



2018 ANNUAL REPORT

With Proxy Statement and Notice of Annual Meeting



Becky Skillman
Old National Bancorp
Lead Director



Dear Old National Owners:

As Lead Director of the Old National Bancorp Board, it is my distinct honor to join your Chairman and outgoing CEO Bob Jones, and incoming CEO Jim Ryan, in crafting this letter. Bob's portion will detail your company's 2018 performance, while Jim will focus on 2019 and beyond. I have the privilege of starting off with a topic I am extremely passionate about: Old National's commitment to community banking.

There are numerous ways your company delivers on its promise to be a strong, secure community bank. Chief among these is an unwavering commitment to ethics and corporate governance. Old National's insistence on operating with the highest ethical standards was again evident in 2018 as the company was included—for the eighth consecutive year—on the Ethisphere Institute's World's Most Ethical Companies list. Bob Jones and your Management team also demonstrated their commitment to ethics and integrity by introducing an internal "Speak Up" initiative to ensure that every associate feels comfortable sharing any concerns they might have about workplace issues.

Additionally, recent associate survey results confirmed that Old National team members take tremendous pride in knowing they work for an ethical company. Rest assured that your Board of Directors is equally committed to ethics and integrity, and that we share the same sense of pride in Old National's ethical standing as do associates. Our hope is that, as owners, you also share in this pride.

Another key way that Old National delivers on its pledge to be a true community bank is through an unwavering commitment to community engagement and corporate social responsibility. In 2018, Old National invested more than \$6 million to strengthen the communities we serve through sponsorships and Old National Bank Foundation grants, while associates donated nearly 73,000 volunteer hours, raising the total hours volunteered since 2005 to nearly one million!

Your company was also honored in the past 12 months for its commitment to diversity and inclusion:

- The National Organization on Disability named Old National a 2018 Leading Disability Employer;
- Old National was one of 104 companies recognized in the 2018 Bloomberg Gender-Equality Index, which measures gender equality across internal company statistics, employee policies, community engagement and product offerings;
- And earlier this year, Old National was honored to receive the prestigious Military Friendly® Top 10 Employer designation.

How intent is your company on fostering a culture where diversity and inclusion are championed every day? So much so that achieving defined diversity and inclusion goals is a factor in calculating incentive payments for executives.

As a female leader, I'm especially proud to share that six of Old National's female executives were honored collectively by American Banker Magazine as one of 2018's "Most Powerful Teams." The leaders honored were Chief Audit Executive/Ethics Officer

Joan Kissel, Southern Region CEO Sara Miller, Chief Risk Officer Candice Rickard, Chief Client Experience Officer Ann Ryan, Chief Cultural Officer Kathy Schoettlin, and Chief People Officer Kendra Vanzo. Your company joined JPMorgan Chase, BMO Financial, TD Bank and Zions Bancorp as winners of this impressive award.

Old National also continued its long-standing focus on providing financial education training and resources. During 2018, Old National associates taught more than 1,000 financial education sessions, and the American Bankers Association recognized the company's Money Safety for Seniors program with its 2018 Community Commitment Award. In short, 2018 was a year that saw Old National and its team of passionate associates continue to make their communities stronger.

I would like to close my portion of the letter by touching on two other topics: 1) the role of your Board of Directors, and; 2) the leadership transition announced earlier this year.

First, let me say how much of a privilege it is to be part of a team of directors so deeply committed to driving long-term shareholder value for Old National owners. Our Board is serious about our fiduciary responsibility and passionate about serving the broader community. Additionally, very strong governance and succession planning allows us to identify gaps before adding new directors to ensure we collectively have the skills and experience needed to monitor and measure performance, help measure risk and assist Management in guiding your company on a successful path.

In addition to robust discussions about business issues, every Board meeting features an ethics message at the beginning of the meeting. This sets an appropriate tone for all discussion and decision-making that follows.

I'll close with a few thoughts about the recently announced leadership transition. Old National's ongoing, multi-year succession planning served your Board of Directors exceptionally well when Bob Jones informed us of his intent to retire as CEO. Utilizing the comprehensive, detailed succession plan that was already in place, your Board confidently appointed Old National CFO Jim Ryan—the architect of your company's growth strategy—as CEO, effective May 2, 2019.

