

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2024

or

☐ 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 001-15817

Old National Bancorp

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of incorporation or organization)

35-1539838

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

One Main Street

Evansville, Indiana

(Address of principal executive offices)

47708

(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	NASDAQ Global Select Market
Depository Shares, each representing a 1/40th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series A	ONBPP	NASDAQ Global Select Market
Depository Shares, each representing a 1/40th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series C	ONBPO	NASDAQ Global Select Market

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant has one class of common stock (no par value) with 318,971,000 shares outstanding at April 30, 2024.

OLD NATIONAL BANCORP
FORM 10-Q
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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 wholly-owned bank subsidiary.

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

AOI: 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)
CapStar: CapStar Financial Holdings, Inc.
CECL: current expected credit loss
Common Stock: Old National Bancorp common stock, no par value
DTI: debt-to-income
FASB: Financial Accounting Standards Board
FDIC: Federal Deposit Insurance Corporation
FHLB: Federal Home Loan Bank
FHTC: Federal Historic Tax Credit
FICO: Fair Isaac Corporation
GAAP: U.S. generally accepted accounting principles
LGD: loss given default
LIBOR: London Interbank Offered Rate
LIHTC: Low Income Housing Tax Credit
LTV: loan-to-value
N/A: not applicable
N/M: not meaningful
NASDAQ: NASDAQ Global Select Market
NMTC: New Markets Tax Credit
NOW: negotiable order of withdrawal
OCC: Office of the Comptroller of the Currency
PCD: purchased credit deteriorated
PD: probability of default
Renewable Energy: investment tax credits for solar projects
SEC: U.S. Securities and Exchange Commission
SOFR: Secured Overnight Financing Rate

OLD NATIONAL BANCORP
CONSOLIDATED BALANCE SHEETS

	March 31, 2024	December 31, 2023
(dollars and shares in thousands, except per share data)		
	(unaudited)	
Assets		
Cash and due from banks	\$ 350,990	\$ 430,866
Money market and other interest-earning investments	588,509	744,192
Total cash and cash equivalents	939,499	1,175,058
Equity securities, at fair value	84,954	80,372
Investment securities - available-for-sale, at fair value (amortized cost \$7,834,082 and \$7,684,889, respectively)	6,791,652	6,713,055
Investment securities - held-to-maturity, at amortized cost (fair value \$2,547,576 and \$2,601,188, respectively)	3,001,349	3,013,493
Federal Home Loan Bank/Federal Reserve Bank stock, at cost	365,588	365,588
Loans held-for-sale, at fair value	19,418	32,006
Loans:		
Commercial	9,648,269	9,512,230
Commercial real estate	14,653,958	14,140,629
Residential real estate	6,661,379	6,699,443
Consumer	2,659,713	2,639,625
Total loans, net of unearned income	33,623,319	32,991,927
Allowance for credit losses on loans	(319,713)	(307,610)
Net loans	33,303,606	32,684,317
Premises and equipment, net	564,007	565,396
Goodwill	1,998,716	1,998,716
Other intangible assets	96,795	102,250
Company-owned life insurance	767,423	767,902
Accrued interest receivable and other assets	1,601,911	1,591,683
Total assets	\$ 49,534,918	\$ 49,089,836
Liabilities		
Deposits:		
Noninterest-bearing demand	\$ 9,257,709	\$ 9,664,247
Interest-bearing:		
Checking and NOW	7,236,667	7,331,487
Savings	5,020,095	5,099,186
Money market	10,234,113	9,561,116
Time deposits	5,950,834	5,579,144
Total deposits	37,699,418	37,235,180
Federal funds purchased and interbank borrowings	50,416	390
Securities sold under agreements to repurchase	274,493	285,206
Federal Home Loan Bank advances	4,193,039	4,280,681
Other borrowings	813,213	764,870
Accrued expenses and other liabilities	908,931	960,609
Total liabilities	43,939,510	43,526,936
Shareholders' Equity		
Preferred stock, 2,000 shares authorized, 231 shares issued and outstanding	230,500	230,500
Common stock, no par value, \$1.00 per share stated value, 600,000 shares authorized, 293,330 and 292,655 shares issued and outstanding, respectively	293,330	292,655
Capital surplus	4,157,542	4,159,924
Retained earnings	1,693,664	1,618,630
Accumulated other comprehensive income (loss), net of tax	(779,628)	(738,809)
Total shareholders' equity	5,595,408	5,562,900
Total liabilities and shareholders' equity	\$ 49,534,918	\$ 49,089,836

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Three Months Ended March 31,	
(dollars and shares in thousands, except per share data)	2024	2023
Interest Income		
Loans including fees:		
Taxable	\$ 487,361	\$ 410,375
Nontaxable	13,102	10,212
Investment securities:		
Taxable	75,027	60,801
Nontaxable	10,506	11,163
Money market and other interest-earning investments	9,985	3,098
Total interest income	595,981	495,649
Interest Expense		
Deposits	185,439	62,593
Federal funds purchased and interbank borrowings	961	4,839
Securities sold under agreements to repurchase	917	779
Federal Home Loan Bank advances	41,167	37,996
Other borrowings	11,039	7,954
Total interest expense	239,523	114,161
Net interest income	356,458	381,488
Provision for credit losses	18,891	13,437
Net interest income after provision for credit losses	337,567	368,051
Noninterest Income		
Wealth and investment services fees	28,304	26,920
Service charges on deposit accounts	17,898	17,003
Debit card and ATM fees	10,054	9,982
Mortgage banking revenue	4,478	3,400
Capital markets income	2,900	6,939
Company-owned life insurance	3,434	3,186
Debt securities gains (losses), net	(16)	(5,216)
Other income	10,470	8,467
Total noninterest income	77,522	70,681
Noninterest Expense		
Salaries and employee benefits	149,803	137,364
Occupancy	27,019	28,282
Equipment	8,671	7,389
Marketing	10,634	9,417
Technology	20,023	19,202
Communication	4,000	4,461
Professional fees	6,406	6,732
FDIC assessment	11,313	10,404
Amortization of intangibles	5,455	6,186
Amortization of tax credit investments	2,749	2,761
Other expense	16,244	18,513
Total noninterest expense	262,317	250,711
Income before income taxes	152,772	188,021
Income tax expense	32,488	41,421
Net income	120,284	146,600
Preferred dividends	(4,034)	(4,034)
Net income applicable to common shareholders	\$ 116,250	\$ 142,566
Net income per common share - basic	\$ 0.40	\$ 0.49
Net income per common share - diluted	0.40	0.49
Weighted average number of common shares outstanding - basic	290,980	291,088
Weighted average number of common shares outstanding - diluted	292,207	292,756
Dividends per common share	\$ 0.14	\$ 0.14

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 120,284	\$ 146,600
Other comprehensive income (loss):		
Change in debt securities available-for-sale:		
Unrealized holding gains (losses) for the period	(44,709)	24,724
Reclassification adjustment for securities (gains) losses realized in income	16	5,216
Income tax effect	11,242	1,146
Unrealized gains (losses) on available-for-sale securities	(33,451)	31,086
Change in securities held-to-maturity:		
Amortization of unrealized losses on securities transferred from available-for-sale	4,318	5,829
Income tax effect	(1,097)	(131)
Changes from securities held-to-maturity	3,221	5,698
Change in hedges:		
Net unrealized derivative gains (losses) on hedges	(19,159)	47,849
Reclassification adjustment for (gains) losses realized in net income	4,877	7,292
Income tax effect	3,693	(13,720)
Changes from hedges	(10,589)	41,421
Change in defined benefit pension plans:		
Amortization of net (gains) losses recognized in income	—	(188)
Income tax effect	—	47
Changes from defined benefit pension plans	—	(141)
Other comprehensive income (loss), net of tax	(40,819)	78,064
Comprehensive income (loss)	\$ 79,465	\$ 224,664

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

(dollars in thousands, except per share data)	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2022	\$ 230,500	\$ 292,903	\$ 4,174,265	\$ 1,217,349	\$ (786,422)	\$ 5,128,595
Net income	—	—	—	146,600	—	146,600
Other comprehensive income (loss)	—	—	—	—	78,064	78,064
Cash dividends:						
Common (\$0.14 per share)	—	—	—	(41,088)	—	(41,088)
Preferred (\$17.50 per share)	—	—	—	(4,034)	—	(4,034)
Common stock issued	—	15	247	—	—	262
Common stock repurchased	—	(2,598)	(41,112)	—	—	(43,710)
Share-based compensation expense	—	—	12,742	—	—	12,742
Stock activity under incentive compensation plans	—	1,602	(1,412)	(195)	—	(5)
Balance, March 31, 2023	\$ 230,500	\$ 291,922	\$ 4,144,730	\$ 1,318,632	\$ (708,358)	\$ 5,277,426
December 31, 2023	\$ 230,500	\$ 292,655	\$ 4,159,924	\$ 1,618,630	\$ (738,809)	\$ 5,562,900
Net income	—	—	—	120,284	—	120,284
Other comprehensive income (loss)	—	—	—	—	(40,819)	(40,819)
Cash dividends:						
Common (\$0.14 per share)	—	—	—	(41,060)	—	(41,060)
Preferred (\$17.50 per share)	—	—	—	(4,034)	—	(4,034)
Common stock issued	—	17	248	—	—	265
Common stock repurchased	—	(434)	(6,748)	—	—	(7,182)
Share-based compensation expense	—	—	5,491	—	—	5,491
Stock activity under incentive compensation plans	—	1,092	(1,373)	(156)	—	(437)
Balance, March 31, 2024	\$ 230,500	\$ 293,330	\$ 4,157,542	\$ 1,693,664	\$ (779,628)	\$ 5,595,408

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Cash Flows From Operating Activities		
Net income	\$ 120,284	\$ 146,600
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	9,678	9,121
Amortization of other intangible assets	5,455	6,186
Amortization of tax credit investments	2,749	2,761
Net premium amortization on investment securities	1,133	3,603
Accretion income related to acquired loans	(3,612)	(6,410)
Share-based compensation expense	5,491	12,742
Provision for credit losses	18,891	13,437
Debt securities (gains) losses, net	16	5,216
Net (gains) losses on sales of loans and other assets	(1,245)	829
Increase in cash surrender value of company-owned life insurance	(3,434)	(3,186)
Residential real estate loans originated for sale	(112,818)	(65,148)
Proceeds from sales of residential real estate loans	112,552	67,468
(Increase) decrease in interest receivable	5,349	1,533
(Increase) decrease in other assets	14,135	(3,833)
Increase (decrease) in accrued expenses and other liabilities	(70,391)	(137,230)
Net cash flows provided by (used in) operating activities	104,233	53,689
Cash Flows From Investing Activities		
Purchases of investment securities available-for-sale	(483,506)	(44,413)
Purchases of investment securities held-to-maturity	—	(1,941)
Purchases of Federal Home Loan Bank/Federal Reserve Bank stock	—	(99,158)
Purchases of equity securities	(3,791)	(20,807)
Proceeds from maturities, prepayments, and calls of investment securities available-for-sale	318,810	164,893
Proceeds from sales of investment securities available-for-sale	15,195	51,522
Proceeds from maturities, prepayments, and calls of investment securities held-to-maturity	15,619	24,744
Proceeds from sales of equity securities	1,834	615
Loan originations and payments, net	(639,530)	(708,752)
Proceeds from sales of commercial loans	13,819	—
Proceeds from company-owned life insurance death benefits	3,891	2,257
Proceeds from sales of premises and equipment and other assets	—	1,410
Purchases of premises and equipment and other assets	(8,482)	(10,456)
Net cash flows provided by (used in) investing activities	(766,141)	(640,086)
Cash Flows From Financing Activities		
Net increase (decrease) in:		
Deposits	464,238	(83,038)
Federal funds purchased and interbank borrowings	50,026	37,466
Securities sold under agreements to repurchase	(10,713)	(39,786)
Other borrowings	49,809	(4,002)
Payments for maturities of Federal Home Loan Bank advances	(825,000)	(750,150)
Proceeds from Federal Home Loan Bank advances	750,000	1,900,000
Cash dividends paid	(45,094)	(45,122)
Common stock repurchased	(7,182)	(43,710)
Common stock issued	265	262
Net cash flows provided by (used in) financing activities	426,349	971,920
Net increase (decrease) in cash and cash equivalents	(235,559)	385,523
Cash and cash equivalents at beginning of period	1,175,058	728,412
Cash and cash equivalents at end of period	\$ 939,499	\$ 1,113,935

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) – (Continued)

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Supplemental cash flow information:		
Total interest paid	\$ 241,927	\$ 104,917
Total income taxes paid (net of refunds)	2,429	1,182
Operating lease right-of-use assets obtained in exchange for lease obligations	(193)	222
Finance lease right-of-use assets obtained in exchange for lease obligations	10,400	9,141

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

OLD NATIONAL BANCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited 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. In the opinion of management, the consolidated financial statements contain all the normal and recurring adjustments necessary for a fair statement of the financial position of Old National as of March 31, 2024 and December 31, 2023, and the results of its operations for the three months ended March 31, 2024 and 2023. Interim results do not necessarily represent annual results. Certain information and disclosures normally included in notes to consolidated annual financial statements prepared in accordance with GAAP have been condensed or omitted in this Quarterly Report on Form 10-Q pursuant to SEC rules and regulations. These financial statements should be read in conjunction with Old National’s Annual Report on Form 10-K for the year ended December 31, 2023.

All 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 period net income or shareholders’ equity and were insignificant amounts.

NOTE 2 – RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Guidance Adopted in 2024

FASB ASC 820 – In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, to clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. The adoption of this guidance on January 1, 2024 did not have a material impact on the consolidated financial statements.

FASB ASC 323 – In March 2023, the FASB issued ASU 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, which allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The adoption of this guidance on a modified retrospective basis on January 1, 2024 did not have a material impact on the consolidated financial statements.

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 LIBOR or other interbank offered rate on financial reporting. The guidance is applicable only to contracts or hedge accounting relationships that reference LIBOR or another reference rate expected to be discontinued.

In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which defers the sunset date of relief provisions within Topic 848 from December 31, 2022 to December 31, 2024. The objective of the guidance in Topic 848 is to provide relief during the transition period.

The amendments in this ASU are effective March 12, 2020 through December 31, 2024. As of March 31, 2024, substantially all of the Company’s LIBOR exposure was addressed and remaining LIBOR-based contracts are expected to transition to alternate reference rates at their next index reset dates. Old National believes the adoption of this guidance on activities subsequent to March 31, 2024 will not have a material impact on the consolidated financial statements.

Accounting Guidance Pending Adoption

FASB ASC 280 – In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments are intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. A public entity should apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Old National is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

FASB ASC 740 – In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. Among other things, these amendments require that public business entities on an annual basis disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (loss) by the applicable statutory income tax rate). In addition, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts are equal to or greater than 5 percent of total income taxes paid (net of refunds received). The amendments in this ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. Old National is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

NOTE 3 – ACQUISITION AND DIVESTITURE ACTIVITY

Pending Acquisition

CapStar Financial Holdings, Inc.

On October 26, 2023, Old National announced that it had entered into a definitive merger agreement to acquire CapStar Financial Holdings, Inc. ("CapStar") and its wholly-owned subsidiary, CapStar Bank, in an all-stock transaction. On April 1, 2024, Old National completed its acquisition of CapStar. This partnership strengthens Old National's Nashville, Tennessee presence and adds several new high-growth markets. At closing, CapStar had approximately \$3.0 billion of total assets, \$2.3 billion of total loans, and \$2.6 billion of deposits. Under the terms of the merger agreement, each outstanding share of CapStar common stock was converted into the right to receive 1.155 shares of Old National common stock plus cash in lieu of fractional shares, resulting in consideration paid of \$418 million based on Old National's stock price of \$17.41 per share at close. Old National expects systems conversions related to the transaction to be completed in the third quarter of 2024.

NOTE 4 – NET INCOME PER COMMON SHARE

Basic and diluted net income per common share are calculated using the two-class method. Net income applicable to common shares 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 applicable to common shares is then divided by the weighted-average number of common shares and common share equivalents during the period.

