 with respect to Awards granted to a non-employee Director. Any reference to the "Committee" in this Plan shall mean "Board" with respect to any Award granted to a non-employee Director.

Section 3.03. *Delegation by the Committee.* The Committee may delegate all or any part of its authority and powers under this Plan to one or more Directors or officers of the Company; provided, however, the Committee may not delegate its authority and powers (i) with respect to grants to Section 16 Persons, (ii) in a way that would jeopardize the Plan's satisfaction of Rule 16b-3, or (iii) with respect to grants intended to constitute Performance-Based Compensation.

Section 3.04. Decisions Binding. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee pursuant to this Article shall be final, conclusive, and binding on all persons, including the Company and Participants.

ARTICLE IV. SHARES SUBJECT TO THIS PLAN

Section 4.01. Number of Shares.

- (a) Subject to adjustment as provided in Section 4.04 and any limitations specified elsewhere in the Plan, the maximum number of Shares cumulatively available for issuance under the Plan pursuant to (i) the exercise of Options, (ii) the grant of Affiliated, Freestanding, and Tandem SARs, (iii) the grant of Restricted Stock, (iv) the payment of Performance Units and Performance Shares, and/or (v) the grant of Shares shall not exceed the sum of the following (the "Aggregate Share Limit"):
 - (i) one million Shares, plus
 - (ii) any Shares covered by an award under this Plan or the 1999 Plan that are forfeited or remain unpurchased or undistributed upon termination or expiration of the award, plus
 - (iii) any Shares available for awards under the 1999 Plan on the date of its termination.
- (b) Shares covered by an Award granted under the Plan shall not be counted as used unless and until they are actually issued and delivered to a Participant and, therefore, the Aggregate Share Limit as of a given date shall not be reduced by any Shares relating to prior awards that have expired or have been forfeited or cancelled. If the Company pays the benefit provided by any Award granted under the Plan to the respective Participant in cash, any Shares that were covered by such Award will be available for issue or transfer hereunder. Notwithstanding anything to the contrary contained herein:
 - (i) if Shares are tendered or otherwise used in payment of the Exercise Price of an Option, the total number of Shares covered by the Option being exercised shall count against the Aggregate Share Limit;
 - (ii) any Shares withheld by the Company to satisfy a tax withholding obligation shall count against the Aggregate Share Limit;
 - (iii) the number of Shares covered by a SAR, to the extent that it is exercised and settled in Shares, and whether or not Shares are actually issued to the Participant upon exercise of the SAR, shall be considered issued or transferred pursuant to the Plan and shall count against the Aggregate Share Limit; and
 - (iv) in the event that the Company repurchases Shares with proceeds from the exercise of an Option, those Shares will not be added to the Aggregate Share Limit. If, under the Plan, a Participant has elected to give up the right to receive compensation in exchange for Shares based on their Fair Market Value, such Shares will not count against the Aggregate Share Limit.
- (c) Shares issued under the Plan may be authorized but unissued Shares, treasury Shares, reacquired Shares (including Shares purchased in the open market), or any combination thereof, as the Committee may from time to time determine. Shares covered by an Award that are forfeited or that remain unpurchased or undistributed upon termination or expiration of the Award may be made the subject of further Awards to the same or other Participants.
- (d) The total number of Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed One Million (1,000,000) Shares.

Section 4.02. Restrictions on Shares. Shares issued upon exercise of an Award shall be subject to the terms and conditions specified herein and to such other terms, conditions, and restrictions as the Committee may determine or provide in the Award Agreement. The Company shall not be required to issue or deliver any certificates for Shares, cash, or other property before (i) the listing of such Shares on any stock exchange (or other public market) on which the Shares may then be listed (or regularly traded) and (ii) the completion of any registration or qualification of such shares under federal, state, local, or other law, or any ruling or regulation of any government body that the Committee determines to be necessary or advisable. The Company may cause any certificate for Shares to be delivered hereunder to be properly marked with a legend or other notation reflecting the limitations on transfer of such Shares as provided in the Plan or as the Committee may otherwise require. Participants, or any other persons entitled to benefits under

the Plan, must furnish to the Committee such documents, evidence, data, or other information as the Committee considers necessary or desirable for the purpose of administering the Plan. The benefits under the Plan for each Participant and other person entitled to benefits hereunder are to be provided on the condition that such Participant or other person furnish full, true, and complete data, evidence, or other information, and that he or she promptly sign any document reasonably requested by the Committee. No fractional Shares shall be issued under the Plan; rather, fractional shares shall be aggregated and then rounded to the next lower whole Share.

Section 4.03. Shareholder Rights. Except with respect to Restricted Stock as provided in Article VIII, no person shall have any rights of a shareholder (including, but not limited to, voting and dividend rights) as to Shares subject to an Award until, after proper exercise or vesting of the Award or other action as may be required by the Committee, such Shares shall have been recorded on the Company's official shareholder records (or the records of its transfer agents or registrars) as having been issued and transferred to the Participant. Upon exercise of the Award or any portion thereof, the Company shall have a reasonable period in which to issue and transfer the Shares to the Participant, and the Participant shall not be treated as a shareholder for any purpose before such issuance and transfer. No payment or adjustment shall be made for cash dividends or other rights for which the record date is prior to the date on which such Shares are recorded as issued and transferred in the Company's official shareholder records (or the records of its transfer agents or registrars), except as provided herein or in an Award Agreement.

Section 4.04. Changes in Stock Subject to the Plan. In the event of any change in the Shares by virtue of a stock dividend, stock split or consolidation, reorganization, merger, spinoff, or similar transaction, the Committee shall, as it deems appropriate, adjust (i) the aggregate number and kind of Shares available for Awards, (ii) the number and kind of Shares subject to an Award, (iii) the number of Shares available for certain Awards under the limits set forth in Article XIII of this Plan and (iv) the terms of the Award to prevent the dilution of Shares or the diminution of the Awards. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all Awards so replaced in a manner that complies with Code Section 409A. In addition, for each Option or SAR with an Exercise Price greater than the consideration offered in connection with any such transaction or event or a Change in Control, the Committee may in its sole discretion elect to cancel such Option or SAR without any payment to the person holding such Option or SAR. The Committee's determination pursuant to this Section shall be final and conclusive, provided, however, no adjustment pursuant to this Section shall (i) be made to the extent that the adjustment would cause an Award to violate the requirements under Code Section 409A or (ii) change the One Hundred Thousand Dollar (\$100,000) limit on Incentive Stock Options first exercisable during a year, as set out in Section 6.01.

Section 4.05. Shares Exempt from Minimum Vesting Requirements. Notwithstanding any provision in the Plan to the contrary, up to 10% of Aggregate Share Limit, as may be adjusted under Section 4.04 of this Plan, may be used for (i) Awards granted under Articles VIII through X of this Plan that are not subject to the one-year vesting requirements for performance-based Awards set forth in Sections 6.05, 7.04, 8.04(a)(i), 9.04(a)(i) and 10.03(a)(i) of this Plan or the three-year vesting requirements for service-based Awards set forth in Sections 8.04(a)(ii) and 9.04(a)(ii) of this Plan and (ii) Awards of Shares granted pursuant to Article XI of this Plan.

ARTICLE V. ELIGIBILITY

Except as herein provided, individuals who are Employees or Directors shall be eligible to participate in the Plan and be granted Awards. The Committee may, from time to time and in its sole discretion, select the Employees to be granted Awards and determine the terms and conditions with respect thereto each Award. In making any such selection and in determining the form of an Award, the Committee may give consideration to the functions and responsibilities of the Employee and the Employee's contributions to the Company or its Affiliates, the value of the Employee's services (past, present, and future) to the Company or its Affiliates, and such other factors as it deems relevant. The Board will be responsible for determining the terms and conditions of Awards granted to non-employee Directors.

ARTICLE VI. STOCK OPTIONS

Section 6.01. Grant of Options. Subject to the terms and provisions of the Plan, the Committee may grant Options to any Employee (or Director) in such amounts as the Committee may determine. The Committee may grant Incentive Stock Options, Nonqualified Stock Options, or any combination thereof; provided that only Employees may be granted Incentive Stock Options. The Committee shall determine the number of Shares subject to each Option; subject to the express limitations of the Plan, including Article XIII. Furthermore, no Participant may be granted

Incentive Stock Options under this Plan (when combined with incentive stock options granted under any other plan of the Company or an Affiliate) that would result in Shares with an aggregate Fair Market Value (determined as of the Grant Date(s)) of more than One Hundred Thousand Dollars (\$100,000) first becoming exercisable in any one calendar year. To the extent that a purported Incentive Stock Option would violate the limitation specified in the preceding sentence, the Option shall be deemed a Nonqualified Stock Option.