Later, in his portion of this letter, Jim will detail his vision for 2019 and beyond. As your lead director, let me just say that I am 100% confident that this new leadership model positions Old National and its stakeholders extremely well.

I would also like to take this opportunity to acknowledge and thank Bob Jones for his outstanding leadership of your company. It has been one of the great honors of my professional career to work alongside him, and I wish Bob and his amazing wife, Lisa, all the best as they prepare to begin this richly deserved new chapter together.



Bob Jones
Chairman & Outgoing
Chief Executive Officer

As your Chairman and outgoing CEO, I will focus my portion of the letter on your company's 2018 results. As Becky highlighted, your Board of Directors has done an excellent job of ensuring that our company is properly focused on serving our shareholders, clients, associates and communities to the highest ethical standard possible. This truly is the definition of a community bank.

Old National's tremendous results in 2018 reflect the leadership of your Board. Our reported net income of \$190.8 million was the highest in the 184-year history of your company. This compares to 2017 net income of \$95.7 million, which was impacted by additional tax expense of \$39.3 million due to the revaluation of our deferred tax asset as part of the Tax Cuts and Jobs Act of 2017.

Other financial highlights of our record 2018 performance were:

- Highest commercial and commercial real estate loan production in the history of your company as we captured growth opportunities in our new markets.
- This production led to commercial and commercial real estate growth of 4%.

- We continued to take a highly disciplined approach to credit by operating within our stated risk profile. This led to strong credit metrics with net charge-offs to average loans of .02%.
- Our strong core deposit franchise and exceptional client service resulted in a very low increase to our cost of total deposits of 0.13%, and one of the best deposit betas in our peer group: 14.7% through the cycle.

In 2018, we also continued to transform our franchise with the June announcement of our Klein Financial partnership, our 10th partnership transaction since 2010. Based in the Twin Cities, Klein aligns perfectly with our Anchor Bank-Minnesota partnership, which was completed in 2018. Today, your company is the 7th largest bank in the Minneapolis/St. Paul market with total deposits of \$3.2 billion.

The Twin Cities, now Old National's largest deposit market, is characterized by vibrant growth and dominated by two large super regional banks. We believe our community-focused, highly personalized approach to banking is a powerful differentiator as we strive to become THE community bank serving the market. I'm pleased to report that we have an incredibly talented team in place, and the integration process continues to go very well.

Taken together, our Minnesota partnerships represent a continuation of our strategy to position our franchise in vibrant, higher growth markets. This strategy, developed by your new CEO Jim Ryan, has dramatically changed your company and improved our growth dynamics. Additionally, we recognize that banking is increasingly becoming a scale business; in order to make the investments in technology, compliance and products needed to compete, building scale is critical.

As further evidence of the benefits of this transformation strategy, we saw our adjusted operating leverage improve by 215 basis points in 2018. At the same time, we have invested in new technology to better serve our clients and ensure we are meeting the increasing regulatory requirements of our industry.

We also continued to evaluate our branch system in 2018 to ensure that we had the most efficient and effective network possible. This led to the decision to sell 10 branches in lower growth markets. A careful, critical review of all locations is an ongoing process. Since 2010, we have closed or sold 201 branches. This has resulted in a 121% increase in our total deposits per branch from \$33.9 million in 2010 to \$75.1 million today.

I began my portion of the letter with a nod to the great work your Board has done in focusing on ethics and governance. Another example of their tremendous leadership is in the area of succession planning. Because our associates are Old National's most important asset, your Board is deeply committed to very robust growth and development planning, which includes succession planning across multiple levels of the company.

This commitment to succession planning is one of the many reasons I am excited that our Board of Directors selected Jim Ryan as your next CEO. Jim is extremely well-qualified to lead your company forward. Not only was he the architect of the transformation strategy that has led to our record growth, he developed key strategies that have significantly improved our operating leverage. As your CFO since 2016, he also has developed outstanding relationships with our investors and analysts.

Additionally, Jim has been one of the key leaders in building a culture at Old National that sets us apart. He understands Old National's proud legacy, the value of our commitment to clients, associates and communities, and the importance of an unwavering ethical focus. But just as importantly, Jim understands where we need to take the company in the future given the shifting dynamics our industry faces.

I look forward to watching the terrific work that I know Jim will do for you.