The following table presents the calculation of basic and diluted net income per common share:

(dollars and shares in thousands, except per share data)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 120,284	\$ 146,600
Preferred dividends	(4,034)	(4,034)
Net income applicable to common shares	\$ 116,250	\$ 142,566
Weighted average common shares outstanding:		
Weighted average common shares outstanding (basic)	290,980	291,088
Effect of dilutive securities:		
Restricted stock	1,227	1,666
Stock appreciation rights	—	2
Weighted average diluted shares outstanding	292,207	292,756
Basic Net Income Per Common Share	\$ 0.40	\$ 0.49
Diluted Net Income Per Common Share	\$ 0.40	\$ 0.49

NOTE 5 – INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of the available-for-sale and held-to-maturity investment securities portfolios and the corresponding amounts of gross unrealized gains, unrealized losses, and basis adjustments in AOCI and gross unrecognized gains and losses.

(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Basis Adjustments ⁽¹⁾	Fair Value
March 31, 2024					
Available-for-Sale					
U.S. Treasury	\$ 291,538	\$ 19	\$ (9,956)	\$ (48,550)	\$ 233,051
U.S. government-sponsored entities and agencies	1,448,561	—	(184,941)	(80,601)	1,183,019
Mortgage-backed securities - Agency	5,223,119	1,996	(675,092)	—	4,550,023
States and political subdivisions	537,930	404	(24,180)	950	515,104
Pooled trust preferred securities	13,800	—	(2,526)	—	11,274
Other securities	319,134	391	(20,344)	—	299,181
Total available-for-sale securities	\$ 7,834,082	\$ 2,810	\$ (917,039)	\$ (128,201)	\$ 6,791,652
Held-to-Maturity					
U.S. government-sponsored entities and agencies	\$ 827,684	\$ —	\$ (164,949)	\$ —	\$ 662,735
Mortgage-backed securities - Agency	1,016,858	—	(159,201)	—	857,657
States and political subdivisions	1,156,957	864	(130,487)	—	1,027,334
Allowance for securities held-to-maturity	(150)	—	—	—	(150)
Total held-to-maturity securities	\$ 3,001,349	\$ 864	\$ (454,637)	\$ —	\$ 2,547,576
December 31, 2023					
Available-for-Sale					
U.S. Treasury	\$ 449,817	\$ 154	\$ (11,941)	\$ (41,297)	\$ 396,733
U.S. government-sponsored entities and agencies	1,487,879	33	(192,717)	(63,931)	1,231,264
Mortgage-backed securities - Agency	4,835,319	3,093	(621,852)	—	4,216,560
States and political subdivisions	554,509	878	(23,057)	2,930	535,260
Pooled trust preferred securities	13,797	—	(2,460)	—	11,337
Other securities	343,568	449	(22,116)	—	321,901
Total available-for-sale securities	\$ 7,684,889	\$ 4,607	\$ (874,143)	\$ (102,298)	\$ 6,713,055
Held-to-Maturity					
U.S. government-sponsored entities and agencies	\$ 825,953	\$ —	\$ (154,827)	\$ —	\$ 671,126
Mortgage-backed securities - Agency	1,029,131	—	(147,137)	—	881,994
States and political subdivisions	1,158,559	1,800	(112,141)	—	1,048,218
Allowance for securities held-to-maturity	(150)	—	—	—	(150)
Total held-to-maturity securities	\$ 3,013,493	\$ 1,800	\$ (414,105)	\$ —	\$ 2,601,188

(1) Basis adjustments represent the amount of fair value hedging adjustments included in the carrying amounts of fixed-rate investment securities assets designated in fair value hedging arrangements. See Note 15 to the consolidated financial statements for additional information regarding these derivative financial instruments.

Substantially all of the mortgage-backed securities in the investment portfolio are residential mortgage-backed securities.

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)	Three Months Ended March 31,	
	2024	2023
Proceeds	\$ 61,250	\$ 57,955
Realized gains	3	909
Realized losses	(19)	(6,125)

The table below shows the amortized cost and fair value of the investment securities portfolio 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.

March 31, 2024			
(dollars in thousands)			
Maturity	Amortized Cost	Fair Value	Weighted Average Yield
Available-for-Sale			
Within one year	\$ 177,458	\$ 174,950	3.39 %
One to five years	1,991,571	1,848,581	3.44
Five to ten years	4,193,417	3,608,726	2.57
Beyond ten years	1,471,636	1,159,395	2.58
Total	\$ 7,834,082	\$ 6,791,652	2.81 %
Held-to-Maturity			
Within one year	\$ 157	\$ 147	2.23 %
One to five years	160,838	132,056	2.63
Five to ten years	1,161,402	1,006,755	2.62
Beyond ten years	1,678,952	1,408,618	2.73
Total	\$ 3,001,349	\$ 2,547,576	2.68 %

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
March 31, 2024						
Available-for-Sale						
U.S. Treasury	\$ 13,882	\$ (77)	\$ 183,031	\$ (9,879)	\$ 196,913	\$ (9,956)
U.S. government-sponsored entities and agencies	3,983	(74)	1,179,036	(184,867)	1,183,019	(184,941)
Mortgage-backed securities - Agency	498,441	(4,781)	3,710,045	(670,311)	4,208,486	(675,092)
States and political subdivisions	132,681	(691)	282,382	(23,489)	415,063	(24,180)
Pooled trust preferred securities	—	—	11,274	(2,526)	11,274	(2,526)
Other securities	36,511	(133)	215,927	(20,211)	252,438	(20,344)
Total available-for-sale	\$ 685,498	\$ (5,756)	\$ 5,581,695	\$ (911,283)	\$ 6,267,193	\$ (917,039)
December 31, 2023						
Available-for-Sale						
U.S. Treasury	\$ 8,937	\$ (42)	\$ 191,027	\$ (11,899)	\$ 199,964	\$ (11,941)
U.S. government-sponsored entities and agencies	—	—	1,189,314	(192,717)	1,189,314	(192,717)
Mortgage-backed securities - Agency	90,145	(710)	3,835,552	(621,142)	3,925,697	(621,852)
States and political subdivisions	86,865	(495)	259,767	(22,562)	346,632	(23,057)
Pooled trust preferred securities	—	—	11,337	(2,460)	11,337	(2,460)
Other securities	39,032	(229)	255,888	(21,887)	294,920	(22,116)
Total available-for-sale	\$ 224,979	\$ (1,476)	\$ 5,742,885	\$ (872,667)	\$ 5,967,864	\$ (874,143)

The following table summarizes the held-to-maturity investment securities with unrecognized losses aggregated by major security type and length of time in a continuous loss position:

(dollars in thousands)	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses
March 31, 2024						
Held-to-Maturity						
U.S. government-sponsored entities and agencies	\$ —	\$ —	\$ 662,735	\$ (164,949)	\$ 662,735	\$ (164,949)
Mortgage-backed securities - Agency	—	—	857,657	(159,201)	857,657	(159,201)
States and political subdivisions	19,953	(100)	957,362	(130,387)	977,315	(130,487)
Total held-to-maturity	\$ 19,953	\$ (100)	\$ 2,477,754	\$ (454,537)	\$ 2,497,707	\$ (454,637)
December 31, 2023						
Held-to-Maturity						
U.S. government-sponsored entities and agencies	\$ —	\$ —	\$ 671,126	\$ (154,827)	\$ 671,126	\$ (154,827)
Mortgage-backed securities - Agency	—	—	881,994	(147,137)	881,994	(147,137)
States and political subdivisions	—	—	977,154	(112,141)	977,154	(112,141)
Total held-to-maturity	\$ —	\$ —	\$ 2,530,274	\$ (414,105)	\$ 2,530,274	\$ (414,105)

The unrecognized losses on held-to-maturity investment securities presented in the table above do not include unrecognized losses on securities that were transferred from available-for-sale to held-to-maturity totaling \$123.3 million at March 31, 2024 and \$127.6 million at December 31, 2023. These unrecognized losses are included as a separate component of shareholders' equity and are being amortized over the remaining term of the securities.

No allowance for credit losses on available-for-sale debt securities was needed at March 31, 2024 or December 31, 2023.

An allowance on held-to-maturity debt securities is maintained for certain municipal bonds to account for expected lifetime credit losses. Substantially all of the U.S. government-sponsored entities and agencies and agency mortgage-backed securities 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. The allowance for credit losses on held-to-maturity debt securities was \$0.2 million at March 31, 2024 and December 31, 2023. Accrued interest receivable on the securities portfolio is excluded from the estimate of credit losses and totaled \$40.3 million at March 31, 2024 and \$50.3 million at December 31, 2023.

At March 31, 2024, Old National's securities portfolio consisted of 2,941 securities, 2,702 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 and market movements. Old National's pooled trust preferred securities are evaluated using collateral-specific assumptions to estimate the expected future interest and principal cash flows. At March 31, 2024, 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 three months ended March 31, 2024 or 2023.

Equity Securities

Equity securities consist of mutual funds for Community Reinvestment Act qualified investments and diversified investment securities held in a grantor trust for participants in the Company's nonqualified deferred compensation plan. Old National's equity securities with readily determinable fair values totaled \$85.0 million at March 31, 2024 and \$80.4 million at December 31, 2023. There were gains on equity securities of \$0.3 million during the three months ended March 31, 2024, compared to losses of \$0.8 million during the three months ended March 31, 2023.

Alternative Investments

Old National has alternative investments without readily determinable fair values that are included in other assets totaling \$474.7 million at March 31, 2024, consisting of \$270.6 million of illiquid investments in partnerships, limited liability companies, and other ownership interests that support affordable housing and \$204.1 million of economic development and community revitalization initiatives in low-to-moderate income neighborhoods. These alternative investments totaled \$449.3 million at December 31, 2023. There have been no impairments or adjustments on equity securities without readily determinable fair values, except for amortization of tax credit investments in the three months ended March 31, 2024 and 2023. See Note 9 to the consolidated financial statements for detail regarding these investments.

NOTE 6 – 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 real estate rental and leasing, manufacturing, healthcare, wholesale trade, construction, and agriculture, among others. Most of Old National's lending activity occurs within our principal geographic markets in the Midwest region of the United States. Old National manages concentrations of credit exposure by industry, product, geography, client relationship, and loan size.

Old National has loan participations, which qualify as participating interests, with other financial institutions. At March 31, 2024, these loans totaled \$3.0 billion, of which \$1.3 billion had been sold to other financial institutions and \$1.7 billion 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.

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 on loans. The allowance for credit losses was calculated by pooling loans of similar credit risk characteristics and credit monitoring procedures. The four loan portfolios used to monitor and analyze interest income and yields – commercial, commercial real estate, residential real estate, and consumer – are reclassified into seven segments of loans – commercial, commercial real estate, BBCC, residential real estate, indirect, direct, and home equity for purposes of determining the allowance for credit losses on loans. 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)	Balance Sheet Line Item	Portfolio Segment Reclassifications	Portfolio Segment After Reclassifications
March 31, 2024			
Commercial ⁽¹⁾	\$ 9,648,269	\$ (232,045)	\$ 9,416,224
Commercial real estate	14,653,958	(172,659)	14,481,299
BBCC	N/A	404,704	404,704
Residential real estate	6,661,379	—	6,661,379
Consumer	2,659,713	(2,659,713)	N/A
Indirect	N/A	1,091,998	1,091,998
Direct	N/A	506,305	506,305
Home equity	N/A	1,061,410	1,061,410
Total loans ⁽²⁾	\$ 33,623,319	\$ —	\$ 33,623,319
Allowance for credit losses on loans	(319,713)	—	(319,713)
Net loans	\$ 33,303,606	\$ —	\$ 33,303,606
December 31, 2023			
Commercial ⁽¹⁾	\$ 9,512,230	\$ (232,764)	\$ 9,279,466
Commercial real estate	14,140,629	(169,058)	13,971,571
BBCC	N/A	401,822	401,822
Residential real estate	6,699,443	—	6,699,443
Consumer	2,639,625	(2,639,625)	N/A
Indirect	N/A	1,050,982	1,050,982
Direct	N/A	523,172	523,172
Home equity	N/A	1,065,471	1,065,471
Total loans ⁽²⁾	\$ 32,991,927	\$ —	\$ 32,991,927
Allowance for credit losses on loans	(307,610)	—	(307,610)
Net loans	\$ 32,684,317	\$ —	\$ 32,684,317

(1) Includes direct finance leases of \$161.7 million at March 31, 2024 and \$169.7 million at December 31, 2023.

(2) Includes unearned income of \$88.9 million at March 31, 2024 and \$93.7 million at December 31, 2023.

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.

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 242%, Old National Bank's applicable investor commercial real estate loans as a percentage of its Tier 1 capital plus the allowance for credit losses attributable to loans and leases remained below the regulatory guideline limit of 300% at March 31, 2024.

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 factors such as changes in economic conditions and 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 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 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.

Home Equity

Home equity loans are generally secured by 1-4 family residences that are owner-occupied. Old National has established 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 monitoring of updated borrower credit scores.

Allowance for Credit Losses

Loans

Credit loss assumptions used when computing the level of expected credit losses 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. The base forecast scenario considers unemployment, gross domestic product, and the BBB ratio (BBB spread to the 10-year U.S. Treasury rate). In addition to the quantitative inputs, several qualitative factors are considered. These factors include the risk that unemployment, gross domestic product, housing product index, and the BBB ratio prove to be more severe and/or prolonged than our baseline forecast due to a variety of factors including monetary actions to control inflation, recent instability in the banking sector, global military conflicts, and global supply chain issues. Old National's activity in the allowance for credit losses on loans by portfolio segment was as follows:

(dollars in thousands)	Balance at Beginning of Period	Charge-offs	Recoveries	Provision for Loan Losses	Balance at End of Period
Three Months Ended March 31, 2024					
Commercial	\$ 118,333	\$ (3,659)	\$ 334	\$ 8,429	\$ 123,437
Commercial real estate	155,099	(6,641)	1,035	11,147	160,640
BBCC	2,887	(76)	18	334	3,163
Residential real estate	20,837	—	19	1,043	21,899
Indirect	1,236	(1,138)	332	788	1,218
Direct	3,169	(2,428)	487	1,724	2,952
Home equity	6,049	(78)	45	388	6,404
Total	\$ 307,610	\$ (14,020)	\$ 2,270	\$ 23,853	\$ 319,713
Three Months Ended March 31, 2023					
Commercial	\$ 120,612	\$ (12,423)	\$ 283	\$ 17,296	\$ 125,768
Commercial real estate	138,244	(1,189)	263	(1,970)	135,348
BBCC	2,431	(28)	73	(160)	2,316
Residential real estate	21,916	(23)	72	(1,758)	20,207
Indirect	1,532	(1,197)	412	687	1,434
Direct	12,116	(3,238)	581	(2,693)	6,766
Home equity	6,820	(82)	67	67	6,872
Total	\$ 303,671	\$ (18,180)	\$ 1,751	\$ 11,469	\$ 298,711

Accrued interest receivable on loans is excluded from the estimate of credit losses and totaled \$171.6 million at March 31, 2024, compared to \$169.8 million at December 31, 2023.