Section 6.02. *Option Award Agreement.* Each Option shall be evidenced by an Option Award Agreement that shall specify the Exercise Price, the number of Shares to which the Option pertains, the Option Period, any conditions to exercise of the Option, and such other terms and conditions as the Committee shall determine. The Option Award Agreement also shall specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option. All grants of Options intended to constitute Incentive Stock Options and related Award Agreements shall comply with the requirements of Code Section 422.

Section 6.03. *Exercise Price.* Subject to the provisions of this Section, the Committee shall determine the Exercise Price under each Option.

- (a) ***Nonqualified Stock Options.*** The per-Share Exercise Price under a Nonqualified Stock Option shall be not less than one hundred percent (100%) of Fair Market Value of a Share on the Grant Date.
- (b) ***Incentive Stock Options.*** The per-Share Exercise Price under an Incentive Stock Option shall be not less than one hundred percent (100%) of Fair Market Value of a Share on the Grant Date; provided, however, if, on the Grant Date, the Participant (together with persons whose stock ownership is attributed to the Participant pursuant to Code Section 424(d)) owns securities possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the per-Share Exercise Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of a Share on the Grant Date.
- (c) ***Substitute Options.*** Notwithstanding the provisions of Subsections (a) and (b), if the Company or an Affiliate consummates a transaction described in Code Section 424(a) (e.g., the acquisition of property or stock from an unrelated corporation), individuals who become Employees on account of such transaction may be granted Options in substitution for options granted by such former employer or recipient of services. If such substitute Options are granted, the Committee, in its sole discretion and consistent with Code Section 424(a) and the requirements of Code Section 409A, may determine that such substitute Options shall have an Exercise Price less than one hundred (100%) of the Fair Market Value of the Shares to which the Options relate determined as of the Grant Dates. In carrying out the provisions of this Section, the Committee shall apply the principles contained in Section 4.04.

Section 6.04. *Duration of Options.* The Option Period with respect to each Option shall commence and expire at such times as the Committee shall provide in the Award Agreement, provided that:

- (a) Options shall not be exercisable more than ten years after their respective Grant Dates;
- (b) Incentive Stock Options granted to an Employee who possesses more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Subsidiary, taking into account the attribution rules of Code Section 422(d), shall not be exercisable later than five years after their respective Grant Date(s); and
- (c) Subject to the limits of this Article, the Committee may, in its sole discretion, after an Option is granted, extend the option term, provided that such extension is not an extension for purposes of Code Section 409A and the guidance thereunder or, in the case of an Incentive Stock Option, a modification, extension, or renewal for purposes of Code Section 424(h).

Section 6.05. *Exercisability of Options.* All Options granted under this Plan shall be exercisable at such times, under such terms, and subject to such restrictions and conditions as the Committee shall determine and specify in the applicable Award Agreement; provided, however, that except as provided in Section 4.05, the scheduled vesting period for any Option shall be at least one year. An Award Agreement for an Option may provide that such Option becomes exercisable in the event of the Participant's death, disability or retirement or in connection with a Change in Control.

Section 6.06. *Method of Exercise.* Subject to the provisions of this Article and the applicable Award Agreement, a Participant may exercise an Option, in whole or in part, at any time during the applicable Option Period by giving written notice to the Company of exercise on a form provided by the Committee (if available). Such notice shall specify the number of Shares subject to the Option to be purchased and shall be accompanied by payment in full

of the total Exercise Price by cash or check or such other form of payment as the Company may accept. If permitted by the Committee or the applicable the Award Agreement, payment in full or in part may also be made by:

- (a) subject to any conditions or limitations established by the Committee, delivering Shares already owned by the Participant and having a total Fair Market Value on the date of such delivery equal to the total Exercise Price;
- (b) to the extent permitted by law, the delivery of cash by a broker-dealer pursuant to a Cashless Exercise;
- (c) subject to any conditions or limitations established by the Committee, the Company's withholding of Shares from the Option having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price pursuant to a net exercise arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the shares so withheld will not be treated as issued and acquired by the Company upon such exercise); or
- (d) a combination of the foregoing;
- (e) to the extent permitted by law, in any other manner then permitted by the Committee.

No Shares shall be issued until full payment therefor has been made. A Participant shall have all of the rights of a shareholder of the Company holding the class of Shares subject to such Option (including, if applicable, the right to vote the shares and the right to receive dividends) when the Participant has given written notice of exercise, has paid the total Exercise Price, and such Shares have been recorded on the Company's official shareholder records (or the records of its transfer agents or registrars) as having been issued and transferred to the Participant.

Section 6.07. Restrictions on Share Transferability. In addition to the restrictions imposed by Section 17.09 of the Plan, the Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable or appropriate, including, but not limited to, restrictions related to applicable federal and state securities laws and the requirements of any national securities exchange or market on which Shares are then listed or regularly traded.

Section 6.08. Prohibition on Repricing of Stock Options. Except as permitted under Section 4.04 of the Plan, the terms of any outstanding Option may not be amended without shareholder approval to reduce the Exercise Price of such outstanding Option or to cancel such outstanding Option in exchange for cash, other Awards, or an Option or SAR with an exercise price that is less than the Exercise Price of the original Option.

ARTICLE VII. **STOCK APPRECIATION RIGHTS (“SARs”)**

Section 7.01. Grant of SARs. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Affiliated SARs, Freestanding SARs, Tandem SARs, or any combination thereof to any Employee (or Director) in such amounts as the Committee, in its sole discretion, shall determine. The Committee, subject to the provisions of this Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, the Exercise Price of a Freestanding SAR shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date, and the Exercise Price of a Tandem SAR or an Affiliated SAR shall be equal to the Exercise Price of the Option to which such SAR relates. The number of Shares to which an SAR relates as well as the Exercise Price for an SAR shall be subject to adjustment pursuant to Section 4.04.

Section 7.02. Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. The following requirements shall apply to all Tandem SARs: (i) the Tandem SAR shall expire not later than the date on which the related Option expires; (ii) the value of the payout with respect to the Tandem SAR shall be no more than one hundred percent (100%) of the difference between the Exercise Price of the underlying Option and one hundred percent (100%) of the Fair Market Value of the Shares subject to the related Option at the time the Tandem SAR is exercised; and (iii) the Tandem SAR shall be exercisable only when the Fair Market Value of the Shares subject to the Option to which the Tandem SAR relates exceeds the Exercise Price of such Option.

Section 7.03. Exercise of Affiliated SARs. An Affiliated SAR shall be deemed to be exercised upon the exercise of the Option to which the Affiliated SAR relates. Such deemed exercise of an Affiliated SAR shall not reduce the number of Shares subject to the related Option.

Section 7.04. Exercise of Freestanding SARs. Freestanding SARs shall be exercisable on such terms and conditions as the Committee, in its sole discretion, shall specify in the applicable Award Agreement; provided, however, that, except as provided in Section 4.05, the scheduled vesting period for any Freestanding SAR shall be at least one year. An Award Agreement for a Freestanding SAR may provide that such Freestanding SAR becomes exercisable in the event of the Participant's death, disability or retirement or in connection with a Change in Control.

Section 7.05. SAR Award Agreement. Each SAR shall be evidenced by an Award Agreement that specifies the exercise price, the expiration date of the SAR, the number of SARs, any conditions on the exercise of the SAR, and such other terms and conditions as the Committee, in its sole discretion, shall determine. The Award Agreement shall also specify whether the SAR is an Affiliated SAR, Freestanding SAR, Tandem SAR, or a combination thereof.

Section 7.06. Expiration of SARs. Each SAR granted under this Plan shall expire upon the date determined by the Committee, in its sole discretion, as set forth in the applicable Award Agreement. Notwithstanding the foregoing, the terms and provisions of Section 6.04 also shall apply to Affiliated and Tandem SARs.

Section 7.07. Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) the positive difference between the Fair Market Value of a Share on the date of exercise and the Exercise Price; by
- (b) the number of Shares with respect to which the SAR is exercised.

At the sole discretion of the Committee, such payment may be in cash, in Shares that have a Fair Market Value equal to the cash payment calculated under this Section, or in a combination of cash and Shares.

Section 7.08. Termination of SAR. An Affiliated SAR or Tandem SAR shall terminate at such time as the Option to which such SAR relates terminates. A Freestanding SAR shall terminate at the time provided in the applicable Award Agreement, and under no circumstances more than 10 years from the Grant Date.

Section 7.09. Prohibition on Repricing SARs. Except as permitted under Section 4.04 of the Plan, the terms of any outstanding SAR may not be amended without shareholder approval to reduce the Exercise Price of such outstanding SAR or to cancel such outstanding SAR in exchange for cash, other Awards, or an Option or SAR with an exercise price that is less than the Exercise Price of the original SAR.

ARTICLE VIII. RESTRICTED STOCK

Section 8.01. Grants of Restricted Stock. Subject to the terms and provisions of the Plan, including Article XIII, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to any Employee (or Director) in such amounts as the Committee, in its sole discretion, shall determine.