Finally, I want to thank you for the opportunity to be your CEO for the past 14-plus years. Without question, it has been the highlight of my nearly 40-year career in banking.

A handwritten signature in black ink that reads "Bob Jones". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.



**Jim Ryan, Incoming
Chief Executive Officer**

As your CEO beginning May 2nd of this year, I'd like to focus my part of this letter on a look ahead at 2019 and beyond. But first, let me start by saying just how humbled and honored I am to follow a leader of Bob Jones's stature—as well as the many other great leaders who preceded Bob—as the CEO of your company.

As I told several Wall Street analysts on a conference call shortly after the transition announcement, I have some LeBron James-sized shoes to fill. Not only has Bob been a tremendous leader, he has been a great mentor to me during my career. I am incredibly excited that your Board has chosen me as his successor.

While organizational change always creates an opportunity for new approaches, I want to begin by sharing several things that will not change under my leadership.

- Old National's basic bank strategy will remain the same. We will continue to adhere to the conservative risk profile that has served your company well during times of economic prosperity and during more challenging periods. This is a proven business approach that we believe provides you, our owners, with maximum long-term value.
- We will continue to work exceptionally hard to be one of the world's most ethical companies. There is a reason why both Becky and Bob touched on ethics in their portion of the letter, and why I bring it up again now. Our constant focus on ethics and governance is a critical (and non-negotiable) part of what makes Old National an organization that clients trust and associates are proud to work for.
- Speaking of our associates, we will continue to view them as our #1 asset and do everything in our power to ensure they are growing and developing within the organization. This includes comprehensive talent development and training programs that enable us to promote from within while maintaining a consistent culture of excellence.
- We will also continue to passionately support—and be true leaders in—our communities. Bob has often said that Old National is only as strong as the communities we serve. I could not agree more, and I pledge that your company will continue to differentiate ourselves through community engagement. It is simply part of the Old National DNA.
- Additionally, we will continue to focus on organic growth while being open to partnership opportunities that fit our risk profile, are consistent with our culture and values, and support our overall growth strategy. Continuing to build scale is important, but we will not do so at the expense of long-term shareholder value. We will continue to be an extremely patient and selective acquirer.

As a member of your Executive Leadership Group, I have been intently focused on improving the client experience and driving efficiencies through process improvements. As CEO, I pledge to raise the bar even higher in this area by working with our leadership team to identify new opportunities for internal collaboration and simplification. Your company has made great strides in the areas of improved client experiences and process improvements over the past few years, but we still have room for growth. As we work to create an even more streamlined, effective and efficient way of doing business, I firmly believe our market share will grow and your investment will gain more value. As I recently told members of our leadership team at a strategic summit, we need to become obsessed with delighting our clients and work vigorously to earn and keep our clients' trust.

Another focus area for 2019 is implementing a comprehensive digital transformation that makes our clients' lives easier while also driving back-office efficiencies. This digital transformation started to take shape in 2018 as our branches shifted to a client service approach we refer to as the Relationship Banker Model. Armed with tablets and untethered from traditional desks and teller lines, our bankers now greet each client at the door. A single banker then walks the client through all their financial needs while demonstrating ways to save time and simplify their banking experience through digital tools. This consultative approach to client service is already deepening and expanding relationships, and we will continue to look for additional ways to delight our clients through a combination of digital offerings and old-fashioned, face-to-face service.

I'm confident we can attain these goals and develop these strategies for one simple reason: your company possesses one of the strongest leadership teams in the financial industry. Becky mentioned that American Banker magazine recognized six of our senior-most female leaders in 2018 as one of the banking industry's strongest teams. And I would be remiss if I failed to acknowledge the crucial role of your president and Chief Operating Officer Jim Sandgren, and the regional CEOs who report up to him, in driving the execution of our banking strategy. Working together, and in collaboration with

your Board of Directors, your entire leadership team will continue to work relentlessly to create an associate experience and a client experience that achieve success, while also strengthening and serving our communities.