Unfunded Loan Commitments

Old National maintains an allowance for credit losses on unfunded loan commitments 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 on 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 unfunded loan commitments is included in the provision for credit losses. Old National's activity in the allowance for credit losses on unfunded loan commitments was as follows:

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Allowance for credit losses on unfunded loan commitments:		
Balance at beginning of period	\$ 31,226	\$ 32,188
Provision (release) for credit losses on unfunded loan commitments	(4,962)	1,968
Balance at end of period	\$ 26,264	\$ 34,156

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, class of loan, and origination year:

	Origination Year										
(dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total		
March 31, 2024											
Commercial:											
Pass	\$ 410,201	\$ 1,750,748	\$ 1,366,887	\$ 874,692	\$ 478,725	\$ 799,327	\$ 2,162,262	\$ 891,572	\$ 8,734,414		
Criticized	1,087	23,697	66,438	16,667	36,943	50,076	123,117	15,698	333,723		
Classified:											
Substandard	6,680	8,148	37,790	32,816	33,303	27,990	60,662	67,681	275,070		
Nonaccrual	—	8,206	—	—	—	1,623	603	2,285	12,717		
Doubtful	—	12,237	35,110	6,343	4,523	2,087	—	—	60,300		
Total	\$ 417,968	\$ 1,803,036	\$ 1,506,225	\$ 930,518	\$ 553,494	\$ 881,103	\$ 2,346,644	\$ 977,236	\$ 9,416,224		
Commercial real estate:											
Pass	\$ 461,150	\$ 2,274,374	\$ 3,680,370	\$ 2,438,872	\$ 1,479,830	\$ 2,057,232	\$ 98,657	\$ 988,203	\$ 13,478,688		
Criticized	7,746	51,975	48,071	132,220	38,258	112,902	7,869	80,231	479,272		
Classified:											
Substandard	280	10,079	66,381	37,954	33,966	142,537	—	57,157	348,354		
Nonaccrual	—	206	19,344	11,850	2,599	19,159	—	2,465	55,623		
Doubtful	—	5,217	21,775	24,349	2,224	65,797	—	—	119,362		
Total	\$ 469,176	\$ 2,341,851	\$ 3,835,941	\$ 2,645,245	\$ 1,556,877	\$ 2,397,627	\$ 106,526	\$ 1,128,056	\$ 14,481,299		
BBCC:											
Pass	\$ 20,205	\$ 82,522	\$ 63,561	\$ 41,025	\$ 35,964	\$ 41,883	\$ 65,020	\$ 31,595	\$ 381,775		
Criticized	122	—	571	872	528	324	2,004	10,003	14,424		
Classified:											
Substandard	73	444	191	248	126	82	575	994	2,733		
Nonaccrual	—	—	—	470	—	1,169	—	1,962	3,601		
Doubtful	—	904	564	229	252	222	—	—	2,171		
Total	\$ 20,400	\$ 83,870	\$ 64,887	\$ 42,844	\$ 36,870	\$ 43,680	\$ 67,599	\$ 44,554	\$ 404,704		

	Origination Year									
(dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving	Revolving to Term	Total	
December 31, 2023										
Commercial:										
Pass	\$ 1,826,289	\$ 1,573,669	\$ 985,964	\$ 520,883	\$ 450,911	\$ 495,979	\$ 2,051,985	\$ 651,953	\$ 8,557,633	
Criticized	20,038	90,031	19,953	36,906	25,756	47,357	89,765	44,348	374,154	
Classified:										
Substandard	27,271	41,164	27,990	37,618	10,461	29,981	72,703	56,716	303,904	
Nonaccrual	32	7,034	—	—	823	3,411	—	5,461	16,761	
Doubtful	—	7,261	5,925	4,875	1,742	7,211	—	—	27,014	
Total	\$ 1,873,630	\$ 1,719,159	\$ 1,039,832	\$ 600,282	\$ 489,693	\$ 583,939	\$ 2,214,453	\$ 758,478	\$ 9,279,466	
Commercial real estate:										
Pass	\$ 2,177,841	\$ 3,515,702	\$ 2,563,638	\$ 1,576,044	\$ 1,010,351	\$ 1,161,119	\$ 103,332	\$ 960,386	\$ 13,068,413	
Criticized	69,648	69,946	68,708	27,059	52,107	95,896	3,893	64,730	451,987	
Classified:										
Substandard	26,638	56,423	21,401	28,983	61,186	49,558	—	48,760	292,949	
Nonaccrual	—	21,919	10,706	1,975	1,634	8,632	—	1,400	46,266	
Doubtful	5,360	429	30,897	2,306	37,777	35,187	—	—	111,956	
Total	\$ 2,279,487	\$ 3,664,419	\$ 2,695,350	\$ 1,636,367	\$ 1,163,055	\$ 1,350,392	\$ 107,225	\$ 1,075,276	\$ 13,971,571	
BBCC:										
Pass	\$ 81,102	\$ 64,583	\$ 44,307	\$ 38,086	\$ 27,557	\$ 19,028	\$ 68,807	\$ 33,361	\$ 376,831	
Criticized	—	—	857	700	1,001	349	2,144	12,728	17,779	
Classified:										
Substandard	436	193	252	—	—	604	15	1,006	2,506	
Nonaccrual	—	—	482	—	4	1,105	—	1,402	2,993	
Doubtful	302	727	254	286	60	84	—	—	1,713	
Total	\$ 81,840	\$ 65,503	\$ 46,152	\$ 39,072	\$ 28,622	\$ 21,170	\$ 70,966	\$ 48,497	\$ 401,822	

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 and origination year:

	Origination Year									
(dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total	
March 31, 2024										
Residential real estate:										
Risk Rating:										
Performing	\$ 52,693	\$ 475,237	\$ 1,494,593	\$ 1,857,010	\$ 1,615,143	\$ 1,119,364	\$ 74	\$ 243	\$ 6,614,357	
Nonperforming	—	1,366	6,461	6,151	3,771	29,273	—	—	47,022	
Total	\$ 52,693	\$ 476,603	\$ 1,501,054	\$ 1,863,161	\$ 1,618,914	\$ 1,148,637	\$ 74	\$ 243	\$ 6,661,379	
Indirect:										
Risk Rating:										
Performing	\$ 139,067	\$ 373,733	\$ 321,837	\$ 143,848	\$ 69,757	\$ 39,133	\$ —	\$ 215	\$ 1,087,590	
Nonperforming	—	695	1,668	1,110	450	485	—	—	4,408	
Total	\$ 139,067	\$ 374,428	\$ 323,505	\$ 144,958	\$ 70,207	\$ 39,618	\$ —	\$ 215	\$ 1,091,998	
Direct:										
Risk Rating:										
Performing	\$ 19,941	\$ 92,696	\$ 123,339	\$ 82,175	\$ 29,248	\$ 73,369	\$ 79,443	\$ 611	\$ 500,822	
Nonperforming	—	18	522	386	658	3,886	3	10	5,483	
Total	\$ 19,941	\$ 92,714	\$ 123,861	\$ 82,561	\$ 29,906	\$ 77,255	\$ 79,446	\$ 621	\$ 506,305	
Home equity:										
Risk Rating:										
Performing	\$ —	\$ 2	\$ 396	\$ 299	\$ —	\$ 4,911	\$ 1,012,484	\$ 25,360	\$ 1,043,452	
Nonperforming	—	1	7	131	242	4,688	3,618	9,271	17,958	
Total	\$ —	\$ 3	\$ 403	\$ 430	\$ 242	\$ 9,599	\$ 1,016,102	\$ 34,631	\$ 1,061,410	

	Origination Year									
	2023	2022	2021	2020	2019	Prior	Revolving	Revolving to Term	Total	
December 31, 2023										
Residential real estate:										
Risk Rating:										
Performing	\$ 453,743	\$ 1,508,671	\$ 1,836,078	\$ 1,705,131	\$ 430,783	\$ 722,987	\$ —	\$ 279	\$ 6,657,672	
Nonperforming	116	4,563	4,004	3,375	4,078	25,635	—	—	41,771	
Total	\$ 453,859	\$ 1,513,234	\$ 1,840,082	\$ 1,708,506	\$ 434,861	\$ 748,622	\$ —	\$ 279	\$ 6,699,443	
Indirect:										
Risk Rating:										
Performing	\$ 393,369	\$ 355,822	\$ 162,735	\$ 82,871	\$ 37,967	\$ 13,815	\$ —	\$ 196	\$ 1,046,775	
Nonperforming	372	1,472	1,207	547	318	291	—	—	4,207	
Total	\$ 393,741	\$ 357,294	\$ 163,942	\$ 83,418	\$ 38,285	\$ 14,106	\$ —	\$ 196	\$ 1,050,982	
Direct:										
Risk Rating:										
Performing	\$ 109,372	\$ 90,310	\$ 92,491	\$ 48,387	\$ 29,659	\$ 67,129	\$ 75,080	\$ 4,852	\$ 517,280	
Nonperforming	67	531	517	560	210	3,872	124	11	5,892	
Total	\$ 109,439	\$ 90,841	\$ 93,008	\$ 48,947	\$ 29,869	\$ 71,001	\$ 75,204	\$ 4,863	\$ 523,172	
Home equity:										
Risk Rating:										
Performing	\$ 290	\$ 164	\$ 160	\$ 140	\$ 679	\$ 4,483	\$ 1,019,389	\$ 23,918	\$ 1,049,223	
Nonperforming	—	310	328	404	741	4,327	2,844	7,294	16,248	
Total	\$ 290	\$ 474	\$ 488	\$ 544	\$ 1,420	\$ 8,810	\$ 1,022,233	\$ 31,212	\$ 1,065,471	

The following table summarizes the gross charge-offs of loans by loan portfolio segment and origination year:

	Origination Year															
(dollars in thousands)	2024		2023		2022		2021		2020		Prior	Revolving	Total			
Three Months Ended March 31, 2024																
Commercial	\$	—	\$	—	\$	3,481	\$	33	\$	8	\$	4	\$	133	\$	3,659
Commercial real estate		—		—		—		2,176		—		4,465		—		6,641
BBCC		—		—		76		—		—		—		—		76
Residential real estate		—		—		—		—		—		—		—		—
Indirect		—		370		472		225		33		38		—		1,138
Direct		—		116		576		529		113		223		871		2,428
Home equity		—		—		—		34		—		44		—		78
Total gross charge-offs	\$	—	\$	486	\$	4,605	\$	2,997	\$	154	\$	4,774	\$	1,004	\$	14,020

	Origination Year							Revolving	Total							
	2023	2022	2021	2020	2019	Prior										
Three Months Ended March 31, 2023																
Commercial	\$	—	\$	—	\$	5,230	\$	—	\$	6,789	\$	239	\$	165	\$	12,423
Commercial real estate		—		54		735		400		—		—		—		1,189
BBCC		—		—		28		—		—		—		—		28
Residential real estate		—		—		—		—		—		23		—		23
Indirect		—		514		430		93		111		49		—		1,197
Direct		—		471		794		286		327		195		1,165		3,238
Home equity		—		—		—		—		—		82		—		82
Total gross charge-offs	\$	—	\$	1,039	\$	7,217	\$	779	\$	7,227	\$	588	\$	1,330	\$	18,180

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	
March 31, 2024												
Commercial	\$	10,099	\$	1,620	\$	10,023	\$	21,742	\$	9,394,482	\$	9,416,224
Commercial real estate		8,838		27,844		32,539		69,221		14,412,078		14,481,299
BBCC		1,268		1,111		1,240		3,619		401,085		404,704
Residential		31,319		5,030		14,216		50,565		6,610,814		6,661,379
Indirect		5,488		1,351		1,205		8,044		1,083,954		1,091,998
Direct		4,751		1,115		3,454		9,320		496,985		506,305
Home equity		4,948		1,045		7,921		13,914		1,047,496		1,061,410
Total	\$	66,711	\$	39,116	\$	70,598	\$	176,425	\$	33,446,894	\$	33,623,319
December 31, 2023												
Commercial	\$	16,128	\$	1,332	\$	4,861	\$	22,321	\$	9,257,145	\$	9,279,466
Commercial real estate		9,081		5,254		30,660		44,995		13,926,576		13,971,571
BBCC		1,368		134		977		2,479		399,343		401,822
Residential		12,358		367		15,249		27,974		6,671,469		6,699,443
Indirect		7,025		1,854		1,342		10,221		1,040,761		1,050,982
Direct		5,436		1,455		1,787		8,678		514,494		523,172
Home equity		7,791		2,347		6,659		16,797		1,048,674		1,065,471
Total	\$	59,187	\$	12,743	\$	61,535	\$	133,465	\$	32,858,462	\$	32,991,927

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)	March 31, 2024			December 31, 2023		
	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	\$ 73,017	\$ 16,707	\$ 1,167	\$ 43,775	\$ 13,143	\$ 242
Commercial real estate	174,985	56,216	742	158,222	24,507	585
BBCC	5,772	—	98	4,706	—	95
Residential	47,022	—	10	41,771	—	—
Indirect	4,408	—	108	4,207	—	8
Direct	5,483	—	42	5,892	—	31
Home equity	17,958	—	5	16,248	—	—
Total	\$ 328,645	\$ 72,923	\$ 2,172	\$ 274,821	\$ 37,650	\$ 961

Interest income recognized on nonaccrual loans was insignificant during the three months ended March 31, 2024 and 2023.

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
March 31, 2024					
Commercial	\$ 11,284	\$ 39,258	\$ 5,728	\$ 11,582	\$ 319
Commercial real estate	163,753	—	1,133	—	6,031
BBCC	3,793	1,701	—	278	—
Residential	47,022	—	—	—	—
Indirect	—	—	—	4,408	—
Direct	4,559	—	7	386	48
Home equity	17,958	—	—	—	—
Total loans	\$ 248,369	\$ 40,959	\$ 6,868	\$ 16,654	\$ 6,398
December 31, 2023					
Commercial	\$ 14,303	\$ 24,729	\$ 2,577	\$ 280	\$ 328
Commercial real estate	146,425	—	1,167	—	6,107
BBCC	3,522	794	—	390	—
Residential	41,771	—	—	—	—
Indirect	—	—	—	4,207	—
Direct	4,727	1	3	366	29
Home equity	16,248	—	—	—	—
Total loans	\$ 226,996	\$ 25,524	\$ 3,747	\$ 5,243	\$ 6,464

Financial Difficulty Modifications

Occasionally, Old National modifies loans to borrowers experiencing financial difficulty in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, or interest rate reduction (or a combination thereof). When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses on loans.

The following table presents the amortized cost basis of financial difficulty modifications that were modified for borrowers experiencing financial difficulty, by class of loans and type of modification:

(dollars in thousands)	Term Extension	Total Class of Loans
Three Months Ended March 31, 2024		
Commercial	\$ 29,426	0.3 %
Commercial real estate	120,891	0.8 %
Total	\$ 150,317	0.4 %
Three Months Ended March 31, 2023		
Commercial	\$ 17,342	0.2 %
Commercial real estate	9,926	0.1 %
Total	\$ 27,268	0.1 %

Old National closely monitors the performance of financial difficulty modifications to understand the effectiveness of its efforts. The following table presents the performance of loans identified as financial difficulty modifications:

(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
March 31, 2024						
Commercial	\$ —	\$ —	\$ —	\$ —	\$ 29,426	\$ 29,426
Commercial real estate	4,059	31,222	—	35,281	85,610	120,891
Total	\$ 4,059	\$ 31,222	\$ —	\$ 35,281	\$ 115,036	\$ 150,317
December 31, 2023						
Commercial	\$ —	\$ —	\$ —	\$ —	\$ 21,631	\$ 21,631
Commercial real estate	5,287	—	—	5,287	116,242	121,529
Total	\$ 5,287	\$ —	\$ —	\$ 5,287	\$ 137,873	\$ 143,160

The following table summarizes the nature of the financial difficulty modifications by class of loans:

(dollars in thousands)	Weighted- Average Term Extension (in months)
Three Months Ended March 31, 2024	
Commercial	9.1
Commercial real estate	8.1
Total	8.6
Three Months Ended March 31, 2023	
Commercial	6.8
Commercial real estate	4.1
Total	5.6

There were no payment defaults on these loans subsequent to their modifications during the three months ended March 31, 2024 or 2023. Old National had not committed to lend any material additional funds to the borrowers whose loans were modified due to financial difficulties at March 31, 2024 or December 31, 2023.

NOTE 7 – LEASES

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	Three Months Ended March 31,	
		2024	2023
Operating lease cost	Occupancy/Equipment expense	\$ 7,826	\$ 8,638
Finance lease cost:			
Amortization of right-of-use assets	Occupancy expense	751	691
Interest on lease liabilities	Interest expense	181	169
Sub-lease income	Occupancy expense	(125)	(60)
Total		\$ 8,633	\$ 9,438

Supplemental balance sheet information related to leases was as follows:

(dollars in thousands)	March 31, 2024	December 31, 2023
Operating Leases		
Operating lease right-of-use assets	\$ 189,593	\$ 185,506
Operating lease liabilities	208,868	204,960
Finance Leases		
Premises and equipment, net	18,877	19,820
Other borrowings	20,108	20,955
Weighted-Average Remaining Lease Term (in Years)		
Operating leases	8.4	8.5
Finance leases	10.3	10.5
Weighted-Average Discount Rate		
Operating leases	3.05 %	3.04 %
Finance leases	3.91 %	3.90 %

Supplemental cash flow information related to leases was as follows:

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 8,005	\$ 7,932
Operating cash flows from finance leases	181	169
Financing cash flows from finance leases	655	628

The following table presents a maturity analysis of the Company's lease liability by lease classification at March 31, 2024:

(dollars in thousands)	Operating Leases	Finance Leases
2024	\$ 23,964	\$ 2,520
2025	32,022	3,377
2026	31,257	2,151
2027	30,266	2,152
2028	26,608	2,050
Thereafter	94,333	12,451
Total undiscounted lease payments	238,450	24,701
Amounts representing interest	(29,582)	(4,593)
Lease liability	\$ 208,868	\$ 20,108

NOTE 8 – GOODWILL AND OTHER INTANGIBLE ASSETS

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

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	\$ 1,998,716	\$ 1,998,716
Acquisitions and adjustments	—	—
Balance at end of period	\$ 1,998,716	\$ 1,998,716

Old National performed the required annual goodwill impairment test as of August 31, 2023 and there was no impairment. No events or circumstances since the August 31, 2023 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
March 31, 2024			
Core deposit	\$ 143,511	\$ (77,249)	\$ 66,262
Customer trust relationships	52,621	(22,088)	30,533
Total other intangible assets	\$ 196,132	\$ (99,337)	\$ 96,795
December 31, 2023			
Core deposit	\$ 143,511	\$ (72,940)	\$ 70,571
Customer trust relationships	52,621	(20,942)	31,679
Total other intangible assets	\$ 196,132	\$ (93,882)	\$ 102,250

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 during the three months ended March 31, 2024 or 2023. Total amortization expense associated with intangible assets was \$5.5 million for the three months ended March 31, 2024, compared to \$6.2 million for the three months ended March 31, 2023.