Section 8.02. Restricted Stock Award Agreement. Each Award of Restricted Stock shall be evidenced by an Award Agreement, which shall specify the Period of Restriction, the number of Shares granted, and the terms and conditions of the Award. The Committee may, in its discretion, set Performance Targets in an Award Agreement for Restricted Stock that must be satisfied for the restrictions on some or all of the Shares to be released at the end of the Period of Restriction.

Section 8.03. Restrictions on Transferability. Except as provided in Section 17.09 or this Article, Shares of Restricted Stock may not be sold, transferred, assigned, margined, encumbered, gifted, bequeathed, alienated, hypothecated, pledged, or otherwise disposed of, whether by operation of law, whether voluntarily or involuntarily or otherwise, until the end of the applicable Period of Restriction.

Section 8.04. Other Restrictions. The Committee, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate in accordance with this Article.

- (a) **General Restrictions.** The Committee may impose restrictions on Restricted Stock based upon any one or more of the following criteria: (i) the achievement of specific Performance Targets; provided that, except as provided in Section 4.05, the Period of Restriction for such performance-based Shares of Restricted Stock shall be at least one year (ii) vesting based on period of service with the Company and any of its Subsidiaries; provided that, except as provided in Section 4.05, the Period of Restriction for such service-based Shares of Restricted Stock shall be at least three years, but the restrictions may be removed ratably during the three-year period on an annual basis, (iii) applicable federal or state securities laws, or (iv) any other basis determined by the Committee, in its sole discretion.

- (b) *Section 162(m) Performance Restrictions.* Notwithstanding any other provision of this Section to the contrary, for purposes of qualifying grants of Restricted Stock as Performance-Based Compensation, the Committee shall establish restrictions based upon the achievement of pre-established Performance Targets. If the Committee intends for any Share of Restricted Stock to qualify as Performance-Based Compensation, the specific Performance Targets that must be satisfied for the Period of Restriction to lapse or terminate shall be established by the Committee on or before the latest date permissible to enable the Restricted Stock to so qualify. In granting Restricted Stock that is intended to qualify as Performance-Based Compensation, the Committee shall follow any procedures that it determines to be necessary, advisable, or appropriate to ensure such qualification.
- (c) *Legend on Certificates.* The Committee, in its sole discretion, may require the placement of a legend on certificates representing Shares of Restricted Stock to give appropriate notice of such restrictions. For example, the Committee may determine that some or all certificates representing Shares of Restricted Stock shall bear the following legend:

THE SALE, PLEDGE, OR OTHER TRANSFER OF THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE, WHETHER VOLUNTARY, INVOLUNTARY, OR BY OPERATION OF LAW, IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER UNDER FEDERAL AND STATE SECURITIES LAWS AND UNDER THE OLD NATIONAL BANCORP AMENDED AND RESTATED 2008 INCENTIVE COMPENSATION PLAN, AS SET FORTH IN AN AWARD AGREEMENT EXECUTED THEREUNDER. A COPY OF SUCH PLAN AND SUCH AWARD AGREEMENT MAY BE OBTAINED FROM THE CORPORATE SECRETARY OF OLD NATIONAL BANCORP.

Section 8.05. Removal of Restrictions. Except as otherwise provided in this Article, as soon as practicable after the applicable Period of Restriction lapses, Shares of Restricted Stock covered by an Award shall be subject to release to the Participant. For Awards of Restricted Stock for which the restrictions are based on the achievement of Performance Targets, the number of Shares to be released shall be determined as a function of the extent to which the applicable Performance Targets have been achieved and to the extent that the Shares are not earned, they shall be forfeited. Notwithstanding any provision in the Plan to the contrary, to the extent permitted under Code Section 409A and Code Section 162(m) and the regulations thereunder without resulting in adverse tax consequences, any Award Agreement for Restricted Stock may provide for the earlier termination of restrictions on such Restricted Stock in the event of the Participant's death, disability or retirement or in connection with a Change in Control.

Section 8.06. Dividends. Any grant of Shares of Restricted Stock may require that any or all dividends or other distributions paid thereon during the applicable Period of Restriction be either paid currently or automatically deferred and reinvested in additional Shares of Restricted Stock, which may be subject to the same restrictions as the underlying Award; provided, however, that dividends or other distributions on Shares of Restricted Stock with restrictions that lapse as a result of the achievement of Performance Targets will be deferred until and paid contingent upon the achievement of the applicable Performance Targets.

Section 8.07. Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the applicable Award Agreement provides otherwise.

Section 8.08. Return of Restricted Stock to Company. On the date set forth in the applicable Award Agreement, the Restricted Stock for which restrictions have not lapsed by the last day of the Period of Restriction shall revert to the Company and thereafter shall be available for the grant of new Awards.

ARTICLE IX. RESTRICTED STOCK UNITS

Section 9.01. Grants of Restricted Stock Units. Subject to the terms and provisions of the Plan, including Article XIII, the Committee, at any time and from time to time, may grant Restricted Stock Units to any Employee (or Director) in such amounts as the Committee, in its sole discretion, shall determine.

Section 9.02. Restricted Stock Unit Award Agreement. Each Award of Restricted Stock Units shall be evidenced by an Award Agreement, which shall specify the Period of Restriction, the number of Restricted Stock Units (including the number of Shares or cash to be delivered or paid upon the lapse of restrictions), and the terms and conditions of the Award. The Committee may, in its discretion, set Performance Targets in an Award Agreement for Restricted Stock Units that must be satisfied for the restrictions on some or all of the Shares to be delivered or cash to be paid at the end of the Period of Restriction.

Section 9.03. *Restrictions on Transferability.* Except as provided in Section 17.09 or this Article, Restricted Stock Units may not be sold, transferred, assigned, margined, encumbered, gifted, bequeathed, alienated, hypothecated, pledged, or otherwise disposed of, whether by operation of law, whether voluntarily or involuntarily or otherwise.

Section 9.04. *Other Restrictions.* The Committee, in its sole discretion, may impose such other restrictions on Restricted Stock Units as it may deem advisable or appropriate in accordance with this Article.

- (a) ***General Restrictions.*** The Committee may impose restrictions on Restricted Stock Units based upon any one or more of the following criteria: (i) the achievement of specific Performance Targets; provided that, except as provided in Section 4.05, the Period of Restriction for such performance-based Restricted Stock Units shall be at least one year (ii) vesting based on period of service with the Company and any of its Subsidiaries; provided that, except as provided in Section 4.05, the Period of Restriction for such service-based Restricted Stock Units shall be at least three years, but the restrictions may be removed ratably during the three-year period on an annual basis, (iii) applicable federal or state securities laws, or (iv) any other basis determined by the Committee, in its sole discretion.
- (b) ***Section 162(m) Performance Restrictions.*** Notwithstanding any other provision of this Section to the contrary, for purposes of qualifying grants of Restricted Stock Units as Performance-Based Compensation, the Committee shall establish restrictions based upon the achievement of pre-established Performance Targets. If the Committee intends for any Restricted Stock Unit to qualify as Performance-Based Compensation, the specific Performance Targets that must be satisfied for the Period of Restriction to lapse or terminate shall be established by the Committee on or before the latest date permissible to enable the Restricted Stock Unit to so qualify. In granting Restricted Stock Units that are intended to qualify as Performance-Based Compensation, the Committee shall follow any procedures that it determines to be necessary, advisable, or appropriate to ensure such qualification.

Section 9.05. *Removal of Restrictions.* Except as otherwise provided in this Article, as soon as practicable after the applicable Period of Restriction lapses, Restricted Stock Units covered by an Award shall be subject to release to the Participant. For Awards of Restricted Stock Units for which the restrictions are based on the achievement of Performance Targets, the number of Shares to be delivered (or cash to be paid) shall be determined as a function of the extent to which the applicable Performance Targets have been achieved and to the extent that the Restricted Stock Units are not earned, they shall be forfeited. Notwithstanding any provision in the Plan to the contrary, to the extent permitted under Code Section 409A and Code Section 162(m) and the regulations thereunder without resulting in adverse tax consequences, any Award Agreement for Restricted Stock Units may provide for the earlier termination of restrictions on such Restricted Stock Units in the event of the Participant's death, disability or retirement or in connection with a Change in Control.

Section 9.06. *Dividends Equivalents.* The Committee may, at the Grant Date of Restricted Stock Units, provide for the payment of dividend equivalents to the Participant either in cash or in additional Shares on current, deferred or contingent basis; provided, however, that dividends or other distributions on Restricted Stock Units with restrictions that lapse as a result of the achievement of Performance Targets will be deferred until and paid contingent upon the achievement of the applicable Performance Targets.