While I am not an economist, nor foolish enough to try to predict what the stock market will do during the remainder of 2019 and into 2020, I will say this: after an extended period of market growth, we seem to have entered a period where market volatility can be expected to continue. There is also evidence to suggest that our still-strong economy may be softening. None of this is surprising, as we all know our economy is cyclical and that every growth cycle ultimately ends. Whether that begins to take shape in the next 12 months or later on in the future, you can be sure that Old National—with our proven basic bank strategy—is well-positioned to weather any economic headwinds. You can also be certain that your company will continue to maintain a very strong relationship with our regulators, which was a hallmark of Bob's tenure as CEO.

I will close this letter to you, Old National's owners, with both a thank you message and a pledge. First, thank you for your trust in and ownership of Old National. I recognize that your continued trust and patronage must be won.

Secondly, I pledge to work tirelessly to build upon the strong foundation that Bob and others before him established. Under my leadership, Old National will be a bank that passionately serves our clients, consistently strengthens our communities and does so while operating in the most ethical way possible. By executing on this plan, I'm confident that Old National Bank will continue to earn the right to call you our owners.



ACKNOWLEDGEMENTS

IN APPRECIATION

After 18 years of dedicated service, Kelly Stanley is retiring from the Old National Bancorp Board of Directors. As a member of the Audit Committee and the Corporate Governance and Nominating Committee, and Chairman of the Community and Social Responsibility Committee, Mr. Stanley consistently demonstrated a passion for Old National's mission and a commitment to corporate social responsibility. His quiet, steady leadership will be greatly missed, and we wish him and his family the very best.

WELCOME

In January, we welcomed Ryan Kitchell, Executive Vice President and Chief Administrative Officer of Indiana University Health, to the Old National Bancorp Board of Directors. Mr. Kitchell holds an economics degree from Indiana University, an MBA from the Tuck School of Business at Dartmouth and has earned the Chartered Financial Analyst (CFA) designation. He is deemed to be a "Financial Expert" as defined by rules set forth by the SEC. Mr. Kitchell is a board member of the Indiana Sports Corporation, Mitch Daniels Leadership Foundation, Boy Scouts of America Crossroads Council, the Indiana Motorsports Commission, the Indiana State Chamber of Commerce and the NICO Corporation.

In January, we welcomed Thomas. E. Salmon, Chairman and CEO of Berry Global, Inc., to the Old National Bancorp Board of Directors. Mr. Salmon's over 20 years in manufacturing has provided him with extensive experience in the areas of management, accounting and finance. He holds a Bachelor of Business Administration from Saint Bonaventure University in Western New York. Mr. Salmon is a board member of the Evansville Regional Business Committee, Golf Gives Back and Signature School.

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 and profitability. Forward-looking statements can be identified by the use of the words "anticipate," "believe," "expect," "intend," "could" and "should," and other words of similar meaning. These forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to risks and uncertainties. There are a number of factors that could cause actual results to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to: expected cost savings, synergies and other financial benefits from the merger with Klein that might not be realized within the expected timeframes and costs or difficulties relating to integration matters might be greater than expected; market, economic, operational, liquidity, credit and interest rate risks associated with Old National's business; competition; government legislation and policies (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related regulations); ability of Old National to execute its business plan; changes in the economy which could materially impact credit quality trends and the ability to generate loans and gather deposits; failure or circumvention of our internal controls; failure or disruption of our information systems; significant changes in accounting, tax or regulatory practices or requirements; new legal obligations or liabilities or unfavorable resolutions of litigations; disruptive technologies in payment systems and other services traditionally provided by banks; computer hacking and other cybersecurity threats; other matters discussed in this letter; and other factors identified in our Annual Report on Form 10-K and other periodic filings with the SEC. These forward-looking statements are made only as of the date of this letter, and Old National does not undertake an obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this letter.

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Old National Bancorp (NASDAQ: ONB), the holding company of Old National Bank, is the largest bank holding company headquartered in Indiana. With \$19.7 billion in assets, it ranks among the top 100 banking companies in the U.S. and has been recognized as a World's Most Ethical Company by the Ethisphere Institute for eight consecutive years. Since its founding in Evansville in 1834, Old National Bank has focused on community banking by building long-term, highly valued partnerships with clients. Today, Old National's footprint includes Indiana, Kentucky, Michigan, Wisconsin and Minnesota. In addition to providing extensive services in retail and commercial banking, Old National offers comprehensive wealth management, investment and capital market services. For more information and financial data, please visit Investor Relations at oldnational.com.