Estimated amortization expense for future years is as follows:

(dollars in thousands)	
2024 remaining	\$ 15,784
2025	18,358
2026	15,555
2027	12,867
2028	10,356
Thereafter	23,875
Total	\$ 96,795

NOTE 9 – 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 March 31, 2024, 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)		March 31, 2024		December 31, 2023	
Investment	Accounting Method	Investment	Unfunded Commitment ⁽¹⁾	Investment	Unfunded Commitment
LIHTC	Proportional amortization	\$ 119,914	\$ 67,310	\$ 114,991	\$ 75,981
FHTC	Proportional amortization ⁽²⁾	32,757	27,148	34,220	27,421
NMTC	Consolidation	51,421	—	47,727	—
Renewable Energy	Equity	15	—	201	—
Total		\$ 204,107	\$ 94,458	\$ 197,139	\$ 103,402

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

(2) Old National's FHTC investments were previously accounted for under the Equity method of accounting prior to the adoption of ASU 2023-02 on January 1, 2024.

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⁾
Three Months Ended March 31, 2024			
LIHTC		\$ 2,486	\$ (3,331)
FHTC		534	(663)
NMTC		2,546	(3,175)
Renewable Energy		186	—
Total		\$ 5,752	\$ (7,169)
Three Months Ended March 31, 2023			
LIHTC		\$ 1,463	\$ (1,908)
FHTC		424	(512)
NMTC		2,091	(2,611)
Renewable Energy		246	—
Total		\$ 4,224	\$ (5,031)

(1) The amortization expense for the LIHTC and FHTC investments is included in our income tax expense. Prior to the adoption of ASU 2023-02, FHTC amortization expense was included in noninterest expense. NMTC amortization is recognized in noninterest expense in correlation to the recognition of tax credits on our tax return. Amortization expense for the 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 NMTC 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).

NOTE 10 – 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:

(dollars in thousands)	At or for the Three Months Ended March 31,	
	2024	2023
Outstanding at period end	\$ 274,493	\$ 393,018
Average amount outstanding during the period	296,236	412,819
Maximum amount outstanding at any month-end during the period	319,423	430,537
Weighted-average interest rate:		
During the period	1.25 %	0.77 %
At period end	3.61 %	0.88 %

At December 31, 2023, securities sold under agreements to repurchase totaled \$285.2 million with a weighted-average interest rate of 3.64%.

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

(dollars in thousands)	At March 31, 2024				
	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	\$ 274,493	\$ —	\$ —	\$ —	\$ 274,493
Total	\$ 274,493	\$ —	\$ —	\$ —	\$ 274,493

NOTE 11 – FEDERAL HOME LOAN BANK ADVANCES

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

(dollars in thousands)	March 31, 2024	December 31, 2023
FHLB advances (fixed rates 2.19% to 5.53% and variable rates 5.33% to 5.36%) maturing June 2024 to March 2044	\$ 4,225,528	\$ 4,300,528
Fair value hedge basis adjustments and unamortized prepayment fees	(32,489)	(19,847)
Total	\$ 4,193,039	\$ 4,280,681

FHLB advances had weighted-average rates of 3.58% at March 31, 2024 and 3.45% at December 31, 2023. FHLB advances are collateralized by designated assets that may include qualifying commercial real estate loans, residential and multifamily mortgages, home equity loans, and certain investment securities.

At March 31, 2024, total unamortized prepayment fees related to all FHLB advance debt modifications completed in prior years totaled \$12.7 million, compared to \$14.2 million at December 31, 2023.

Contractual maturities of FHLB advances at March 31, 2024 were as follows:

(dollars in thousands)		
Due in 2024	\$	100,243
Due in 2025		550,285
Due in 2026		100,000
Due in 2028		850,000
Thereafter		2,625,000
Fair value hedge basis adjustments and unamortized prepayment fees		(32,489)
Total	\$	4,193,039

NOTE 12 – OTHER BORROWINGS

The following table summarizes Old National's other borrowings:

(dollars in thousands)	March 31, 2024	December 31, 2023
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	(52)	(91)
Subordinated debentures (fixed rate 5.875%) maturing September 2026	150,000	150,000
Junior subordinated debentures (rates of 6.95% to 9.15%) maturing July 2031 to September 2037	136,643	136,643
Other basis adjustments	16,916	18,207
Old National Bank:		
Finance lease liabilities	20,108	20,955
Subordinated debentures (3-month SOFR plus 4.618%; variable rate 9.94%) maturing October 2025	12,000	12,000
Leveraged loans for NMTC (fixed rates of 1.00% to 1.43%) maturing December 2046 to June 2060	168,228	154,284
Other ⁽¹⁾	134,370	97,872
Total other borrowings	\$ 813,213	\$ 764,870

(1) Includes overnight borrowings to collateralize certain derivative positions totaling \$134.2 million at March 31, 2024 and \$97.6 million at December 31, 2023.

Contractual maturities of other borrowings at March 31, 2024 were as follows:

(dollars in thousands)		
Due in 2024	\$	311,233
Due in 2025		14,747
Due in 2026		151,582
Due in 2027		1,641
Due in 2028		1,598
Thereafter		315,407
Unamortized debt issuance costs and other basis adjustments		17,005
Total	\$	813,213

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 mergers and 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 at March 31, 2024:

(dollars in thousands)

Name of Trust	Issuance Date	Issuance Amount	Rate	Rate at March 31, 2024	Maturity Date
Bridgeview Statutory Trust I	July 2001	\$ 15,464	3-month SOFR plus 3.58%	9.15%	July 31, 2031
Bridgeview Capital Trust II	December 2002	15,464	3-month SOFR plus 3.35%	8.93%	January 7, 2033
First Midwest Capital Trust I	November 2003	37,825	6.95% fixed	6.95%	December 1, 2033
St. Joseph Capital Trust II	March 2005	5,155	3-month SOFR plus 1.75%	7.34%	March 17, 2035
Northern States Statutory Trust I	September 2005	10,310	3-month SOFR plus 1.80%	7.39%	September 15, 2035
Anchor Capital Trust III	August 2005	5,000	3-month SOFR plus 1.55%	7.11%	September 30, 2035
Great Lakes Statutory Trust II	December 2005	6,186	3-month SOFR plus 1.40%	6.99%	December 15, 2035
Home Federal Statutory Trust I	September 2006	15,464	3-month SOFR plus 1.65%	7.24%	September 15, 2036
Monroe Bancorp Capital Trust I	July 2006	3,093	3-month SOFR plus 1.60%	7.18%	October 7, 2036
Tower Capital Trust 3	December 2006	9,279	3-month SOFR plus 1.69%	7.29%	March 1, 2037
Monroe Bancorp Statutory Trust II	March 2007	5,155	3-month SOFR plus 1.60%	7.19%	June 15, 2037
Great Lakes Statutory Trust III	June 2007	8,248	3-month SOFR plus 1.70%	7.29%	September 15, 2037
Total		<u>\$ 136,643</u>			

Leveraged Loans

The leveraged loans are directly related to the NMTC 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 NMTC seven-year compliance period. See Note 9 to the consolidated financial statements for additional information on the Company's NMTC investments.

Finance Lease Liabilities

Old National has long-term finance lease liabilities for certain banking centers and equipment totaling \$20.1 million at March 31, 2024. See Note 7 to the consolidated financial statements for a maturity analysis of the Company's finance lease liabilities.

NOTE 13 – 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 Hedges	Defined Benefit Pension Plans	Total
Three Months Ended March 31, 2024					
Balance at beginning of period	\$ (652,518)	\$ (95,472)	\$ 9,181	\$ —	\$ (738,809)
Other comprehensive income (loss) before reclassifications	(33,463)	—	(14,205)	—	(47,668)
Amounts reclassified from AOCI to income ⁽¹⁾	12	3,221	3,616	—	6,849
Balance at end of period	\$ (685,969)	\$ (92,251)	\$ (1,408)	\$ —	\$ (779,628)
Three Months Ended March 31, 2023					
Balance at beginning of period	\$ (642,346)	\$ (112,664)	\$ (31,549)	\$ 137	\$ (786,422)
Other comprehensive income (loss) before reclassifications	27,219	1,325	35,985	—	64,529
Amounts reclassified from AOCI to income ⁽¹⁾	3,867	4,373	5,436	(141)	13,535
Balance at end of period	\$ (611,260)	\$ (106,966)	\$ 9,872	\$ (4)	\$ (708,358)

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

The following table summarizes the amounts reclassified out of each component of AOCI for the three months ended March 31, 2024 and 2023:

(dollars in thousands)	Three Months Ended March 31,		
	2024	2023	
Details about AOCI Components	Amount Reclassified from AOCI		Affected Line Item in the Statement of Income
Unrealized gains and losses on available-for-sale securities	\$ (16)	\$ (5,216)	Debt securities gains (losses), net
	4	1,349	Income tax (expense) benefit
	\$ (12)	\$ (3,867)	Net income
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale	\$ (4,318)	\$ (5,829)	Interest income (expense)
	1,097	1,456	Income tax (expense) benefit
	\$ (3,221)	\$ (4,373)	Net income
Gains and losses on hedges			
Interest rate contracts	\$ (4,877)	\$ (7,292)	Interest income (expense)
	1,261	1,856	Income tax (expense) benefit
	\$ (3,616)	\$ (5,436)	Net income
Amortization of defined benefit pension items			
Actuarial gains (losses)	\$ —	\$ 188	Salaries and employee benefits
	—	(47)	Income tax (expense) benefit
	\$ —	\$ 141	Net income
Total reclassifications for the period	\$ (6,849)	\$ (13,535)	Net income

NOTE 14 – INCOME TAXES

The 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 statements of income:

(dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Provision at statutory rate of 21%	\$ 32,082	\$ 39,484
Tax-exempt income:		
Tax-exempt interest	(4,958)	(4,486)
Section 291/265 interest disallowance	885	386
Company-owned life insurance income	(694)	(627)
Tax-exempt income	(4,767)	(4,727)
State income taxes	5,147	8,142
Interim period effective rate adjustment	944	(1,717)
Tax credit investments - federal	(3,055)	(2,526)
Officer compensation limitation	765	1,040
Non-deductible FDIC premiums	1,747	2,110
Other, net	(375)	(385)
Income tax expense	\$ 32,488	\$ 41,421
Effective tax rate	21.3 %	22.0 %

Net Deferred Tax Assets

Net deferred tax assets are included in other assets on the balance sheet. At March 31, 2024, net deferred tax assets totaled \$418.3 million, compared to \$423.3 million at December 31, 2023. No valuation allowance was required on the Company's deferred tax assets at March 31, 2024 or December 31, 2023.

The Company's retained earnings at March 31, 2024 included an appropriation for acquired thrifts' tax bad debt allowances totaling \$58.6 million for which no provision for federal or state income taxes has been made. If in the future, this portion of retained earnings were distributed as a result of the liquidation of the Company or its subsidiaries, federal and state income taxes would be imposed at the then applicable rates.

Old National has federal net operating loss carryforwards totaling \$60.1 million at March 31, 2024 and \$63.6 million at December 31, 2023. This federal net operating loss was acquired from the acquisition of Anchor Bancorp Wisconsin Inc. in 2016 and First Midwest Bancorp, Inc. in 2022. If not used, the federal net operating loss carryforwards will begin expiring in 2030 and later. Old National has recorded state net operating loss carryforwards totaling \$114.2 million at March 31, 2024 and \$116.9 million at December 31, 2023. If not used, the state net operating loss carryforwards will expire from 2027 to 2036.

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 federal and recorded state net operating loss carryforwards will be used prior to expiration.

NOTE 15 – 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 (loss).

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 both March 31, 2024 and December 31, 2023. Interest rate swaps, collars, and floors related to variable-rate commercial loan pools were designated as cash flow hedges totaling \$1.8 billion notional amount at March 31, 2024 and \$1.6 billion notional amount at December 31, 2023. 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 \$900.0 million notional amount at both March 31, 2024 and December 31, 2023. Interest rate swaps of certain available-for-sale investment securities were designated as fair value hedges totaling \$998.1 million notional amount at both March 31, 2024 and December 31, 2023. 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)	March 31, 2024			December 31, 2023		
	Notional	Fair Value		Notional	Fair Value	
		Assets ⁽¹⁾	Liabilities ⁽²⁾		Assets ⁽¹⁾	Liabilities ⁽²⁾
Cash flow hedges						
Interest rate swaps, collars, and floors on loan pools	\$ 1,800,000	\$ 2,670	\$ 15,063	\$ 1,600,000	\$ 10,472	\$ 6,014
Interest rate swaps on borrowings ⁽³⁾	150,000	—	—	150,000	—	—
Fair value hedges						
Interest rate swaps on investment securities ⁽³⁾	998,107	—	—	998,107	—	—
Interest rate swaps on borrowings ⁽³⁾	900,000	—	—	900,000	—	—
Total		\$ 2,670	\$ 15,063		\$ 10,472	\$ 6,014

(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 effect of derivative instruments in fair value hedging relationships on the consolidated statements of income were as follows:

(dollars in thousands)					
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	Gain (Loss) Recognized in Income on Related Hedged Items
Three Months Ended March 31, 2024					
Interest rate contracts	Interest income/(expense)	\$ (13,970)	Fixed-rate debt	Interest income/(expense)	\$ 14,127
Interest rate contracts	Interest income/(expense)	25,848	Fixed-rate investment securities	Interest income/(expense)	(25,903)
Total		<u>\$ 11,878</u>			<u>\$ (11,776)</u>
Three Months Ended March 31, 2023					
Interest rate contracts	Interest income/(expense)	\$ 2,153	Fixed-rate debt	Interest income/(expense)	\$ (2,218)
Interest rate contracts	Interest income/(expense)	(63,115)	Fixed-rate investment securities	Interest income/(expense)	63,251
Total		<u>\$ (60,962)</u>			<u>\$ 61,033</u>

The effect of derivative instruments in cash flow hedging relationships on the consolidated statements of income were as follows:

(dollars in thousands)		Three Months Ended March 31,		Three Months Ended March 31,	
		2024	2023	2024	2023
Derivatives in Cash Flow Hedging Relationships	Location of Gain or (Loss) Reclassified from AOCI into Income	Gain (Loss) Recognized in Other Comprehensive Income on Derivative		Gain (Loss) Reclassified from AOCI into Income	
Interest rate contracts	Interest income/(expense)	\$ (19,159)	\$ 6,603	\$ (5,910)	\$ (7,637)

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 \$23.3 million will be reclassified to interest income and \$4.5 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 March 31, 2024, the notional amounts of the interest rate lock commitments were \$68.0 million and forward commitments were \$77.6 million. At December 31, 2023, the notional amounts of the interest rate lock commitments were \$25.2 million and forward commitments were \$39.5 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 \$5.9 billion at March 31, 2024 and \$6.0 billion at December 31, 2023. 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)	March 31, 2024			December 31, 2023		
	Notional	Fair Value		Notional	Fair Value	
		Assets ⁽¹⁾	Liabilities ⁽²⁾		Assets ⁽¹⁾	Liabilities ⁽²⁾
Interest rate lock commitments	\$ 67,995	\$ 317	\$ —	\$ 25,151	\$ 291	\$ —
Forward mortgage loan contracts	77,584	144	—	39,529	—	566
Customer interest rate swaps	5,886,639	11,328	270,910	5,954,216	33,182	228,750
Counterparty interest rate swaps ⁽³⁾	5,886,639	152,855	11,380	5,954,216	121,969	33,346
Customer foreign currency contracts	10,317	57	43	12,455	320	59
Counterparty foreign currency contracts	10,484	108	7	12,308	68	181
Total		\$ 164,809	\$ 282,340		\$ 155,830	\$ 262,902

(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 effect of derivatives not designated as hedging instruments on the consolidated statements of income were as follows:

(dollars in thousands)		Three Months Ended March 31,	
		2024	2023
Interest rate contracts ⁽¹⁾	Other income/(expense)	\$ 568	\$ (138)
Mortgage contracts	Mortgage banking revenue	737	107
Foreign currency contracts	Other income/(expense)	(34)	(1)
Total		\$ 1,271	\$ (32)

(1) Includes the valuation differences between the customer and offsetting swaps.