Section 9.07. *Ownership.* During the Period of Restriction, the Participant will have no rights of ownership in the Shares subject to the Restricted Stock Units and shall have no right to vote such Shares.

Section 9.08. *Cancellation of Restricted Stock Units.* On the date set forth in the applicable Award Agreement, all Restricted Stock Units that have not been earned or vested shall be forfeited and thereafter the Shares subject to such forfeited Restricted Stock Units shall be available for the grant of new Awards.

ARTICLE X. PERFORMANCE UNITS AND PERFORMANCE SHARES

Section 10.01. *Grant of Performance Units/Shares.* Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance Units and/or Performance Shares to any Employee (or Director) in such amounts as the Committee, in its sole discretion, shall determine. The Committee shall have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant, subject to the express limitations of the Plan, including Article XIII.

Section 10.02. *Value of Performance Units/Shares.* Each Performance Unit shall have an initial value that is established by the Committee on or before the Grant Date. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date.

Section 10.03. Performance Objectives and Other Terms. The Committee shall set performance objectives in its sole discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares, or both, that will be paid to the Participant. Each Award of Performance Units or Performance Shares shall be evidenced by an Award Agreement that shall specify the number of Performance Units or Performance Shares, the Performance Period, the performance objectives, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

- (a) *General Performance Objectives.* The Committee may set performance objectives based upon (i) the achievement of Performance Targets; provided that, except as provided in Section 4.05, the Performance Period for any Performance Share or Performance Unit shall be at least one year, (ii) applicable Federal or state securities laws, or (iii) any other basis determined by the Committee in its sole discretion.
- (b) *Section 162(m) Performance Objectives.* Notwithstanding any other provision of this Section to the contrary, for purposes of qualifying grants of Performance Units or Performance Shares to Covered Employees as Performance-Based Compensation, the Committee shall establish the specific Performance Targets applicable to Performance Units or Performance Shares. If the Committee intends for any Performance Unit or Performance Share to qualify as Performance-Based Compensation, the Performance Targets for any such Award shall be set by the Committee on or before the latest date permissible to enable the Performance Unit or Performance Share, as the case may be, to so qualify. In granting Performance Units or Performance Shares to Covered Employees that are intended to qualify as Performance-Based Compensation, the Committee shall follow any procedures that it determines to be necessary, advisable, or appropriate to ensure such qualification.

Section 10.04. Earning of Performance Units/Shares. After the applicable Period of Restriction has ended, the holder of Performance Units or Performance Shares shall be entitled to receive those Performance Units or Performance Shares, as the case may be, earned by the Participant over the Performance Period, to be determined as a function of the extent to which the applicable Performance Targets have been achieved. Notwithstanding any provision in the Plan to the contrary, to the extent permitted under Code Section 409A and Code Section 162(m) and the regulations thereunder without resulting in adverse tax consequences, any Award Agreement for Performance Shares or Performance Units may provide for the earlier lapse of restrictions or other modifications in the event of the Participant's death, disability or retirement or in connection with a Change in Control.

Section 10.05. Form and Timing of Payment of Performance Units/Shares. Each Award Agreement for Performance Shares or Performance Units will specify the time and manner of payment for any such Performance Shares or Performance Units that have been earned. The Committee, in its sole discretion, may pay earned Performance Units or Performance Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units or Performance Shares, as the case may be, determined as of the last day of the applicable Performance Period), or a combination thereof.

Section 10.06. Dividend Equivalents. The Committee may, at the Grant Date of Performance Shares, provide for the payment of dividend equivalents to the Participant either in cash or in additional Shares on a contingent basis, subject in all cases to deferral and payment on a contingent basis based on the Participant's earning of the Performance Shares with respect to which such dividend equivalents are paid.

Section 10.07. Cancellation of Performance Units/Shares. On the date set forth in the applicable Award Agreement, all Performance Units or Performance Shares that have not been earned or vested shall be forfeited and thereafter shall be available for the grant of new Awards.

ARTICLE XI. SHARE GRANTS

Subject to the provisions of the Plan, including Article XIII and this Section, the Committee may make an Award of Shares to any Employee in such amount as the Committee, in its sole discretion, may determine. A grant pursuant to this Section may be evidenced by a Share Award Agreement or such other document as the Committee, in its sole discretion, determines to be appropriate; provided, however, the Shares shall be freely transferable, and the Committee shall not impose Performance Targets, a Period of Restriction, or any other conditions, restrictions, or risks of forfeiture on the Award. Awards of shares pursuant to this Section shall be subject to the withholding requirements of Article XV.

ARTICLE XII. **SHORT-TERM INCENTIVE AWARDS**

The Committee may grant performance awards, payable in cash or Shares, pursuant to the terms of the STIP, as set out in Appendix A.

ARTICLE XIII. **LIMITS ON AWARDS**

Section 13.01. Limitation on Shares Issued Pursuant to Awards. Notwithstanding any other provision of this Plan to the contrary, the Committee may not grant Awards of Options, SARs, Shares of Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units or any grant of Shares pursuant to Article XI that are intended to qualify as Performance-Based Compensation under Code Section 162(m) to any Participant under this Plan during any three-year calendar year period that would result in more than Five Hundred Thousand (500,000) Shares being issued to such Participant. For purposes of this Section, Shares issued pursuant to the 1999 Plan shall be deemed issued pursuant to this Plan. The limitations of this Section shall be subject to adjustment as provided in Section 4.04.

Section 13.02. Limitation on Cash Awards. Notwithstanding any other provision of this Plan to the contrary, the Committee may not grant Awards payable in cash that are intended to qualify as Performance-Based Compensation under Code Section 162(m) to any Participant under this Plan during any three-year calendar year period in which the payments with respect to such Awards would exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000).

Section 13.03. Limitation on Awards to Directors. Notwithstanding any other provision of this Plan to the contrary, the Committee may not grant any Awards to any non-employee Director under this Plan during any calendar year period that would result in (i) more than Ten Thousand (10,000) Shares being issued to such non-employee Director or (ii) cash payments in excess of Twenty Thousand Dollars (\$20,000). For purposes of this Section, Shares issued pursuant to the 1999 Plan shall be deemed issued pursuant to this Plan. The limitations of this Section shall be subject to adjustment as provided in Section 4.04.

ARTICLE XIV. **AMENDMENT, TERMINATION, AND DURATION**

Section 14.01. Amendment, Suspension, or Termination.

- (a) The Board may supplement, amend, alter, or discontinue the Plan in its sole discretion at any time and from time to time, but no supplement, amendment, alteration, or discontinuation shall be made which would impair the rights of a Participant under an Award theretofore granted without the Participant's consent, except that any supplement, amendment, alteration, or discontinuation may be made to (i) avoid a material charge or expense to the Company or an Affiliate, (ii) cause this Plan to comply with applicable law, or (iii) permit the Company or an Affiliate to claim a tax deduction under applicable law. In addition, subject to the provisions of this Section, the Board of Directors, in its sole discretion at any time and from time to time, may supplement, amend, alter, or discontinue this Plan without the approval of the Company's shareholders so long as any such amendment or alteration does not (i) expand the types of awards eligible for grants or materially increase benefits accruing to Participants under the Plan; (ii) materially increase the number of Shares subject to the Plan (other than pursuant to Section 4.04); (iii) materially increase the maximum number of Options, SARs, Shares of Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares, Shares, or Short-Term Incentive Awards that the Committee may award to an individual Participant under the Plan (other than pursuant to Section 4.04); (iv) materially expand the classes of persons eligible or modify the requirements for participation in the Plan; (v) delete or materially limit Sections 6.08 and 7.09 of the Plan (prohibiting the repricing of Options or SARs); or (vi) otherwise require approval by the shareholders of the Company in order to comply with applicable law, the terms of a written agreement or the rules of the New York Stock Exchange or, if the Shares are not traded on the New York Stock Exchange, the principal national securities exchange upon which the Shares are traded or quoted. The Committee may supplement, amend, alter, or discontinue the terms of any Award theretofore granted, prospectively or retroactively, on the same conditions and limitations (and exceptions to limitations) as apply to the Board under the foregoing provisions of this Section, subject to any approval or limitations the Board may impose.
- (b) If permitted by Code Section 409A and Code Section 162(m), and the regulations thereunder, without resulting in any adverse tax consequences, but subject Section 14.01(c), in case of termination of employment

by reason of death, disability, or in the case of a Change in Control, the Committee may, in its sole discretion, accelerate the exercisability of an Option or SAR, accelerate the time at which any restrictions shall lapse or remove any restrictions with respect to Shares of Restricted Stock and Restricted Stock Units, and reduce or waive any Performance Targets or related business criteria applicable to Performance Shares, Performance Units or Short-Term Incentive Awards.