Fair Value of Offsetting Derivatives

Certain derivative instruments are subject to master netting agreements with counterparties that provide rights of setoff. The Company records these transactions at their gross fair values and does not offset derivative assets and liabilities in the Consolidated Balance Sheet. The following table presents the fair value of the Company's derivatives and offsetting positions:

(dollars in thousands)	March 31, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Gross amounts recognized	\$ 167,479	\$ 297,403	\$ 166,302	\$ 268,916
Less: amounts offset in the Consolidated Balance Sheet	—	—	—	—
Net amount presented in the Consolidated Balance Sheet	167,479	297,403	166,302	268,916
Gross amounts not offset in the Consolidated Balance Sheet				
Offsetting derivative positions	(26,443)	(26,443)	(39,360)	(39,360)
Cash collateral pledged	—	(134,459)	—	(97,840)
Net credit exposure	\$ 141,036	\$ 136,501	\$ 126,942	\$ 131,716

NOTE 16 – COMMITMENTS, CONTINGENCIES, AND FINANCIAL GUARANTEES

Litigation

At March 31, 2024, there were certain legal proceedings pending against the Company and its subsidiaries in the ordinary course of business. While the outcome of any legal proceeding is inherently uncertain, based on information currently available, the Company's management does not expect that any potential liabilities arising from pending litigation will have a material adverse effect on the Company's business, financial position, or results of operations.

Credit-Related Financial Instruments

Old National holds instruments, in the normal course of business with clients, that are considered financial guarantees and are recorded 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. These commitments are not recorded in the consolidated financial statements.

The following table summarizes Old National Bank's unfunded loan commitments and standby letters of credit:

(dollars in thousands)	March 31, 2024	December 31, 2023
Unfunded loan commitments	\$ 8,716,398	\$ 8,912,587
Standby letters of credit ⁽¹⁾	172,444	192,237

(1) Notional amount, which represents the maximum amount of future funding requirements. The carrying value was \$1.4 million at March 31, 2024 and \$1.3 million at December 31, 2023.

At March 31, 2024, approximately 4% of the unfunded loan commitments had fixed rates, with the remainder having floating rates ranging from 2.10% to 22.49%. The allowance for unfunded loan commitments totaled \$26.3 million at March 31, 2024 and \$31.2 million at December 31, 2023.

Old National is a party in risk participation transactions of interest rate swaps, which had total notional amounts of \$589.2 million at March 31, 2024 and \$557.8 million at December 31, 2023.

NOTE 17 – 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 SOFR 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.

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 market quotes developed using observable 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 March 31, 2024 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	\$ 84,954	\$ 84,954	\$ —	\$ —	
Investment securities available-for-sale:					
U.S. Treasury	233,051	233,051	—	—	
U.S. government-sponsored entities and agencies	1,183,019	—	1,183,019	—	
Mortgage-backed securities - Agency	4,550,023	—	4,550,023	—	
States and political subdivisions	515,104	—	515,104	—	
Pooled trust preferred securities	11,274	—	11,274	—	
Other securities	299,181	—	299,181	—	
Loans held-for-sale	19,418	—	19,418	—	
Derivative assets	167,479	—	167,479	—	
Financial Liabilities					
Derivative liabilities	297,403	—	297,403	—	

(dollars in thousands)	Carrying Value	Fair Value Measurements at December 31, 2023 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	\$ 80,372	\$ 80,372	\$ —	\$ —	
Investment securities available-for-sale:					
U.S. Treasury	396,733	396,733	—	—	
U.S. government-sponsored entities and agencies	1,231,264	—	1,231,264	—	
Mortgage-backed securities - Agency	4,216,560	—	4,216,560	—	
States and political subdivisions	535,260	—	535,260	—	
Pooled trust preferred securities	11,337	—	11,337	—	
Other securities	321,901	—	321,901	—	
Loans held-for-sale	32,006	—	32,006	—	
Derivative assets	166,302	—	166,302	—	
Financial Liabilities					
Derivative liabilities	268,916	—	268,916	—	

Non-Recurring Basis

Assets measured at fair value at March 31, 2024 on a non-recurring basis are summarized below:

(dollars in thousands)	Carrying Value	Fair Value Measurements at March 31, 2024 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	\$ 26,057	\$ —	\$ —	\$ 26,057	
Commercial real estate loans	83,492	—	—	83,492	
Foreclosed Assets:					
Commercial	1,669	—	—	1,669	

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 \$142.2 million, with a valuation allowance of \$32.7 million at March 31, 2024. Old National recorded provision expense associated with these loans totaling \$9.6 million for the three months ended March 31, 2024, compared to \$11.9 million for the three months ended March 31, 2023.

Other real estate owned and other repossessed property is measured at fair value less costs to sell on a non-recurring basis. Old National did not have any other real estate owned or other repossessed property measured at fair value on a non-recurring basis at March 31, 2024. There were no write-downs on other real estate owned for the three months ended March 31, 2024, compared to \$27 thousand for the three months ended March 31, 2023.

Assets measured at fair value at December 31, 2023 on a non-recurring basis are summarized below:

		Fair Value Measurements at December 31, 2023 Using			
(dollars in thousands)	Carrying Value	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	\$ 11,017	\$ —	\$ —	\$ —	11,017
Commercial real estate loans	95,457	—	—	—	95,457
Foreclosed Assets:					
Commercial real estate	1,669	—	—	—	1,669

At December 31, 2023, commercial and commercial real estate loans that are deemed collateral dependent had a principal amount of \$134.3 million, with a valuation allowance of \$27.9 million.

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)
March 31, 2024				
Collateral Dependent Loans				
Commercial loans	\$ 26,057	Discounted cash flow	Discount for type of property, age of appraisal, and current status	2% - 38% (29%)
Commercial real estate loans	83,492	Discounted cash flow	Discount for type of property, age of appraisal, and current status	1% - 34% (13%)
Foreclosed Assets				
Commercial real estate	1,669	Fair value of collateral	Discount for type of property, age of appraisal, and current status	4% - 8% (4%)
December 31, 2023				
Collateral Dependent Loans				
Commercial loans	\$ 11,017	Discounted cash flow	Discount for type of property, age of appraisal, and current status	5% - 37% (27%)
Commercial real estate loans	95,457	Discounted cash flow	Discount for type of property, age of appraisal, and current status	2% - 38% (16%)
Foreclosed Assets				
Commercial real estate	1,669	Fair value of collateral	Discount for type of property, age of appraisal, and current status	4% - 8% (4%)

(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.

Loans Held-For-Sale

Old National has elected the fair value option for 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. Interest income for loans held-for-sale is included in the income statement totaling \$0.3 million for the three months ended March 31, 2024, compared to \$0.2 million for the three months ended March 31, 2023.

Newly originated conforming fixed-rate and adjustable-rate first mortgage 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
March 31, 2024			
Loans held-for-sale	\$ 19,418	\$ 414	\$ 19,004
December 31, 2023			
Loans held-for-sale	\$ 32,006	\$ 621	\$ 31,385

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:

(dollars in thousands)	Other Gains and (Losses)	Interest Income	Interest (Expense)	Total Changes in Fair Values Included in Current Period Earnings
Three Months Ended March 31, 2024				
Loans held-for-sale	\$ (202)	\$ —	\$ (5)	\$ (207)
Three Months Ended March 31, 2023				
Loans held-for-sale	\$ (53)	\$ —	\$ (3)	\$ (56)

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 March 31, 2024 Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(dollars in thousands)	Carrying Value				
Financial Assets					
Cash, due from banks, money market, and other interest-earning investments	\$ 939,499	\$ 939,499	\$ —	\$ —	
Investment securities held-to-maturity:					
U.S. government-sponsored entities and agencies	827,684	—	662,735	—	
Mortgage-backed securities - Agency	1,016,858	—	857,657	—	
State and political subdivisions	1,156,807	—	1,027,184	—	
Loans, net:					
Commercial	9,522,947	—	—	9,357,300	
Commercial real estate	14,492,040	—	—	14,005,872	
Residential real estate	6,639,480	—	—	5,682,754	
Consumer credit	2,649,139	—	—	2,607,831	
Accrued interest receivable	219,809	1,133	47,057	171,619	
Financial Liabilities					
Deposits:					
Noninterest-bearing demand deposits	\$ 9,257,709	\$ 9,257,709	\$ —	\$ —	
Checking, NOW, savings, and money market interest-bearing deposits	22,490,875	22,490,875	—	—	
Time deposits	5,950,834	—	5,913,854	—	
Federal funds purchased and interbank borrowings	50,416	50,416	—	—	
Securities sold under agreements to repurchase	274,493	274,493	—	—	
FHLB advances	4,193,039	—	3,994,880	—	
Other borrowings	813,213	—	798,748	—	
Accrued interest payable	54,690	—	54,690	—	
Standby letters of credit	1,379	—	—	1,379	
Off-Balance Sheet Financial Instruments					
Commitments to extend credit	\$ —	\$ —	\$ —	\$ —	3,824

		Fair Value Measurements at December 31, 2023 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	\$ 1,175,058	\$ 1,175,058	\$ —	\$ —	
Investment securities held-to-maturity:					
U.S. government-sponsored entities and agencies	825,953	—	671,126	—	
Mortgage-backed securities - Agency	1,029,131	—	881,994	—	
State and political subdivisions	1,158,409	—	1,048,068	—	
Loans, net:					
Commercial	9,392,267	—	—	9,258,193	
Commercial real estate	13,984,273	—	—	13,640,868	
Residential real estate	6,678,606	—	—	5,579,999	
Consumer credit	2,629,171	—	—	2,555,121	
Accrued interest receivable	225,159	859	54,465	169,835	
Financial Liabilities					
Deposits:					
Noninterest-bearing demand deposits	\$ 9,664,247	\$ 9,664,247	\$ —	\$ —	
Checking, NOW, savings, and money market interest-bearing deposits	21,991,789	21,991,789	—	—	
Time deposits	5,579,144	—	5,552,538	—	
Federal funds purchased and interbank borrowings	390	390	—	—	
Securities sold under agreements to repurchase	285,206	285,206	—	—	
FHLB advances	4,280,681	—	4,090,954	—	
Other borrowings	764,870	—	755,592	—	
Accrued interest payable	57,094	—	57,094	—	
Standby letters of credit	1,318	—	—	1,318	
Off-Balance Sheet Financial Instruments					
Commitments to extend credit	\$ —	\$ —	\$ —	\$ —	3,839

The methods utilized to measure the fair value of financial instruments at March 31, 2024 and December 31, 2023 represent an approximation of exit price, however, an actual exit price may differ.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is an analysis and discussion of our results of operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, and financial condition as of March 31, 2024 compared to December 31, 2023. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes, as well as our 2023 Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

This report contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”), notwithstanding that such statements are not specifically identified as such. In addition, certain statements may be contained in our future filings with the SEC, in press releases, and in oral and written statements made by us that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. These statements include, but are not limited to, descriptions of 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 words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “should,” “would,” and “will,” 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, including, but not limited to: competition; government legislation, regulations and policies; the ability of Old National to execute its business plan; 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; changes in economic conditions and economic and business uncertainty which could materially impact credit quality trends and the ability to generate loans and gather deposits; inflation and governmental responses to inflation, including increasing interest rates; market, economic, operational, liquidity, credit, and interest rate risks associated with our business; our ability to successfully manage our credit risk and the sufficiency of our allowance for credit losses; the expected cost savings, synergies, and other financial benefits from the merger (the “Merger”) between Old National and CapStar not being realized within the expected time frames and costs or difficulties relating to integration matters being greater than expected; potential adverse reactions or changes to business or employee relationships, including those resulting from the completion of the Merger; the potential impact of future business combinations on our performance and financial condition, including our ability to successfully integrate the businesses and the success of revenue-generating and cost reduction initiatives; failure or circumvention of our internal controls; 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 issues, business interruption, and fraud risks; significant changes in accounting, tax or regulatory practices or requirements; new legal obligations or liabilities; disruptive technologies in payment systems and other services traditionally provided by banks; failure or disruption of our information systems; computer hacking and other cybersecurity threats; the effects of climate change on Old National and its customers, borrowers, or service providers; political and economic uncertainty and instability; the impacts of pandemics, epidemics, and other infectious disease outbreaks; other matters discussed in this report; and other factors identified in filings with the SEC. These forward-looking statements are made only as of the date of this report and are not guarantees of future results, performance, or outcomes.

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 or outcomes may differ from those contemplated in these forward-looking statements. Old National does not undertake an obligation to update these forward-looking statements to reflect events or conditions after the date of this report. You are advised to consult further disclosures we may make on related subjects in our filings with the SEC.

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

FINANCIAL HIGHLIGHTS

The following table sets forth certain financial highlights of Old National for the previous five quarters:

(dollars and shares in thousands, except per share data)	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Income Statement:					
Net interest income	\$ 356,458	\$ 364,408	\$ 375,086	\$ 382,171	\$ 381,488
Taxable equivalent adjustment ⁽¹⁾⁽³⁾	6,253	6,100	5,837	5,825	5,666
Net interest income - taxable equivalent basis ⁽³⁾	362,711	370,508	380,923	387,996	387,154
Provision for credit losses	18,891	11,595	19,068	14,787	13,437
Noninterest income	77,522	100,094	80,938	81,629	70,681
Noninterest expense	262,317	284,235	244,776	246,584	250,711
Net income available to common shareholders	116,250	128,446	143,842	151,003	142,566
Per Common Share Data:					
Weighted average diluted common shares	292,207	292,029	291,717	291,266	292,756
Net income (diluted)	\$ 0.40	\$ 0.44	\$ 0.49	\$ 0.52	\$ 0.49
Cash dividends	0.14	0.14	0.14	0.14	0.14
Common dividend payout ratio ⁽²⁾	35 %	32 %	29 %	27 %	29 %
Book value	\$ 18.24	\$ 18.18	\$ 17.07	\$ 17.25	\$ 17.24
Stock price	17.41	16.89	14.54	13.94	14.42
Tangible common book value ⁽³⁾	11.10	11.00	9.87	10.03	9.98
Performance Ratios:					
Return on average assets	0.98 %	1.09 %	1.22 %	1.29 %	1.25 %
Return on average common equity	8.74	10.20	11.39	12.01	11.58
Return on average tangible common equity ⁽³⁾	14.93	18.11	20.18	21.35	21.03
Net interest margin ⁽³⁾	3.28	3.39	3.49	3.60	3.69
Efficiency ratio ⁽³⁾	58.34	59.05	51.66	51.22	52.81
Net charge-offs (recoveries) to average loans	0.14	0.12	0.24	0.13	0.21
Allowance for credit losses on loans to ending loans	0.95	0.93	0.93	0.93	0.94
Allowance for credit losses ⁽⁴⁾ to ending loans	1.03	1.03	1.03	1.04	1.05
Non-performing loans to ending loans	0.98	0.83	0.80	0.91	0.74
Balance Sheet:					
Total loans	\$ 33,623,319	\$ 32,991,927	\$ 32,577,834	\$ 32,432,473	\$ 31,822,374
Total assets	49,534,918	49,089,836	49,059,448	48,496,755	47,842,644
Total deposits	37,699,418	37,235,180	37,252,676	36,231,315	34,917,792
Total borrowed funds	5,331,161	5,331,147	5,556,010	6,034,008	6,740,454
Total shareholders' equity	5,595,408	5,562,900	5,239,537	5,292,095	5,277,426
Capital Ratios:					
Risk-based capital ratios:					
Tier 1 common equity	10.76 %	10.70 %	10.41 %	10.14 %	9.98 %
Tier 1	11.40	11.35	11.06	10.79	10.64
Total	12.74	12.64	12.32	12.14	11.96
Leverage ratio (to average assets)	8.96	8.83	8.70	8.59	8.53
Total equity to assets (averages)	11.32	10.81	10.88	10.96	11.00
Tangible common equity to tangible assets ⁽³⁾	6.86	6.85	6.15	6.33	6.37
Nonfinancial Data:					
Full-time equivalent employees	3,955	3,940	3,981	4,021	4,023
Banking centers	258	258	257	256	256

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

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

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

(4) Includes the allowance for credit losses on loans and unfunded loan commitments.

NON-GAAP FINANCIAL MEASURES

The Company's accounting and reporting policies conform to GAAP and general practices within the banking industry. As a supplement to GAAP, the Company provides non-GAAP performance results, which the Company believes are useful because they assist users of the financial information in assessing the Company's operating performance. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in the following table.

The Company presents net income per common share and net income applicable to common shares, adjusted for certain notable items. These items include gain on sale of Visa Class B restricted shares, the expense associated with the distribution of excess pension assets, FDIC special assessment expense, contract termination charges, merger-related charges associated with completed and pending acquisitions, debt securities gains/losses, expenses related to the tragic April 10, 2023 event at our downtown Louisville location ("Louisville expenses"), and property optimization charges. Management believes excluding these items from net income per common share and net income applicable to common shares may be useful in assessing the Company's underlying operational performance since these items do not pertain to its core business operations and their exclusion may facilitate better comparability between periods. Management believes that excluding merger-related charges from these metrics may be useful to the Company, as well as analysts and investors, since these expenses can vary significantly based on the size, type, and structure of each acquisition. Additionally, management believes excluding these items from these metrics may enhance comparability for peer comparison purposes.

The taxable equivalent adjustment to net interest income and net interest margin recognizes the income tax savings when comparing taxable and tax-exempt assets. Interest income and yields on tax-exempt securities and loans are presented using the current federal income tax rate of 21%. Management believes that it is standard practice in the banking industry to present net interest income and net interest margin on a fully tax-equivalent basis and that it may enhance comparability for peer comparison purposes.

In management's view, tangible common equity measures are capital adequacy metrics that may be meaningful to the Company, as well as users of the financial information, in assessing the Company's use of equity and in facilitating comparisons with peers. These non-GAAP measures are valuable indicators of a financial institution's capital strength since they eliminate intangible assets from shareholders' equity and retain the effect of AOCI in shareholders' equity.

Although intended to enhance understanding of the Company's business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP. In addition, these non-GAAP financial measures may differ from those used by other financial institutions to assess their business and performance. See the previously provided tables and the following reconciliations in the "Non-GAAP Reconciliations" section for details on the calculation of these measures to the extent presented herein.

The following table presents GAAP to non-GAAP reconciliations for the previous five quarters:

(dollars and shares in thousands, except per share data)	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net income per common share:					
Net income applicable to common shares	\$ 116,250	\$ 128,446	\$ 143,842	\$ 151,003	\$ 142,566
Adjustments:					
Distribution of excess pension assets expense	13,318	—	—	—	—
FDIC special assessment	2,994	19,052	—	—	—
Merger-related charges	2,908	5,529	6,257	2,372	14,558
Debt securities (gains) losses	16	825	241	(17)	5,216
Gain on sale of Visa Class B restricted shares	—	(21,635)	—	—	—
Contract termination charge	—	4,413	—	—	—
Louisville expenses	—	—	—	3,361	—
Property optimization charges	—	—	—	242	1,317
Less: tax effect on net total adjustments ⁽²⁾	(4,695)	(1,988)	(1,082)	(695)	(4,596)
Net income applicable to common shares, adjusted ⁽¹⁾	\$ 130,791	\$ 134,642	\$ 149,258	\$ 156,266	\$ 159,061
Weighted average diluted common shares outstanding	292,207	292,029	291,717	291,266	292,756
Net income per common share, diluted	\$ 0.40	\$ 0.44	\$ 0.49	\$ 0.52	\$ 0.49
Adjusted net income per common share, diluted ⁽¹⁾	\$ 0.45	\$ 0.46	\$ 0.51	\$ 0.54	\$ 0.54
Tangible common book value:					
Shareholders' common equity	\$ 5,351,689	\$ 5,319,181	\$ 4,995,818	\$ 5,048,376	\$ 5,033,707
Deduct: Goodwill and intangible assets	2,095,511	2,100,966	2,106,835	2,112,875	2,118,935
Tangible shareholders' common equity ⁽¹⁾	\$ 3,256,178	\$ 3,218,215	\$ 2,888,983	\$ 2,935,501	\$ 2,914,772
Period end common shares	293,330	292,655	292,586	292,597	291,922
Tangible common book value ⁽¹⁾	11.10	11.00	9.87	10.03	9.98
Return on average tangible common equity:					
Net income applicable to common shares	\$ 116,250	\$ 128,446	\$ 143,842	\$ 151,003	\$ 142,566
Add: Intangible amortization (net of tax) ⁽²⁾	4,091	4,402	4,530	4,545	4,639
Tangible net income ⁽¹⁾	\$ 120,341	\$ 132,848	\$ 148,372	\$ 155,548	\$ 147,205
Average shareholders' common equity	\$ 5,321,823	\$ 5,037,768	\$ 5,050,353	\$ 5,030,083	\$ 4,922,469
Deduct: Average goodwill and intangible assets	2,098,338	2,103,935	2,109,944	2,115,894	2,122,157
Average tangible shareholders' common equity ⁽¹⁾	\$ 3,223,485	\$ 2,933,833	\$ 2,940,409	\$ 2,914,189	\$ 2,800,312
Return on average tangible common equity ⁽¹⁾	14.93 %	18.11 %	20.18 %	21.35 %	21.03 %
Net interest margin:					
Net interest income	\$ 356,458	\$ 364,408	\$ 375,086	\$ 382,171	\$ 381,488
Taxable equivalent adjustment	6,253	6,100	5,837	5,825	5,666
Net interest income - taxable equivalent basis ⁽¹⁾	\$ 362,711	\$ 370,508	\$ 380,923	\$ 387,996	\$ 387,154
Average earning assets	\$ 44,175,079	\$ 43,701,283	\$ 43,617,456	\$ 43,097,198	\$ 41,941,913
Net interest margin ⁽¹⁾	3.28 %	3.39 %	3.49 %	3.60 %	3.69 %
Efficiency ratio:					
Noninterest expense	\$ 262,317	\$ 284,235	\$ 244,776	\$ 246,584	\$ 250,711
Deduct: Intangible amortization expense	5,455	5,869	6,040	6,060	6,186
Adjusted noninterest expense ⁽¹⁾	\$ 256,862	\$ 278,366	\$ 238,736	\$ 240,524	\$ 244,525
Net interest income - taxable equivalent basis ⁽¹⁾ (see above)	\$ 362,711	\$ 370,508	\$ 380,923	\$ 387,996	\$ 387,154
Noninterest income	77,522	100,094	80,938	81,629	70,681
Deduct: Debt securities gains (losses), net	(16)	(825)	(241)	17	(5,216)
Adjusted total revenue ⁽¹⁾	\$ 440,249	\$ 471,427	\$ 462,102	\$ 469,608	\$ 463,051
Efficiency ratio ⁽¹⁾	58.34 %	59.05 %	51.66 %	51.22 %	52.81 %
Tangible common equity to tangible assets:					
Tangible shareholders' equity ⁽¹⁾ (see above)	\$ 3,256,178	\$ 3,218,215	\$ 2,888,983	\$ 2,935,501	\$ 2,914,772
Assets	\$ 49,534,918	\$ 49,089,836	\$ 49,059,448	\$ 48,496,755	\$ 47,842,644
Deduct: Goodwill and intangible assets	2,095,511	2,100,966	2,106,835	2,112,875	2,118,935
Tangible assets ⁽¹⁾	\$ 47,439,407	\$ 46,988,870	\$ 46,952,613	\$ 46,383,880	\$ 45,723,709
Tangible common equity to tangible assets ⁽¹⁾	6.86 %	6.85 %	6.15 %	6.33 %	6.37 %

(1) Represents a non-GAAP financial measure.

(2) Calculated using management's estimate of the annual fully taxable equivalent income tax rates (federal and state).

EXECUTIVE SUMMARY

Old National is the sixth largest commercial bank headquartered in the Midwest by asset size and ranks among the top 30 banking companies headquartered in the United States with consolidated assets of approximately \$50 billion at March 31, 2024. The Company's corporate headquarters and principal executive office is located in Evansville, Indiana with commercial and consumer banking operations headquartered in Chicago, Illinois. Through our wholly-owned banking subsidiary and non-bank affiliates, we provide a wide range of services primarily throughout the Midwest region of the United States and elsewhere, including commercial and consumer loan and depository services, as well as private banking, capital markets, brokerage, wealth management, trust, investment advisory, and other traditional banking services.

Net income applicable to common shares for the first quarter of 2024 was \$116.3 million, or \$0.40 per diluted common share, compared to \$128.4 million, or \$0.44 per diluted common share, for the fourth quarter of 2023.

Results for the first quarter of 2024 were impacted by a \$13.3 million non-cash, pre-tax expense associated with the distribution of excess pension plan assets with the resolution of the legacy First Midwest defined benefit pension plan, as well as pre-tax charges of \$3.0 million for an FDIC special assessment and \$2.9 million of merger-related charges. Results for the fourth quarter of 2023 were impacted by the \$21.6 million pre-tax gain on sale of Visa Class B restricted shares, \$19.1 million for an FDIC special assessment, and \$9.9 million of merger-related and other expenses. Excluding these items, net income applicable to common shares for the first quarter of 2024 was \$130.8 million, or \$0.45 per diluted common share on an adjusted basis¹, compared to \$134.6 million, or \$0.46 per diluted common share on an adjusted basis¹, for the fourth quarter of 2023.

We achieved strong results during the first quarter of 2024, including growth in total loans and deposits, modest compression of net interest income reflective of the rate environment, strong credit quality, and disciplined expense management.

Deposits: Period-end total deposits increased \$464.2 million to \$37.7 billion, reflecting continued efforts to compete for new client relationships as well as normal seasonally lower patterns in business checking and public funds compared to December 31, 2023.

Loans: Our loan balances, excluding loans held-for-sale, increased \$631.4 million to \$33.6 billion at March 31, 2024 compared to December 31, 2023. This was primarily driven by broad-based, disciplined commercial and commercial real estate loan growth.

Net Interest Income: Net interest income decreased \$8.0 million to \$356.5 million compared to the fourth quarter of 2023 driven by higher funding costs and fewer days in the quarter, partly offset by loan growth.

Provision for Credit Losses: Provision for credit losses increased \$7.3 million to \$18.9 million compared to the fourth quarter of 2023 reflecting net charge-offs and loan growth, as well as economic factors.

Noninterest Income: Noninterest income decreased \$22.6 million to \$77.5 million compared to the fourth quarter of 2023 reflecting the \$21.6 million pre-tax gain on sale of Visa Class B restricted shares in the fourth quarter of 2023. Excluding this gain, noninterest income decreased slightly driven by lower capital markets income, partially offset by increases in mortgage fees, wealth fees, and other income.

Noninterest Expense: Noninterest expense decreased \$21.9 million compared to the fourth quarter of 2023. For the first quarter of 2024, noninterest expense included a \$13.3 million non-cash, pre-tax expense associated with the distribution of excess pension assets with the resolution of the legacy First Midwest plan, as well as pre-tax charges of \$3.0 million for the FDIC special assessment, and \$2.9 million of merger-related expenses compared to pre-tax charges of \$19.1 million for the FDIC special assessment and \$9.9 million of merger-related and other expenses in the fourth quarter of 2023. Excluding these expenses, noninterest expense decreased \$12.1 million compared to the fourth quarter of 2023 primarily due to elevated performance-driven incentive accruals and higher amortization of tax credit investments for the fourth quarter of 2023, as well as lower professional fees and other expense for the first quarter of 2024, partially offset by higher payroll taxes due to timing.

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

RESULTS OF OPERATIONS

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

(dollars in thousands, except per share data)	Three Months Ended March 31,		% Change			
	2024	2023				
Income Statement Summary:						
Net interest income	\$	356,458	\$	381,488	(6.6)	%
Provision for credit losses		18,891		13,437	40.6	
Noninterest income		77,522		70,681	9.7	
Noninterest expense		262,317		250,711	4.6	
Net income applicable to common shareholders		116,250		142,566	(18.5)	
Net income per common share - diluted		0.40		0.49	(18.4)	
Other Data:						
Return on average common equity		8.74	%	11.58	%	
Return on average tangible common equity ⁽¹⁾		14.93		21.03		
Efficiency ratio ⁽¹⁾		58.34		52.81		
Tier 1 leverage ratio		8.96		8.53		
Net charge-offs (recoveries) to average loans		0.14		0.21		

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

Net Interest Income

Net interest income is the most significant component of our earnings, comprising 82% of revenues for the three months ended March 31, 2024. 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 Federal Reserve held its interest rates steady during the first quarter of 2024 and increased interest rates compared to March 31, 2023. The Federal Reserve’s Federal Funds Rate is currently in a target range of 5.25% to 5.50%, with the Effective Federal Funds Rate of 5.33% at March 31, 2024. Management actively takes balance sheet restructuring, derivative, and deposit pricing actions to help mitigate interest rate risk. See the section of this Item 7 titled “Market Risk” for additional information regarding 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 current 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 and that it may enhance comparability for peer comparison purposes for both management and investors.

The following table presents the average balance sheet for each major asset and liability category, its related interest income and yield, or its expense and rate.

(Tax equivalent basis, dollars in thousands)	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Average Balance	Income ⁽¹⁾ / Expense	Yield/ Rate	Average Balance	Income ⁽¹⁾ / Expense	Yield/ Rate
Earning Assets						
Money market and other interest-earning investments	\$ 757,244	\$ 9,985	5.30 %	\$ 497,953	\$ 3,098	2.52 %
Investment securities:						
Treasury and government sponsored agencies	2,362,477	23,266	3.94 %	2,197,426	16,531	3.01 %
Mortgage-backed securities	5,357,085	38,888	2.90 %	5,429,200	35,090	2.59 %
States and political subdivisions	1,680,175	13,976	3.33 %	1,808,316	14,690	3.25 %
Other securities	770,438	12,173	6.32 %	738,139	8,604	4.66 %
Total investment securities	10,170,175	88,303	3.47 %	10,173,081	74,915	2.95 %
Loans: ⁽²⁾						
Commercial	9,540,385	167,263	7.01 %	9,457,089	147,620	6.24 %
Commercial real estate	14,368,370	230,086	6.41 %	12,654,366	179,475	5.67 %
Residential real estate loans	6,693,814	63,003	3.76 %	6,523,074	58,099	3.56 %
Consumer	2,645,091	43,594	6.63 %	2,636,350	38,108	5.86 %
Total loans	33,247,660	503,946	6.07 %	31,270,879	423,302	5.42 %
Total earning assets	44,175,079	\$ 602,234	5.46 %	41,941,913	\$ 501,315	4.79 %
Deduct: Allowance for credit losses on loans	(313,470)			(304,393)		
Non-Earning Assets						
Cash and due from banks	362,676			437,872		
Other assets	4,961,595			4,907,115		
Total assets	\$ 49,185,880			\$ 46,982,507		
Interest-Bearing Liabilities						
Checking and NOW	\$ 7,141,201	\$ 25,252	1.42 %	\$ 7,988,579	\$ 19,359	0.98 %
Savings	5,025,400	5,017	0.40 %	6,183,409	2,230	0.15 %
Money market	9,917,572	94,213	3.82 %	5,641,288	20,010	1.44 %
Time deposits, excluding brokered deposits	4,689,136	47,432	4.07 %	3,057,870	15,289	2.03 %
Brokered deposits	1,047,140	13,525	5.19 %	500,530	5,705	4.62 %
Total interest-bearing deposits	27,820,449	185,439	2.68 %	23,371,676	62,593	1.09 %
Federal funds purchased and interbank borrowings	69,090	961	5.59 %	419,291	4,839	4.68 %
Securities sold under agreements to repurchase	296,236	917	1.25 %	412,819	779	0.77 %
FHLB advances	4,386,492	41,167	3.77 %	4,273,343	37,996	3.61 %
Other borrowings	825,846	11,039	5.38 %	781,221	7,954	4.13 %
Total borrowed funds	5,577,664	54,084	3.90 %	5,886,674	51,568	3.55 %
Total interest-bearing liabilities	\$ 33,398,113	\$ 239,523	2.88 %	\$ 29,258,350	\$ 114,161	1.58 %
Noninterest-Bearing Liabilities and Shareholders' Equity						
Demand deposits	\$ 9,258,136			\$ 11,526,267		
Other liabilities	964,089			1,031,702		
Shareholders' equity	5,565,542			5,166,188		
Total liabilities and shareholders' equity	\$ 49,185,880			\$ 46,982,507		
Net interest income - taxable equivalent basis		\$ 362,711	3.28 %		\$ 387,154	3.69 %
Taxable equivalent adjustment		(6,253)			(5,666)	
Net interest income (GAAP)		\$ 356,458	3.23 %		\$ 381,488	3.64 %

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

(2) Includes loans held-for-sale.