(c) Subject to Sections 6.08 and 7.09 of the Plan (prohibiting the repricing of Options or SARs), the Committee may amend the terms of any Award granted under this Plan prospectively or retroactively, except in the case of an Award intended to qualify as Performance-Based Compensation (other than in connection with the Participant's death or disability, or a Change in Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, the Committee will not make any modification of the Performance Targets or the level or levels of achievement with respect to such Award. Except as provided in Section 4.04 of the Plan, no amendment of an Award shall impair the rights of the Participant without his or her consent.

Section 14.02. Duration of The Plan and Shareholder Approval. The Plan shall become effective on the Effective Date and shall terminate automatically ten years thereafter, unless terminated pursuant to its terms before that time. Notwithstanding the preceding sentence, termination of the Plan shall not affect any Award granted before the date of termination, unless expressly provided in the applicable Award Agreement or a duly adopted Plan amendment.

ARTICLE XV. TAX WITHHOLDING

Section 15.01. Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to the payment or exercise of an Award, the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all federal, state, and local income and employment taxes required to be withheld with respect to the payment or exercise of such Award.

Section 15.02. Withholding Arrangements. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part, by (i) electing to have the Company withhold otherwise deliverable Shares (except in the case of exercises of Incentive Stock Options), or (ii) delivering to the Company Shares then owned by the Participant having a Fair Market Value equal to the amount required to be withheld; provided, however, that any shares delivered to the Company shall satisfy the ownership requirements specified in Section 6.06(a). In no event will the Fair Market Value of the Shares withheld and delivered to satisfy applicable withholding taxes in connection with the benefit provided under the Plan exceed the minimum amount of taxes required to be withheld. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the taxes are required to be withheld.

ARTICLE XVI. CHANGE IN CONTROL

Section 16.01. Definition. For purposes of the Plan, a "Change in Control" shall mean that the conditions or events set forth in any one or more of the following subsections shall have occurred:

(a) the acquisition by any person (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 ("Act")), other than the Company, a subsidiary, and any employee benefit plan of the Company or a subsidiary, of twenty-five percent (25%) or more of the combined voting power entitled to vote generally in the election of the directors of the Company's then outstanding voting securities;

(b) the persons who were serving as the members of the Board of Directors immediately prior to the commencement of a proxy contest relating to the election of directors or a tender or exchange offer for voting securities of the Company ("Incumbent Directors") shall cease to constitute at least a majority of the Board of Directors (or the board of directors of any successor to the Company) at any time within one year of the election of directors as a result of such contest or the purchase or exchange of voting securities of the Company pursuant to such offer, provided that any director elected to the Board of Directors, or nominated for election, by a majority of the Incumbent Directors then still in office and whose nomination or election was not made at the request or direction of the person(s) initiating such contest or making such offer shall be deemed to be an Incumbent Director for purposes of this Subsection (b);

- (c) consummation of a merger, reorganization, or consolidation of the Company, as a result of which persons who were shareholders of the Company immediately prior to such merger, reorganization, or consolidation do not, immediately thereafter, own, directly or indirectly and in substantially the same proportions as their ownership of the stock of the Company immediately prior to the merger, reorganization, or consolidation, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of (i) the merged, reorganized, or consolidated company or (ii) an entity that, directly or indirectly, owns more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the company described in clause (i);
- (d) a sale, transfer, or other disposition of all or substantially all of the assets of the Company, which is consummated and immediately following which the persons who were shareholders of the Company immediately prior to such sale, transfer, or disposition, do not own, directly or indirectly and in substantially the same proportions as their ownership of the stock of the Company immediately prior to the sale, transfer, or disposition, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of (i) the entity or entities to which such assets are sold or transferred or (ii) an entity that, directly or indirectly, owns more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the entities described in clause (i); or
- (e) the shareholders of the Company approve a liquidation of the Company.

Section 16.02. *Company Remains Surviving Entity or Awards Assumed by Successor.*

- (a) Upon the occurrence of a Change in Control in which either (i) the Company remains the surviving entity or (ii) the Company is not the surviving entity, but the Awards granted under this Plan are Assumed (as defined in Section 16.02(c) below) by the Post-CIC Entity, any Award granted under this Plan prior to the Change in Control shall continue to vest and become exercisable in accordance with the terms of its original Award Agreement unless, during the two-year period commencing on the date of the Change in Control:
 - (i) the Participant's employment or service is involuntarily Terminated by the Company or the Post-CIC Entity, as applicable, for reasons other than for Cause; or
 - (ii) the Participant Terminates his or her employment or service for Good Reason.
- (b) If a Participant's employment or service is Terminated as described in Section 16.02(a) above, (i) any outstanding Options and SARs shall become fully vested and remain exercisable until the earlier of (A) the end of the original term of the Option or SAR or (B) the second anniversary of the date the Termination occurs; provided that, if the Award Agreement provides for a longer period of exercisability following a Termination, then this clause (B) shall be the end of such longer period; (ii) any restrictions that apply to Awards made to such Participant pursuant to this Plan shall lapse; and (iii) Awards made to such Participant pursuant to this Plan that are subject to Performance Measures shall immediately be earned or vest and shall, to the extent permitted under Code Section 409A without resulting in adverse tax effects to the Participant, become immediately payable in accordance with their terms as if all of the Performance Measures had been achieved at their target levels as of the date of Termination; provided, that any Participant who Terminates his or her employment or service for Good Reason must:
 - (i) provide the Company with a written notice of his or her intent to Terminate employment or service for Good Reason within sixty (60) days after the Participant becomes aware of the circumstances giving rise to Good Reason; and
 - (ii) allow the Company thirty (30) days to remedy such circumstances to the extent curable.
- (c) For purposes of this Article XVI, an Award shall be considered assumed by the Post-CIC Entity ("Assumed") if all of the following conditions are met:
 - (i) Options or SARs are converted into replacement awards in a manner that complies with Code Section 409A;
 - (ii) Awards of Restricted Stock and Restricted Stock Units that are not subject to Performance Measures are converted into replacement awards covering a number of Shares of the Post-CIC Entity, as determined in a manner substantially similar to how the same number of Shares would be treated in the Change in Control transaction; provided that, to the extent that any portion of the consideration received by holders of Shares in the Change in Control transaction is not in the form of the common stock of the Post-CIC Entity, the number of shares covered by the replacement awards shall be based

on the average of the high and low selling prices of the common stock of such Post-CIC Entity on the established stock exchange on the trading day immediately preceding the date of the Change in Control;

- (iii) Performance Shares, Performance Units and all other Awards subject to Performance Measures are converted into replacement awards that preserve the value of such Awards at the time of the Change in Control;
- (iv) the replacement awards contain provisions for scheduled vesting and treatment on Termination of employment (including the definitions of Cause and Good Reason, if applicable) that are no less favorable to the Participant than the underlying Awards being replaced, and all other terms of the replacement awards (other than the security and number of shares represented by the replacement awards) are substantially similar to, or more favorable to the Participant than, the terms of the underlying Awards; and
- (v) the security represented by the replacement awards, if any, is of a class that is publicly held and widely traded on an established stock exchange.

Section 16.03. *Awards Not Assumed by Successor.*

- (a) Upon the occurrence of a Change in Control in which the Company is not the surviving Company, any Awards made under this Plan that are not Assumed by the Post-CIC Entity shall become fully vested and exercisable on the date of the Change in Control or shall immediately vest and become immediately payable (subject to Section 16.03(e)) in accordance with their terms as if all of the Performance Measures had been achieved at their target levels as of the date of the Change in Control, and any restrictions that apply to such Awards shall lapse, and the following provisions of this Section 16.03 shall apply.
- (b) For each Option and SAR, the Participant shall receive a payment equal to the difference between the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) received by holders of Shares in the Change in Control transaction and the exercise price of the applicable Option or SAR, if such difference is positive. Such payment shall be made in the same form as the consideration received by holders of Shares. Any Options or SARs with an exercise price that is higher than the per share consideration received by holders of Shares in connection with the Change in Control shall be cancelled for no additional consideration.
- (c) The Participant shall receive the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) that such Participant would have received in the Change in Control transaction had he or she been, immediately prior to such transaction, a holder of the number of Shares equal to the number of Restricted Stock Units and/or Shares of Restricted Stock covered by the Award and the number of Shares payable under Section 16.03(a) for Awards subject to Performance Measures.
- (d) The payments contemplated by Sections 14.03(b) and (c) shall be made at the same time as consideration is paid to the holders of Shares in connection with the Change in Control.
- (e) Notwithstanding anything to the contrary in this Plan, if the payment or benefit constitutes a deferral of compensation under Code Section 409A, then to the extent necessary to comply with Code Section 409A, payment or delivery shall be made on the date of payment or delivery originally provided for such payment or benefit.

ARTICLE XVII.
MISCELLANEOUS

Section 17.01. *Mistake of Fact.* Any mistake of fact or misstatement of facts shall be corrected when it becomes known by a proper adjustment to an Award or Award Agreement.