The following table presents the dollar amount of changes in taxable equivalent net interest income attributable to changes in the average balances of assets and liabilities and the yields earned or rates paid.

(dollars in thousands)	From Three Months Ended March 31, 2023 to Three Months Ended March 31, 2024		
	Total Change ⁽¹⁾	Attributed to	
		Volume	Rate
Interest Income			
Money market and other interest-earning investments	\$ 6,887	\$ 2,531	\$ 4,356
Investment securities ⁽²⁾	13,388	(23)	13,411
Loans ⁽³⁾	80,644	28,471	52,173
Total interest income	100,919	30,979	69,940
Interest Expense			
Checking and NOW deposits	5,893	(2,482)	8,375
Savings deposits	2,787	(791)	3,578
Money market deposits	74,203	27,993	46,210
Time deposits, excluding brokered deposits	32,143	12,406	19,737
Brokered deposits	7,820	6,711	1,109
Federal funds purchased and interbank borrowings	(3,878)	(4,466)	588
Securities sold under agreements to repurchase	138	(290)	428
FHLB advances	3,171	1,195	1,976
Other borrowings	3,085	556	2,529
Total interest expense	125,362	40,832	84,530
Net interest income	\$ (24,443)	\$ (9,853)	\$ (14,590)

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

(2) Interest income on investment securities includes taxable equivalent adjustments of \$2.8 million during the three months ended March 31, 2024 using the federal statutory rate in effect of 21%.

(3) Interest income on loans includes taxable equivalent adjustments of \$3.5 million during the three months ended March 31, 2024 using the federal statutory rate in effect of 21%.

The decrease in net interest income for the three months ended March 31, 2024 when compared to the same period in 2023 was primarily due to higher costs and balances of average interest-bearing liabilities, partially offset by higher rates on loans as well as loan growth. Accretion income associated with acquired loans and borrowings totaled \$5.1 million in the three months ended March 31, 2024 compared to \$7.9 million in the three months ended March 31, 2023.

The decrease in the net interest margin on a fully taxable equivalent basis for the three months ended March 31, 2024 compared to the same period in 2023 was primarily due to higher costs of interest-bearing liabilities, partially offset by higher yields on interest earning assets. The yield on interest earning assets increased 67 basis points and the cost of interest-bearing liabilities increased 130 basis points in the three months ended March 31, 2024 compared to the same quarter a year ago. Accretion income represented 5 basis points of the net interest margin in three months ended March 31, 2024, compared to 8 basis points in the three months ended March 31, 2023.

Average earning assets were \$44.2 billion and \$41.9 billion for the three months ended March 31, 2024 and 2023, respectively, an increase of \$2.2 billion, or 5%, primarily due to strong loan growth.

Average loans, including loans held-for-sale, increased \$2.0 billion for the three months ended March 31, 2024 when compared to the same period in 2023 primarily due to strong commercial real estate loan growth.

Average noninterest-bearing deposits decreased \$2.3 billion while average interest-bearing deposits increased \$4.4 billion for the three months ended March 31, 2024 when compared to the same period in 2023 reflecting a mix shift as a result of the current rate environment and organic growth.

Provision for Credit Losses

The following table details the components of the provision for credit losses:

(dollars in thousands)	Three Months Ended March 31,		% Change
	2024	2023	
Provision for credit losses on loans	\$ 23,853	\$ 11,469	108.0 %
Provision (release) for credit losses on unfunded loan commitments	(4,962)	1,968	(352.1)
Total provision for credit losses	\$ 18,891	\$ 13,437	40.6 %
Net (charge-offs) recoveries on non-PCD loans	\$ (6,061)	\$ (4,038)	50.1 %
Net (charge-offs) recoveries on PCD loans	(5,689)	(12,391)	(54.1)
Total net (charge-offs) recoveries on loans	\$ (11,750)	\$ (16,429)	(28.5) %
Net charge-offs (recoveries) to average loans	0.14 %	0.21 %	(32.7) %

Total provision for credit losses on loans increased in the three months ended March 31, 2024 reflecting loan growth and macroeconomic factors. 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, provision expense may be 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.

Noninterest Income

We generate revenues in the form of noninterest income through client fees, sales commissions, and gains and losses from our core banking franchise and other related businesses, such as wealth management, investment consulting, and investment products. The following table details the components in noninterest income:

(dollars in thousands)	Three Months Ended March 31,		% Change
	2024	2023	
Wealth and investment services fees	\$ 28,304	\$ 26,920	5.1 %
Service charges on deposit accounts	17,898	17,003	5.3
Debit card and ATM fees	10,054	9,982	0.7
Mortgage banking revenue	4,478	3,400	31.7
Capital markets income	2,900	6,939	(58.2)
Company-owned life insurance	3,434	3,186	7.8
Debt securities gains (losses), net	(16)	(5,216)	(99.7)
Other income	10,470	8,467	23.7
Total noninterest income	\$ 77,522	\$ 70,681	9.7 %

Noninterest income increased \$6.8 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to \$5.2 million of net losses on sales of debt securities in the three months ended March 31, 2023.

Mortgage banking revenue increased \$1.1 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to higher mortgage originations and increased loan sales.

Capital markets income decreased \$4.0 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to lower levels of commercial real estate client interest rate swap fees.

Other income increased \$2.0 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to higher commercial loan fees.

Noninterest Expense

The following table details the components in noninterest expense:

(dollars in thousands)	Three Months Ended March 31,		% Change
	2024	2023	
Salaries and employee benefits	\$ 149,803	\$ 137,364	9.1 %
Occupancy	27,019	28,282	(4.5)
Equipment	8,671	7,389	17.4
Marketing	10,634	9,417	12.9
Technology	20,023	19,202	4.3
Communication	4,000	4,461	(10.3)
Professional fees	6,406	6,732	(4.8)
FDIC assessment	11,313	10,404	8.7
Amortization of intangibles	5,455	6,186	(11.8)
Amortization of tax credit investments	2,749	2,761	(0.4)
Other expense	16,244	18,513	(12.3)
Total noninterest expense	\$ 262,317	\$ 250,711	4.6 %

Noninterest expense increased \$11.6 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to a \$13.3 million non-cash, pre-tax expense associated with the distribution of excess pension assets with the resolution of the legacy First Midwest plan in the three months ended March 31, 2024. Merger-related expenses totaled \$2.9 million in the three months ended March 31, 2024, compared to \$14.6 million in the three months ended March 31, 2023. In addition, the three months ended March 31, 2024 were impacted by \$3.0 million for the FDIC special assessment and the three months ended March 31, 2023 were impacted by \$1.3 million of property optimization charges. Excluding these items, total noninterest expense was \$243.1 million and \$234.8 million for the three months ended March 31, 2024 and 2023, respectively. The resulting \$8.3 million increase in noninterest expense was driven by higher salary and employee benefits reflecting merit and performance-driven incentive accruals.

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 21.3% for the three months ended March 31, 2024, compared to 22.0% for the same period in 2023 reflecting decreases in pre-tax book income and state income taxes combined with an increase in tax credits. See Note 14 to the consolidated financial statements for additional information.. In accordance with ASC 740-270, Accounting for Interim Reporting, the provision for income taxes was recorded at March 31, 2024 based on the current estimate of the effective annual rate.

FINANCIAL CONDITION

Overview

At March 31, 2024, our assets were \$49.5 billion, a \$445.1 million increase compared to assets of \$49.1 billion at December 31, 2023. The increase was driven by disciplined loan growth, partially offset by lower cash balances.

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 \$44.5 billion at March 31, 2024, a \$534.2 million increase compared to earning assets of \$43.9 billion at December 31, 2023 driven primarily by loan growth.

Investment Securities

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

The investment securities portfolio, including equity securities, was \$10.2 billion and represented 23% of earning assets at both March 31, 2024 and December 31, 2023. At March 31, 2024, 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 \$914.2 million and \$869.5 million at March 31, 2024 and December 31, 2023, respectively. The investment securities held-to-maturity portfolio had net unrealized losses of \$453.8 million and \$412.3 million at March 31, 2024 and December 31, 2023, respectively.

The investment securities available-for-sale portfolio including securities hedges had an effective duration of 4.35 at March 31, 2024, compared to 4.24 at December 31, 2023. The total investment securities portfolio had an effective duration of 5.42 at March 31, 2024, compared to 5.35 at December 31, 2023. Effective duration represents the percentage change in the fair value of the portfolio in response to a change in interest rates and is used to evaluate the portfolio's price volatility at a single point in time. Generally, there is more uncertainty in interest rates over a longer average maturity, resulting in a higher duration percentage. The annualized average yields on investment securities, on a taxable equivalent basis, were 3.47% for the three months ended March 31, 2024, compared to 2.95% for the three months ended March 31, 2023.

Loan Portfolio

We lend to commercial and commercial real estate clients in many diverse industries including real estate rental and leasing, manufacturing, healthcare, wholesale trade, construction, and agriculture, among others. Old National manages concentrations of credit exposure by industry, product, geography, client relationship, and loan size. The following table presents the composition of the loan portfolio:

(dollars in thousands)	March 31, 2024	December 31, 2023	\$ Change	% Change
Commercial	\$ 9,648,269	\$ 9,512,230	\$ 136,039	1.4 %
Commercial real estate	14,653,958	14,140,629	513,329	3.6
Residential real estate	6,661,379	6,699,443	(38,064)	(0.6)
Consumer	2,659,713	2,639,625	20,088	0.8
Total loans	\$ 33,623,319	\$ 32,991,927	\$ 631,392	1.9 %

Commercial and Commercial Real Estate Loans

Commercial and commercial real estate loans are the largest classifications within earning assets, representing 55% of earning assets at both March 31, 2024, compared to 54% at December 31, 2023. The increase in commercial and commercial real estate loans at March 31, 2024 from December 31, 2023 was driven by disciplined loan production that was well balanced across our market footprint and product lines.

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

(dollars in thousands)	March 31, 2024			December 31, 2023		
	Outstanding	Exposure ⁽¹⁾	Nonaccrual	Outstanding	Exposure ⁽¹⁾	Nonaccrual
By Industry:						
Manufacturing	\$ 1,686,178	\$ 2,704,095	\$ 22,875	\$ 1,589,727	\$ 2,734,935	\$ 7,408
Health care and social assistance	1,582,963	1,935,359	1,399	1,567,286	1,949,250	7,390
Wholesale trade	831,579	1,606,395	2,631	748,058	1,541,951	3,789
Real estate rental and leasing	703,259	1,079,752	12,158	686,008	1,035,073	700
Finance and insurance	622,012	947,319	1	637,630	966,842	1
Construction	617,536	1,460,350	3,186	554,312	1,437,025	2,040
Professional, scientific, and technical services	527,070	911,381	5,913	458,133	821,738	3,825
Transportation and warehousing	508,817	675,547	8,430	453,630	703,976	1,746
Accommodation and food services	397,555	462,738	649	389,591	503,990	705
Retail trade	347,604	607,787	5,128	345,944	620,308	5,273
Administrative and support and waste management and remediation services	341,772	512,538	1,837	321,018	487,359	347
Educational services	259,003	404,835	6	263,539	406,867	7
Agriculture, forestry, fishing, and hunting	246,224	395,107	344	255,811	392,098	415
Other services	222,294	393,164	10,128	208,012	400,195	9,328
Public administration	199,888	269,746	—	216,939	285,963	—
Other	554,515	811,045	1,338	816,592	1,111,030	1,537
Total	\$ 9,648,269	\$ 15,177,158	\$ 76,023	\$ 9,512,230	\$ 15,398,600	\$ 44,511
By Loan Size:						
Less than \$200,000	3 %	3 %	3 %	3 %	3 %	5 %
\$200,000 to \$1,000,000	12	11	17	11	10	20
\$1,000,000 to \$5,000,000	24	25	38	24	25	48
\$5,000,000 to \$10,000,000	15	15	—	16	16	7
\$10,000,000 to \$25,000,000	30	28	42	31	28	20
Greater than \$25,000,000	16	18	—	15	18	—
Total	100 %	100 %	100 %	100 %	100 %	100 %

(1) Includes unfunded loan commitments.

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

(dollars in thousands)	March 31, 2024			December 31, 2023		
	Outstanding	Exposure ⁽¹⁾	Nonaccrual	Outstanding	Exposure ⁽¹⁾	Nonaccrual
By Property Type:						
Multifamily	\$ 5,020,755	\$ 6,487,938	\$ 25,915	\$ 4,794,605	\$ 6,422,311	\$ 6,050
Warehouse / Industrial	2,817,785	3,308,618	7,662	2,704,656	3,308,273	6,459
Retail	1,940,200	2,013,691	27,314	1,886,233	1,958,254	29,823
Office	1,898,240	2,054,203	51,554	1,948,430	2,112,157	58,111
Senior housing	1,016,129	1,102,460	40,742	848,903	947,168	41,632
Single family	449,803	474,628	2,659	450,560	476,946	3,187
Other ⁽²⁾	1,511,046	1,756,731	21,830	1,507,242	1,824,177	15,530
Total	\$ 14,653,958	\$ 17,198,269	\$ 177,676	\$ 14,140,629	\$ 17,049,286	\$ 160,792

(1) Includes unfunded loan commitments.

(2) Other includes commercial development, agriculture real estate, hotels, self-storage, land development, religion, and mixed-use properties.

The mix of properties securing the loans in our commercial real estate portfolio is balanced between owner-occupied and non-owner-occupied categories and is diverse in terms of type and geographic location, generally within the

Company's primary market area. Approximately 28% of the commercial real estate portfolio is owner-occupied as of March 31, 2024, compared to 25% at December 31, 2023.

The Company actively reviews its broader loan portfolio in the normal course of business and has performed a targeted review of contractual maturities in its non-owner-occupied commercial real estate portfolio as part of its response to current market conditions to identify exposure to credit risk associated with renewals. At March 31, 2024, the Company held \$430.2 million of non-owner-occupied commercial real estate loans, or 1.3% of total loans, that mature within 18 months with an interest rate below 4%.

Residential Real Estate Loans

At March 31, 2024, residential real estate loans held in our loan portfolio were \$6.7 billion, a decrease of \$38.1 million compared to December 31, 2023. Changes in interest rates may impact the number of refinancings and new originations of residential real estate loans. If interest rates decrease in the future, there may be an increase in refinancings and new originations of residential real estate loans. Conversely, future increases in interest rates may result in a decline in the level of refinancings and new originations of residential real estate loans.

Consumer Loans

Consumer loans, including automobile loans, personal, and home equity loans and lines of credit, increased \$20.1 million to \$2.7 billion at March 31, 2024 compared to December 31, 2023 reflecting higher indirect loans.

Funding

The following table summarizes Old National's total funding, comprised of deposits and wholesale borrowings:

(dollars in thousands)	March 31, 2024	December 31, 2023	\$ Change	% Change
Deposits:				
Noninterest-bearing demand	\$ 9,257,709	\$ 9,664,247	\$ (406,538)	(4.2)%
Interest-bearing:				
Checking and NOW	7,236,667	7,331,487	(94,820)	(1.3)%
Savings	5,020,095	5,099,186	(79,091)	(1.6)%
Money market	10,234,113	9,561,116	672,997	7.0 %
Time deposits	5,950,834	5,579,144	371,690	6.7 %
Total deposits	37,699,418	37,235,180	464,238	1.2 %
Wholesale borrowings:				
Federal funds purchased and interbank borrowings	50,416	390	50,026	N/M
Securities sold under agreements to repurchase	274,493	285,206	(10,713)	(3.8)%
Federal Home Loan Bank advances	4,193,039	4,280,681	(87,642)	(2.0)%
Other borrowings	813,213	764,870	48,343	6.3 %
Total wholesale borrowings	5,331,161	5,331,147	14	— %
Total funding	\$ 43,030,579	\$ 42,566,327	\$ 464,252	1.1 %

We use wholesale funding to augment deposit funding and to help maintain our desired interest rate risk position. Wholesale funding as a percentage of total funding was 12% at March 31, 2024, compared to 13% at December 31, 2023.