Section 17.02. *Evidence.* Evidence required of anyone under the Plan may be by certificate, affidavit, document, or other information which the person relying thereon considers pertinent and reliable, and signed, made, or presented by the proper party or parties.

Section 17.03. *Notices.* Any notice or document required to be given to or filed with the Committee will be properly given or filed if hand delivered (and a delivery receipt is received) or mailed by certified mail, return receipt requested, postage paid, to the Committee at Box 718, Evansville, Indiana 47705.

Section 17.04. No Effect on Employment or Service. Neither the Plan, the grant of an Award, or the execution of an Award Agreement shall confer upon any Participant any right to continued employment by the Company or an Affiliate or interfere with or limit in any way the right of the Company or an Affiliate to terminate any Participant's employment or service at any time, with or without Cause. Employment with the Company and its Affiliates is on an at-will basis only, unless otherwise provided by a written employment or severance agreement, if any, between the Participant and the Company or Affiliate, as the case may be. If there is any conflict between the provisions of the Plan and an employment or severance agreement between a Participant and the Company or an Affiliate, the provisions of such employment or severance agreement shall control, including, but not limited to, the vesting and forfeiture of any Awards.

Section 17.05. No Company Obligation. Unless required by applicable law, the Company, an Affiliate, the Board of Directors, and the Committee shall not have any duty or obligation to disclose material information to a record or beneficial holder of Shares or an Award, and such holder shall have no right to be advised of any material information regarding the Company or any Affiliate at any time prior to, upon, or in connection with the receipt, exercise, or distribution of an Award.

Section 17.06. Participation. No Employee or Director shall have the right to be selected to receive an Award, or, having been selected, to be selected to receive a future Award. Participation in the Plan will not give any Participant any right or claim to any benefit under the Plan, unless such right or claim has accrued under the express terms of the Plan.

Section 17.07. Liability and Indemnification. No member of the Board, the Committee, or any officer or employee of the Company or any Affiliate shall be personally liable for any action, failure to act, decision, or determination made in good faith in connection with the Plan. By participating in the Plan, each Participant agrees to release and hold harmless the Company and its Affiliates (and their respective directors, officers, and employees) and the Committee from and against any tax liability, including, but not limited to, interest and penalties, incurred by the Participant in connection with his receipt of Awards under the Plan and the payment and exercise thereof. Each person who is or shall have been a member of the Committee or the Board or served as an officer of the Company or any of its Subsidiaries shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense (including, but not limited to, attorneys' fees) that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's prior written approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her; provided, however, that he or she shall give the Company an opportunity, at the Company's expense, to handle and defend such claim, action, suit, or proceeding before he or she undertakes to handle and defend the same on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-Laws, by contract, as a matter of law or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

Section 17.08. Successors. All obligations of the Company hereunder with respect to Awards shall be binding on any successor to the Company, whether or not the existence of such successor is the result of a Change in Control of the Company. The Company shall not, and shall not permit its Affiliates to, recommend, facilitate, or agree or consent to a transaction or series of transactions that would result in a Change in Control of the Company unless and until the person or persons or entity or entities acquiring control of the Company as a result of such Change in Control agree(s) to be bound by the terms of the Plan insofar as it pertains to Awards theretofore granted and agrees to assume and perform the obligations of the Company hereunder.

Section 17.09. Nontransferability of Awards. Except as provided in Subsection (a) or (b), no Award can be sold, transferred, assigned, margined, encumbered, bequeathed, gifted, alienated, hypothecated, pledged, or otherwise disposed of, whether by operation of law, whether voluntarily or involuntarily or otherwise, other than by will or by the laws of descent and distribution. In addition, no Award shall be subject to execution, attachment, or similar process. In no event may any Award be transferred for value. Any attempted or purported transfer of an Award in contravention of the Plan or an Award Agreement shall be null and void ab initio and of no force or effect whatsoever. All rights with respect to an Award granted to a Participant shall be exercisable during his or her lifetime only by the Participant.

(a) **Limited Transfers of Nonqualified Stock Options.** Notwithstanding the foregoing, the Committee may, in its sole discretion, permit the transfer of Nonqualified Stock Options by a Participant to: (i) the Participant's spouse, any children or lineal descendants of the Participant or the Participant's spouse, or the spouse(s) of any such children or lineal descendants (Immediate Family Members), (ii) a trust or trusts for the exclusive benefit of Immediate Family Members, or (iii) a partnership or limited liability company in which the

Participant and/or the Immediate Family Members are the only equity owners, (collectively, Eligible Transferees); provided, however, that, if the Committee permits the transfer of Nonqualified Stock Options granted to the Participant, the Committee may subsequently, in its sole discretion, amend, modify, revoke, or restrict, without the prior consent, authorization, or agreement of the Eligible Transferee, the ability of the Participant to transfer Nonqualified Stock Options that have not been already transferred to an Eligible Transferee. An Option that is transferred to an Immediate Family Member shall not be transferable by such Immediate Family Member, except for any transfer by such Immediate Family Member's will or by the laws of descent and distribution upon the death of such Immediate Family Member. Incentive Stock Options granted shall not be transferable pursuant to this Subsection.

(b) ***Exercise by Eligible Transferees.*** If the Committee, in its sole discretion, permits the transfer of Nonqualified Stock Options by a Participant to an Eligible Transferee under Subsection (a), the Options transferred to the Eligible Transferee must be exercised by such Eligible Transferee and, in the event of the death of such Eligible Transferee, by such Eligible Transferee's executor or administrator only in the same manner, to the same extent, and under the same circumstances (including, but not limited to, the time period within which the Options must be exercised) as the Participant could have exercised such Options. The Participant, or in the event of his or her death, the Participant's estate, shall remain liable for all federal, state, local, and other taxes applicable upon the exercise of a Nonqualified Stock Option by an Eligible Transferee.

Section 17.10. No Rights as Shareholder. Except as expressly provided in Article VIII, no Participant (or any Beneficiary) shall have any of the rights or privileges of a shareholder of the Company with respect to any Shares issuable pursuant to an Award (or the exercise thereof), unless and until certificates representing such Shares shall have been recorded on the Company's official shareholder records (or the records of its transfer agents or registrars) as having been issued and transferred to the Participant (or his or her Beneficiary).

Section 17.11. Funding. Benefits payable under this Plan to any person shall be paid by the Company from its general assets. Shares to be distributed hereunder shall be issued directly by the Company from its authorized but unissued Shares or acquired by the Company on the open market, or a combination thereof. Neither the Company nor any of its Affiliates shall be required to segregate on their books or otherwise establish any funding procedure for any amount to be used for the payment of benefits under this Plan. The Company or any of its Affiliates may, however, in their sole discretion, set funds aside in investments to meet any anticipated obligations under this Plan. Any such action or set-aside shall not be deemed to create a trust of any kind between the Company or any of its Affiliates and any Participant or other person entitled to benefits under the Plan or to constitute the funding of any Plan benefits. Consequently, any person entitled to a payment under the Plan will have no rights greater than the rights of any other unsecured general creditor of the Company or its Affiliates.

Section 17.12. Compliance with Code Section 409A.

(a) To the extent applicable, it is intended that the Plan and any grants made hereunder comply with (or be exempt from) the provisions of Code Section 409A, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Code Section 409A will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Code Section 409A) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment. Except as permitted under Code Section 409A, any deferred compensation (within the meaning of Code Section 409A) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Code Section 409A), (i) the Participant is a specified employee (within the meaning of Code Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Code Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Code Section 409A in order to avoid taxes or penalties under Code Section 409A, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.

(d) Notwithstanding any provision of the Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Code Section 409A, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Code Section 409A. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Code Section 409A), and neither the Company nor any of its affiliates will have any obligation to provide the Participant with any tax gross-up or indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

Section 17.13. *Recoupment.* The Plan will be administered in compliance with Section 10D of the Act, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and any Company policy adopted pursuant to such law, rules, or regulations (including, without limitation, the Company's Bonus Recoupment Policy). In its discretion, moreover, the Committee may require repayment to the Company of all or any portion of any Award if the amount of the Award was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement of the Company's financial statements, the Participant engaged in misconduct that caused or contributed to the need for the restatement of the financial statements, and the amount payable to the Participant would have been lower than the amount actually paid to the Participant had the financial results been properly reported. This Section 17.13 will not be the Company's exclusive remedy with respect to such matters.

Section 17.14. *Use of Proceeds.* The proceeds received by the Company from the sale of Shares pursuant to the Plan will be used for general corporate purposes.

**OLD NATIONAL BANCORP
SHORT-TERM INCENTIVE COMPENSATION PLAN
FOR KEY EXECUTIVES**

**ARTICLE I.
GENERAL PROVISIONS**

Section 1.01. *Establishment.* The Company has established the Old National Bancorp Short-Term Incentive Compensation Plan for Key Executives (“STIP”). The STIP is part of the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan (“Plan”), amended and restated as of May 10, 2012 and further amended and restated as of [April 27, 2017], and the terms of the Plan are incorporated as part of the STIP. The STIP is effective as of the date the Company’s shareholders approve the Plan.

Section 1.02. *Purpose.* The purpose of the STIP is to advance the interests of the Company and its Subsidiaries by providing an annual incentive bonus to be paid to selected key Executive Employees based on the achievement of pre-established quantitative performance goals. The Plan is a performance-based compensation plan, as defined in Code Section 162(m), and payments under the Plan are intended to qualify as Performance-Based Compensation.

**ARTICLE II.
DEFINED TERMS.**

Section 2.01. *Definitions.* For purposes of this document, unless another definition is set out below, when the initial letter of a word (or each word in a term) is capitalized, the term shall have the meaning specified in Article II of the Plan. For purposes of this document, when the initial letter of the following words (or each word in the following terms) is capitalized, the term shall have the meaning specified below:

- (a) “*Executive Employee*” means any key executive employee of the Company or a Subsidiary, as determined by the Committee.
- (b) “*Participant*” means, with respect to a calendar year, an Executive Employee to whom the Committee has granted a Performance Award for the year.
- (c) “*Performance Award Payment*” means the amount payable, in cash or Shares, under a Performance Award, based on the achievement of Performance Targets.
- (d) “*Performance Period*” means the calendar year.

**ARTICLE III.
ADMINISTRATION**

The Committee shall administer the STIP, and it shall have all powers and authority necessary or appropriate to the fulfillment of its duties hereunder. Except as limited by the express provisions of the Plan, the STIP, or resolutions adopted by the Board, the Committee also shall have the authority and discretion to interpret the STIP, to establish and revise rules and regulations relating to the STIP, and to make any other determinations that it believes necessary or advisable for administration of the STIP.

**ARTICLE IV.
PERFORMANCE AWARDS**

Section 4.01. *Selection of Participants.* The Committee shall have the authority to grant Performance Awards to one or more Executive Employees.

Section 4.02. *Award Criteria.*

- (a) Before March 31 of each calendar year for which it grants a Performance Award, the Committee shall establish
 - (i) the Performance Measures and Performance Targets applicable to each Performance Award for that year and
 - (ii) an objective formula for computing the Performance Award Payment based on such Performance Measures

and Performance Targets. The Committee shall have sole discretion to determine the Performance Measures and Performance Targets applicable to each Performance Award and the formula for calculating the amount of the Performance Award Payment. The Committee may establish a minimum level of performance for Performance Award Payments to be made. In addition, the Committee may establish minimum, target, and maximum Performance Targets, with the size of the Performance Award based on the level attained. Once established, Performance Targets, Performance Measures, and the related formula shall not be changed during the Performance Period; provided, however, that the Committee may, in its discretion, eliminate or decrease the amount of a Performance Award Payment to any Participant.

- (b) The Committee may impose conditions in addition to those imposed pursuant to Subsection (a), including but not limited to a condition that the Participant be employed by the Company or an Affiliate on the payment date and/or a condition that the Participant be employed by the Company or an Affiliate on the payment date and/or a condition that the Participant re-pay the Award if he engages in prohibited competition with the Company or an Affiliate.

Section 4.03. Certification of Performance. As soon as practicable after the Company's audited financial statements are available for a Performance Period, the Committee shall determine the Company's performance in relation to the Performance Targets for the Performance Period; and it shall certify in writing the extent to which the Performance Targets were achieved.

Section 4.04. Performance Award Payments.

- (a) Subject to the provisions of Subsection (b) and (c) and Section 4.05, Performance Awards, as determined by the Committee in accordance with its pre-established objective formula, shall be paid in cash or Shares. The Performance Award Payment for a Performance Award shall be made by March 15 of the calendar year following the calendar year in which the last day of the Performance Period of the Performance Award occurs. Federal, state and local taxes shall be withheld from the Performance Award Payment.
- (b) Notwithstanding Subsection (a), the Committee may, in its discretion, reduce or eliminate the amount of any Performance Award Payment, as it deems appropriate.
- (c) Notwithstanding any other provision of the STIP, under no circumstances shall the Performance Award Payment amount for a Participant pursuant to the STIP for a calendar year exceed the lesser of (i) two times the Participant's base salary for such year or (ii) Two Million Five Hundred Thousand Dollars (\$2,500,000).

Section 4.05. Termination of Service. To receive a Performance Award Payment, a Participant must be employed by the Company or an Affiliate on the last day of the Performance Period. Notwithstanding the preceding sentence, if a Participant Terminates Service before such date on account of his or her death, Disability, or Retirement, the Committee may determine that the Participant shall be paid all or a portion of the total Performance Award Payment that the Participant would have received if he or she had been employed on the last day of the Performance Period (based on the Company's performance in relation to the Performance Targets for the Performance Period), provided that any such Performance Award Payment shall be paid on the Performance Award's scheduled payment date as set forth in Section 4.04(a). If the Participant is employed on the last day of the calendar year, but was not employed during the entire calendar year, the Participant shall receive a pro-rated payout for that part of the year in which he or she was a Participant. If the Participant is deceased at the time of a STIP payment, the payment shall be made to be the person or persons in the first of the following classes in which there are survivors of the Participant: (i) his or her spouse at the time of death; (ii) his or her issue, per stirpes; (iii) his or her parents; (iv) the executor or administrator of his or her estate.

ARTICLE V. TERM

The STIP is contingent on approval of the Plan, of which the STIP is a part, by the Company's shareholders at the Company's 2017 Annual Meeting of Shareholders, and shall remain in effect until such time as it shall be terminated by the Board of Directors of the Company or, if earlier, ten years after its approval by the Company's shareholders.

ARTICLE VI. MISCELLANEOUS

Section 6.01. Amendment and Termination. The Committee may amend, suspend or terminate the STIP at any time in its sole and absolute discretion. Any amendment or termination of the STIP, however, shall not affect the right of a Participant to receive any earned but unpaid Performance Award Payment. The Committee may amend the STIP without shareholder approval, unless such approval is necessary to comply with applicable laws, including

provisions of the Securities Exchange Act of 1934 and Code Section 162(m). Termination of the STIP shall not affect any Awards previously granted.

Section 6.02. *Section 162(m) Compliance.* It is the intent of the Company that awards made pursuant to the STIP constitute Qualified Performance-Based Compensation. Accordingly, the STIP shall be interpreted in a manner consistent with Code 162(m). If any provision of the STIP is intended to but does not comply with, or is inconsistent with, the requirements of Code Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to and comply with Section 162(m).

Section 6.03. *Additional Payments.* Nothing in the STIP precludes the Company from making additional payments or special awards to Participants outside of the Plan that may or may not qualify as Performance-Based Compensation, provided that such payment or award does not affect the qualification of any incentive compensation payable under the Plan as Performance-Based Compensation.

Section 6.04. *Compliance with Code Section 409A.* The STIP, together with the Plan, constitutes the entire agreement between the parties with respect to the subject matter hereof. The Company intends that the STIP be, at all relevant times, compliant with (or exempt from) Code Section 409A and all other applicable laws, and, if any Participant's interests hereunder are subject to Code Section 409A, the STIP shall be so interpreted and administered. In addition to the general amendment rights of the Company with respect to the Plan, the Company specifically retains the unilateral right (but not the obligation) to make, prospectively or retroactively, any amendment to the STIP or any related document as it deems necessary or desirable to more fully address issues in connection with compliance with (or exemption from) Code Section 409A and other laws. In no event, however, shall this section or any other provisions of the STIP be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, the STIP. Except as may be provided in a separate agreement between the Company or an Affiliate and a Participant, the Company and its Affiliates shall have no responsibility for tax or legal consequences to any Participant (or the any Participant's beneficiaries) resulting from the terms or operation of the STIP or the Plan.

Section 6.05. *Six-Month Delay in Payment.* Notwithstanding anything in the STIP or the Plan to the contrary, if at the time of any Participant's separation from service (as defined under Code Section 409A) with the Company or any Affiliate, the Participant's interests in the STIP are subject to Code Section 409A and the Participant is a "specified employee" as defined in Code Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such separation from service is necessary in order to prevent the imposition of any accelerated or additional tax under Code Section 409A, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six (6) months following the Participant's separation from service with the Company and any Affiliate (or the earliest date as is permitted under Code Section 409A).