Capital

Shareholders' equity totaled \$5.6 billion at both March 31, 2024 and December 31, 2023. Retained earnings were offset by dividends and changes in unrealized gains (losses) on available-for-sale investment securities and derivatives during the three months ended March 31, 2024.

Capital Adequacy

Old National and the banking industry are subject to various regulatory capital requirements administered by the federal banking agencies. At March 31, 2024, Old National and its bank subsidiary exceeded the regulatory minimums and Old National Bank met the regulatory definition of "well-capitalized" based on the most recent regulatory definition.

Old National's consolidated capital position remains strong as evidenced by the following key industry ratios.

	Regulatory Guidelines Minimum		Prompt Corrective Action "Well Capitalized" Guidelines		March 31, 2024		December 31, 2023	
Tier 1 capital to total average assets (leverage ratio)	4.00	%	N/A	%	8.96	%	8.83	%
Common equity Tier 1 capital to risk-weighted total assets	7.00		N/A		10.76		10.70	
Tier 1 capital to risk-weighted total assets	8.50		6.00		11.40		11.35	
Total capital to risk-weighted total assets	10.50		10.00		12.74		12.64	
Shareholders' equity to assets	N/A		N/A		11.30		11.33	

Old National Bank, Old National's bank subsidiary, maintained a strong capital position as evidenced by the following key industry ratios.

	Regulatory Guidelines Minimum		Prompt Corrective Action "Well Capitalized" Guidelines		March 31, 2024		December 31, 2023	
Tier 1 capital to total average assets (leverage ratio)	4.00	%	5.00	%	9.04	%	8.99	%
Common equity Tier 1 capital to risk-weighted total assets	7.00		6.50		11.50		11.57	
Tier 1 capital to risk-weighted total assets	8.50		8.00		11.50		11.57	
Total capital to risk-weighted total assets	10.50		10.00		12.32		12.33	

During 2020, the OCC, the Board of Governors of the Federal Reserve System, and the FDIC issued final rules to delay the estimated impact on regulatory capital stemming from the implementation of CECL. The final rules provide banking organizations 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 adopted the capital transition relief over the permissible five-year period.

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 our Board of Directors, Executive Leadership Team, and Senior Management to better assess, understand, monitor, and mitigate Old National's risks. The Risk Appetite Statement addresses the following major risks: strategic, market, liquidity, credit, operational, talent management, compliance and regulatory, legal, and reputational. Our Chief Risk Officer provides quarterly reports to the Board's Enterprise Risk Committee on various risk topics. The following discussion addresses certain of these major risks including credit, market, and liquidity. Discussion of operational, compliance and regulatory, legal, strategic, talent management, and reputational risks is provided in the section entitled "Risk Factors" in the Company's 2023 Annual Report on Form 10-K.

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.

Asset Quality

We lend to commercial and commercial real estate clients in many diverse industries including, among others, real estate rental and leasing, manufacturing, healthcare, wholesale trade, construction, and agriculture. Old National manages concentrations of credit exposure by industry, product, geography, client relationship, and loan size. At March 31, 2024, our average commercial loan size was approximately \$720,000 and our average commercial real estate loan size was approximately \$1,530,000. 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 March 31, 2024, 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 in the Midwest region of the United States.

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

(dollars in thousands)	March 31, 2024	December 31, 2023
Total nonaccrual loans	\$ 328,645	\$ 274,821
Total past due loans (90 days or more and still accruing)	2,172	961
Foreclosed assets	9,344	9,434
Total under-performing assets	\$ 340,161	\$ 285,216
Classified loans (includes nonaccrual, past due 90 days, and other problem loans)	\$ 956,974	\$ 875,140
Other classified assets ⁽¹⁾	54,392	48,930
Criticized loans	827,419	843,920
Total criticized and classified assets	\$ 1,838,785	\$ 1,767,990
Asset Quality Ratios:		
Nonaccrual loans/total loans ⁽²⁾	0.98 %	0.83 %
Under-performing assets/total loans ⁽²⁾	1.01	0.86
Under-performing assets/total assets	0.69	0.58
Allowance for credit losses on loans/under-performing assets	93.99	107.85
Allowance for credit losses on loans/nonaccrual loans	97.28	111.93

(1) Includes investment securities that fell below investment grade rating.

(2) Loans exclude loans held-for-sale.

Under-performing assets increased to \$340.2 million at March 31, 2024, compared to \$285.2 million at December 31, 2023. Under-performing assets as a percentage of total loans at March 31, 2024 were 1.01%, a 15 basis point increase from 0.86% at December 31, 2023.

Nonaccrual loans increased \$53.8 million from December 31, 2023 to March 31, 2024 reflecting the migration of certain commercial credits as they progress to resolution. As a percentage of nonaccrual loans, the allowance for credit losses on loans was 97.28% at March 31, 2024, compared to 111.93% at December 31, 2023.

Total criticized and classified assets were \$1.8 billion at March 31, 2024, an increase of \$70.8 million from December 31, 2023 primarily due to higher criticized and classified commercial real estate loans. Other classified assets include investment securities that fell below investment grade rating totaling \$54.4 million at March 31, 2024, compared to \$48.9 million at December 31, 2023.

Allowance for Credit Losses on Loans and Unfunded Commitments

Net charge-offs on loans totaled \$11.8 million during the three months ended March 31, 2024, compared to \$16.4 million for the same period in 2023. Annualized, net charge-offs to average loans were 0.14% for the three months ended March 31, 2024, compared to 0.21% for the same period in 2023. The three months ended March 31, 2024 included net charge-offs on PCD loans totaling \$5.7 million, or 0.07% on an annualized basis of average loans,

compared to net charge-offs on PCD loans totaling \$12.4 million, or 0.16% on an annualized basis of average loans for the same period in 2023.

Credit quality within the loans held for investment portfolio is continuously monitored by management and is reflected within the allowance for credit losses on 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 on loans held for investment and unfunded loan commitments 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 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 on loans 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 on loans was \$319.7 million at March 31, 2024, compared to \$307.6 million at December 31, 2023. 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, provision expense may be 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 loan commitments 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 on 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 unfunded loan commitments is included in the provision for credit losses. The allowance for credit losses on unfunded loan commitments totaled \$26.3 million at March 31, 2024, compared to \$31.2 million at December 31, 2023.

See the section entitled "Risk Factors" in the Company's 2023 Annual Report on Form 10-K for further discussion of our credit risk.

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 establish guidelines for asset and liability management, including measurement of short and long-term sensitivities to changes in interest rates, which are reviewed with the Enterprise Risk Committee of our Board of Directors. 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 over a two-year cumulative horizon resulting from an immediate change in interest rates using multiple rate scenarios. The base case scenario assumes that the balance sheet and interest rates are held at current levels. The model shows our projected net interest income sensitivity based on interest rate changes only and does not consider other forecast assumptions. Due to the dynamics of future interest rate expectations, we also measure and monitor interest rate risk using the forward curve, which may be a more probable scenario of our interest rate exposure. The forward curve represents the relationship between the price of forward contracts and the time to maturity of the forward contracts at a point in time. Presentation of the forward curve model is included in the following table as of March 31, 2024.

The following table illustrates our projected net interest income sensitivity over a two-year cumulative horizon based on the asset/liability model at March 31, 2024 and 2023:

	Immediate Rate Decrease			March 31, 2024 Forward Curve	Base	Immediate Rate Increase		
(dollars in thousands)	-300 Basis Points	-200 Basis Points	-100 Basis Points			+100 Basis Points	+200 Basis Points	+300 Basis Points
March 31, 2024								
Projected interest income:								
Money market, other interest earning investments, and investment securities	\$ 731,811	\$ 751,001	\$ 800,963	\$ 817,375	\$ 853,340	\$ 907,670	\$ 960,568	\$ 1,012,590
Loans	3,135,715	3,509,083	3,884,871	3,984,683	4,252,944	4,618,125	4,983,142	5,347,889
Total interest income	3,867,526	4,260,084	4,685,834	4,802,058	5,106,284	5,525,795	5,943,710	6,360,479
Projected interest expense:								
Deposits	604,784	894,474	1,197,697	1,232,929	1,478,601	1,783,767	2,101,956	2,415,479
Borrowings	354,555	416,191	492,897	516,442	583,388	665,070	746,785	828,459
Total interest expense	959,339	1,310,665	1,690,594	1,749,371	2,061,989	2,448,837	2,848,741	3,243,938
Net interest income	\$ 2,908,187	\$ 2,949,419	\$ 2,995,240	\$ 3,052,687	\$ 3,044,295	\$ 3,076,958	\$ 3,094,969	\$ 3,116,541
Change from base	\$ (136,108)	\$ (94,876)	\$ (49,055)	\$ 8,392		\$ 32,663	\$ 50,674	\$ 72,246
% change from base	(4.47)%	(3.12)%	(1.61)%	0.28 %		1.07 %	1.66 %	2.37 %
	Immediate Rate Decrease			Base	Immediate Rate Increase			
	-300 Basis Points	-200 Basis Points	-100 Basis Points		+100 Basis Points	+200 Basis Points	+300 Basis Points	
March 31, 2023								
Projected interest income:								
Money market, other interest earning investments, and investment securities	\$ 638,159	\$ 668,554	\$ 711,908	\$ 764,597	\$ 815,964	\$ 866,973	\$ 918,430	
Loans	2,516,865	2,868,902	3,220,937	3,569,373	3,908,901	4,247,694	4,586,338	
Total interest income	3,155,024	3,537,456	3,932,845	4,333,970	4,724,865	5,114,667	5,504,768	
Projected interest expense:								
Deposits	347,614	520,021	699,243	879,315	1,063,942	1,248,569	1,433,196	
Borrowings	333,258	441,566	539,054	636,325	736,439	836,612	936,862	
Total interest expense	680,872	961,587	1,238,297	1,515,640	1,800,381	2,085,181	2,370,058	
Net interest income	\$ 2,474,152	\$ 2,575,869	\$ 2,694,548	\$ 2,818,330	\$ 2,924,484	\$ 3,029,486	\$ 3,134,710	
Change from base	\$ (344,178)	\$ (242,461)	\$ (123,782)		\$ 106,154	\$ 211,156	\$ 316,380	
% change from base	(12.21)%	(8.60)%	(4.39)%		3.77 %	7.49 %	11.23 %	

Our projected net interest income increased year over year due to loan growth and rising interest rates.

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.

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 liability position with a fair value loss of \$12.4 million at March 31, 2024, compared to a net asset position with a fair value gain of \$4.5 million at

December 31, 2023. See Note 15 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. We establish liquidity risk guidelines that we review with the Enterprise Risk Committee of our Board of Directors and monitor through our Asset/Liability Executive Management Committee. 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, to properly manage capital markets’ funding sources, and to address unexpected liquidity requirements. On May 31, 2023, 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 not as predictable as they are strongly influenced by interest rates, events at other banking organizations, 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 March 31, 2024.

(dollars in thousands)				
Maturity Bucket		Amount	Rate	
2024	\$	4,898,915	4.54	%
2025		906,669	3.85	
2026		81,108	1.49	
2027		38,107	0.97	
2028		14,494	1.48	
2027 and beyond		11,541	1.40	
Total	\$	5,950,834	4.35	%

Our ability to acquire funding at competitive prices is influenced by rating agencies’ views of our credit quality, liquidity, capital, and earnings.

The credit ratings of Old National and Old National Bank at March 31, 2024 are shown in the following table.

	Moody’s Investors Service	
	Long-term	Short-term
Old National	Baa1	N/A
Old National Bank	A1	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 March 31, 2024, 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	\$ 313,936	\$ 625,563
Unencumbered government-issued debt securities	—	924,475
Unencumbered investment grade municipal securities	—	79,479
Unencumbered corporate securities	—	35,884
Availability of borrowings*:		
Amount available from Federal Reserve discount window	—	5,049,450
Amount available from Federal Home Loan Bank	—	6,966,263
Total available funds	\$ 313,936	\$ 13,681,114

* 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 March 31, 2024, Old National Bancorp's other borrowings outstanding were \$478.5 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 Old National Bank to Old National Bancorp on an unconsolidated basis 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 2023 and is not currently required.

CRITICAL ACCOUNTING ESTIMATES

Our most significant accounting policies are described in Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023. 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. 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.

For additional information regarding critical accounting estimates, see the section titled "Critical Accounting Estimates" included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes in the Company's application of critical accounting estimates since December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk and Liquidity Risk.

ITEM 4. 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 quarterly report on Form 10-Q, 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.

PART II
OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) ISSUER PURCHASES OF EQUITY SECURITIES

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⁾
01/01/24 - 01/31/24	1,208	\$ 16.91	—	\$ 170,476,849
02/01/24 - 02/29/24	229,379	\$ 16.53	—	\$ 200,000,000
03/01/24 - 03/31/24	203,382	\$ 16.56	—	\$ 200,000,000
Total	433,969	\$ 16.55	—	\$ 200,000,000

- (1) Consists of shares acquired pursuant to the Company’s share-based incentive programs. Under the terms of the Company’s share-based incentive programs, the Company accepts previously owned shares of common stock surrendered to satisfy tax withholding obligations associated with the vesting of restricted stock or performance shares earned.
- (2) On February 21, 2024, the Company’s Board of Directors approved a stock repurchase program, under which the Company is authorized to repurchase up to \$200 million of its outstanding common stock through February 28, 2025. This stock repurchase program replaced the prior \$200 million program that expired on February 29, 2024.

ITEM 5. OTHER INFORMATION

- (a) None
- (b) There have been no material changes in the procedure by which security holders recommend nominees to the Company’s board of directors.
- (c) During the three months ended March 31, 2024, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description
2.1	<u>Agreement and Plan of Merger dated as of October 26, 2023 by and between Old National and CapStar Financial Holdings, 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 October 31, 2023).</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>Articles of Amendment to the Fifth Amended and Restated Articles of Incorporation of Old National authorizing additional shares of Old National capital stock (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 February 16, 2022).</u>
3.3	<u>Articles of Amendment to the Fifth Amended and Restated Articles of Incorporation of Old National designating the New Old National Series A Preferred Stock (incorporated by reference to Exhibit 3.3 of Old National's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 16, 2022).</u>
3.4	<u>Articles of Amendment to the Fifth Amended and Restated Articles of Incorporation of Old National designating the New Old National Series C Preferred Stock (incorporated by reference to Exhibit 3.4 of Old National's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 16, 2022).</u>
3.5	<u>Amended and Restated By-Laws of Old National, amended February 21, 2024 (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 February 27, 2024).</u>
31.1	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following materials from Old National's Form 10-Q Report for the quarterly period ended March 31, 2024, formatted in inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income (Loss), (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 Form 10-Q Report for the quarterly period ended March 31, 2024, formatted in inline XBRL and contained in Exhibit 101.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OLD NATIONAL BANCORP

(Registrant)

By:

/s/ John V. Moran, IV

John V. Moran, IV

Executive Vice President, Interim Chief Financial Officer,
and Chief Strategy Officer

Duly Authorized Officer and Principal Financial Officer

Date: May 1, 2024

FORM OF SECTION 302 CERTIFICATION

I, James C. Ryan, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Old National Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

By: /s/ James C. Ryan, III
James C. Ryan, III
Chairman and Chief Executive Officer
(Principal Executive Officer)

FORM OF SECTION 302 CERTIFICATION

I, John V. Moran, IV certify that:

1. I have reviewed this quarterly report on Form 10-Q of Old National Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

By: /s/ John V. Moran, IV
 John V. Moran, IV
 Executive Vice President, Interim Chief Financial Officer,
 and Chief Strategy Officer
 (Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Old National Bancorp (the “Company”) on Form 10-Q for the quarter ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James C. Ryan, III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ James C. Ryan, III
James C. Ryan, III
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: May 1, 2024

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Old National Bancorp (the “Company”) on Form 10-Q for the quarter ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John V. Moran, IV, Executive Vice President, Interim Chief Financial Officer, and Chief Strategy Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ John V. Moran, IV
John V. Moran, IV
Executive Vice President, Interim Chief Financial Officer, and
Chief Strategy Officer
(Principal Financial Officer)

Date: May 1, 2024