Section 6.06. *Recoupment.* The STIP and the Plan will be administered in compliance with Section 10D of the Act, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and any Company policy adopted pursuant to such law, rules, or regulations (including, without limitation the Company's Bonus Recoupment Policy). In its discretion, moreover, the Committee may require repayment to the Company of all or any portion of any Performance Award if the amount of the Performance Award was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement of the Company's financial statements, the Participant engaged in misconduct that caused or contributed to the need for the restatement of the financial statements, and the amount payable to the Participant would have been lower than the amount actually paid to the Participant had the financial results been properly reported. This Section 6.06 will not be the Company's exclusive remedy with respect to such matters.

**FIRST AMENDMENT
OF THE
OLD NATIONAL BANCORP AMENDED AND RESTATED 2008 INCENTIVE
COMPENSATION PLAN (AMENDED AND RESTATED AS OF MAY 10, 2012, AND
FURTHER AMENDED AND RESTATED AS OF APRIL 27, 2017, AND FURTHER AMENDED AS OF
April 29, 2021)**

WHEREAS, Old National Bancorp, an Indiana corporation (the “**Company**”), established and sponsors the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan (Amended and Restated as of May 10, 2012, and Further Amended and Restated as of April 27, 2017) (the “**Plan**”);

WHEREAS, pursuant to Section 14.01 of the Plan, the Board of Directors of the Company (the “**Board**”) reserved the right to amend the Plan at any time; and

WHEREAS, the Board desires to amend the Plan to correct an inadvertent error in the Plan’s definition of “*Effective Date*.”

NOW, THEREFORE, pursuant to the power reserved by Section 14.01 of the Plan, the Board amends the Plan as follows, subject to and effective upon approval by the Company’s shareholders at the Annual Meeting to be held on April 29, 2021 (the “**2021 Annual Meeting**”). Defined terms used herein, but not otherwise defined in this 2021 Amendment, shall have the meanings ascribed to them in the Plan:

1. Section 2.01(p) containing the definition of “*Effective Date*” is hereby amended in its entirety to read as follows in order to correct an inadvertent error in the Plan when last approved by the shareholders in 2017, which amendment, if approved by the shareholders at the 2021 Annual Meeting, shall be effective retroactively to April 27, 2017:

“(p) ‘*Effective Date*’ means April 27, 2017”

IN WITNESS WHEREOF, this 2021 Amendment, having been first duly authorized, approved and adopted by the Company’s Board of Directors, and approved by the Company’s shareholders at the 2021 Annual Meeting, is hereby executed below by a duly authorized officer of the Company on this _____ day of _____, 2021.

OLD NATIONAL BANCORP

By: _____

Name: _____

Title: _____

**SECOND AMENDMENT
OF THE
OLD NATIONAL BANCORP AMENDED AND RESTATED 2008 INCENTIVE
COMPENSATION PLAN (AMENDED AND RESTATED AS OF MAY 10, 2012, AND
FURTHER AMENDED AND RESTATED AS OF APRIL 27, 2017, AND FURTHER AMENDED AS OF
April 29, 2021)**

WHEREAS, Old National Bancorp, an Indiana corporation (the “**Company**”), established and sponsors the Old National Bancorp Amended and Restated 2008 Incentive Compensation Plan (Amended and Restated as of May 10, 2012, and Further Amended and Restated as of April 27, 2017, and further amended as of April 29, 2021) (the “**Plan**”);

WHEREAS, pursuant to Section 14.01 of the Plan, the Board of Directors of the Company (the “**Board**”) reserved the right to amend the Plan at any time; and

WHEREAS, the Board desires to amend the Plan to increase the aggregate number of Shares available under the Plan.

NOW, THEREFORE, pursuant to the power reserved under Section 14.01 of the Plan, the Board amends the Plan as follows, subject to and effective upon approval by the Company’s shareholders at the Annual Meeting to be held on May 18, 2022 (the “**2022 Annual Meeting**”). This Second Amendment of the Plan (this “**Second Amendment**”) shall be effective on the date this Second Amendment is approved by the Company’s shareholders. Defined terms used herein, but not otherwise defined in this Second Amendment, shall have the meanings ascribed to them in the Plan:

1. Section 4.01(a) is hereby amended in its entirety to read as follows:

“(a) Subject to adjustment as provided in Section 4.04 and any limitations specified elsewhere in the Plan, the maximum number of Shares cumulatively available for issuance under the Plan pursuant to (i) the exercise of Options, (ii) the grant of Affiliated, Freestanding, and Tandem SARs, (iii) the grant of Restricted Stock, (iv) the payment of Performance Units and Performance Shares, and/or (v) the grant of Shares shall not exceed the sum of the following (the “Aggregate Share Limit”):

- (i) nine million Shares, plus
- (ii) any Shares available for awards under this Plan as of May 18, 2022, plus
- (iii) any Shares covered by an award under this Plan that are outstanding on May 18, 2022 that are subsequently forfeited or remain unpurchased or undistributed upon termination or expiration of the award.

IN WITNESS WHEREOF, this Second Amendment, having been first duly authorized, approved and adopted by the Company’s Board of Directors, and approved by the Company’s shareholders at the 2022 Annual Meeting, is hereby executed below by a duly authorized officer of the Company on this _____ day of _____, 2022.

OLD NATIONAL BANCORP

By: _____

Name: _____

Title: _____

OLD NATIONAL BANCORP BOARD OF DIRECTORS

Barbara A. Boigegrain

Former Chief Executive Officer
& General Secretary
Wespath Benefits and Investments

Thomas L. Brown

Former Senior Vice President
& Chief Financial Officer
RLI Corp.

Kathryn J. Hayley

Chief Executive Officer
Rosewood Advisory Services, LLC
Former Executive Vice President
UnitedHealthcare

Peter J. Henseler

Chairman
TOMY International

Daniel S. Hermann

Partner
Lechwe Holdings, LLC
Former Chief Executive Officer
AmeriQual Group, LLC

Ryan C. Kitchell

Former Executive Vice President
Chief Administrative Officer
Chief Financial Officer
Indiana University Health

Austin M. Ramirez

President & Chief Executive Officer
Husco International

Ellen A. Rudnick

Senior Advisor and Adjunct
Professor of Entrepreneurship
University of Chicago
Booth School of Business

James C. Ryan, III

Chief Executive Officer
Old National Bancorp

Thomas E. Salmon

Chairman and Chief Executive Officer
Berry Global Group, Inc.

Michael L. Scudder

Executive Chairman
Old National Bancorp

Rebecca S. Skillman

Chairman Radius Indiana
Former Lt. Governor of Indiana
Lead Independent Director
Old National Bancorp

Michael J. Small

Chief Executive Officer
K4 Mobility LLC
Former President &
Chief Executive Officer
Gogo, Inc.

Derrick J. Stewart

Senior Vice President
Education & Communications
YMCA Retirement Fund

Stephen C. Van Arsdell

Former Senior Partner
Chairman & Chief Executive Officer
Deloitte & Touche LLP

Katherine E. White

Brigadier General
U.S. Army
Professor of Law
Wayne State University Law School

OLD NATIONAL BANCORP EXECUTIVE LEADERSHIP TEAM

Chady M. AlAhmar

Chief Executive Officer
Wealth Management

Nicholas J. Chulos

Chief Legal Officer
Corporate Secretary

Caroline J. Ellspermann

Chief People Officer

Scott J. Evernham

Chief Risk Officer

Brendon B. Falconer

Chief Financial Officer

Corliss V. Garner

Chief Diversity, Equity &
Inclusion Officer

Kevin P. Geoghegan

Chief Credit Officer

Paul S. Kilroy

Chief Information Officer

Jeffrey L. Knight

Chief Government Relations Officer

John V. Moran

Chief Strategy Officer

Jeff C. Newcom

Chief Operations Officer

James C. Ryan, III

Chief Executive Officer

Mark G. Sander

President & Chief Operating Officer

James A. Sandgren

Chief Executive Officer
Commercial Banking

Kathy A. Schoettlin

Chief Communications, Culture
& Social Responsibility Officer

Roland B. Shelton

Chief Strategic Business
Partnership Officer

James V. Stadler

Chief Marketing Officer

Kendra L. Vanzo

Chief Administrative Officer

Ex-Officio Member**Joan M. Kissel**

Chief Auditing & Ethics Officer

Old National Bancorp

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Old National Bancorp is the holding company for Old National Bank. With more than \$46 billion in assets and \$34 billion of assets under management, it ranks among the top 35 banking companies based in the U.S. and is the sixth largest banking company headquartered in the Midwest. Old National has been recognized as a World's Most Ethical Company by the Ethisphere Institute for 11 consecutive years. Since its founding in Evansville in 1834, Old National Bank has focused on community banking by building long-term, highly valued partnerships and keeping our clients at the center of all we do. Today, Old National's footprint includes Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota and Wisconsin. In addition to providing extensive services in retail and commercial banking, Old National offers comprehensive wealth management, investment and capital market services. For more information and financial data, please visit Investor Relations at oldnational.com.