Risk Factors Comparison 2024-02-22 to 2023-02-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

There are a number of risks and uncertainties that could adversely affect Old National' s business, financial condition, results of operations or cash flows, and access to liquidity, thereby affecting an investment in our Common Stock. Strategic, Financial, and Reputational Risks Economic conditions have affected and could continue to adversely affect our revenues and profits. Old National' s financial performance generally, and in particular the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services that Old National offers, is highly dependent upon the business environment in the markets where Old National operates and in the United States as a whole. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; high unemployment; natural disasters, the severity and frequency of which are increasing as a result of climate change; terrorist acts; or a combination of these or other factors. An economic downturn, sustained high unemployment levels, stock market volatility, and / or high levels of inflation **have** ~~(such as the market volatility and inflation the United States economy experienced during 2022) has~~ in the past negatively affected, and in the future may negatively affect, our operating results and have had, or may have, a negative effect on the ability of our borrowers to make timely repayments of their loans, increasing the risk of loan defaults and losses. If the forecasts of economic conditions and other economic predictions are not accurate, we may face challenges in accurately estimating the ability of our borrowers to repay their loans. Expectations of negative market and economic conditions will be reflected in the allowances for credit losses for loans and debt securities to the estimated extent they will impact the credit losses of ~~new and existing~~ loans and debt securities over their remaining lives. The provision for credit losses will report the entire increased credit loss expectations over the remaining lives of the loans and debt securities in the period in which the change in expectation arises. Further, because of the impact of such increased credit losses on earnings and capital, our ability to make loans and pay dividends may be substantially diminished. Changes in economic or political conditions have adversely affected, and may continue to adversely affect, Old National' s earnings, if the ability of Old National' s borrowers to repay loans, or the value of the collateral securing such loans, declines. Old National' s success depends, to a certain extent, upon economic or political conditions, local and national, as well as governmental monetary policies. Conditions such as recession, unemployment, changes in interest rates, inflation, money supply, and other factors beyond Old National' s control have in the past adversely affected, and may continue to adversely affect, Old National' s asset quality, deposit levels, and loan demand and, therefore, Old National' s earnings. Because Old National has a significant amount of commercial real estate loans, decreases in real estate values could adversely affect the value of property used as collateral. Adverse changes in the economy may also have a negative effect on the ability of Old National' s borrowers to make timely repayments of their loans, which would have an adverse impact on Old National' s earnings. Supply chain constraints, robust demand and labor shortages have led to persistent inflationary pressures throughout the economy. Volatility and uncertainty related to inflation and its effects, which could potentially contribute to poor economic conditions, may enhance some of the risks described in this section. For example, higher inflation could reduce demand for our products, adversely affect the creditworthiness of our borrowers or result in lower values for our interest- earning assets and investment securities. Any of these effects, or others that we are not able to predict, could adversely affect our financial condition or results of operations. Economic conditions, financial markets and inflationary pressures may be adversely affected by the impact of current or anticipated geopolitical uncertainties, **global** military conflicts, ~~including Russia' s invasion of Ukraine,~~ pandemics, ~~including the COVID- 19 pandemic,~~ and global, national **,** and local responses to such events by governmental authorities and other third parties. These unpredictable events could create, increase or prolong economic and financial disruptions and volatility that adversely affect the Company' s business, financial condition, capital and results of operations **. Federal budget deficit concerns and the potential for political conflict over legislation to fund U. S. government operations and raise the U. S. government' s debt limit may increase the possibility of a default by the U. S. government on its debt obligations, related credit- rating downgrades, or an economic recession in the United States. Many of our investment securities are issued by the U. S. government and government agencies and sponsored entities. As a result of uncertain domestic political conditions, including potential future federal government shutdowns, the possibility of the federal government defaulting on its obligations for a period of time due to debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose liquidity risks. In connection with prior political disputes over U. S. fiscal and budgetary issues leading to the U. S. government shutdown in 2011, S & P lowered its long- term sovereign credit rating on the U. S. from AAA to AA . A further downgrade, or a downgrade by other rating agencies, as well as sovereign debt issues facing the governments of other countries, could have a material adverse impact on financial markets and economic conditions in the U. S. and worldwide** . Old National' s regional concentrations expose it to adverse economic conditions in the locations in which Old National operates. Substantially all of Old National' s loans are to individuals and businesses in Old National' s market areas in the Midwest region. Therefore, the Company is, or in the future may be, particularly vulnerable to adverse changes in economic conditions in the Midwest region. The credit quality of the Company' s borrowers may deteriorate for a number of reasons that are outside the Company' s control, including as a result of prevailing economic and market conditions and asset valuations. The trends and risks affecting borrower credit quality, particularly in the Midwest region, have caused, and in the future may cause, the Company to experience impairment charges, which are reductions in the recoverable value of an asset, increased purchase demands, wherein customers make withdrawals with minimum notice, higher costs (e. g., servicing, foreclosure, property maintenance), additional write- downs and losses and a potential impact to engage in lending transactions based on a reduction of customer deposits, which could have a material adverse effect on the Company' s business, financial condition and results of operations. Mergers and acquisitions may not produce revenue enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties and dilution to existing shareholder value. We have acquired, and expect to continue to acquire, other financial institutions or parts of those institutions and other businesses related to banking in the future, and we may engage in de novo banking center expansion. We may also consider and enter into new lines of business or offer new products or services. We may incur substantial costs to expand, and we can give no assurance such expansion will result in the levels of profits we seek or expect. There can be no assurance that integration efforts for any mergers or acquisitions will be successful or that, after giving effect to the merger or acquisition, we will achieve profits comparable to, or better than, our historical experience. We have issued, and may in the future issue, equity securities in connection with mergers and acquisitions, which have caused, and could in the future cause additional, ownership and economic dilution to our current shareholders. In addition, mergers and acquisitions may involve the payment of a premium over book and market values and, therefore, some dilution of the Company' s tangible book value and net income per common share may occur in connection with any future transaction. Acquisitions and mergers involve a number of other expenses and risks, including: • the time and costs associated with identifying potential new markets, as well as acquisition and merger targets; • the accuracy of the estimates and judgments used to evaluate credit, operations, management, and market risks with respect to the target institution; • the time and costs of evaluating ~~new markets, hiring experienced local management, and opening new offices, and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion; • our ability to finance an acquisition or merger and possible dilution to our existing shareholders; • the diversion of our management' s attention to the negotiation and execution of a transaction, and the integration of the operations and personnel of the combined businesses; •~~ entry into new markets where we lack experience **, hiring experienced local management, opening new offices, and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion; • our ability to finance an acquisition or merger and possible dilution to our existing shareholders; • the diversion of our management' s attention to the negotiation and execution of a transaction, and the integration of the operations and personnel of the combined businesses** ; • the introduction of new products and services into our business; • the incurrence and possible impairment of goodwill or other intangible assets associated with an acquisition or merger and possible adverse short-term effects on our results of operations; • closing delays and increased expenses related to the resolution of lawsuits filed by shareholders of target institutions; and • the risk of loss of key employees and clients. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, or other projected benefits from an acquisition or merger could have a material adverse effect on the Company' s financial condition and results of operations. Mergers and acquisitions may be delayed, impeded, or prohibited due to regulatory issues. Mergers and acquisitions by financial institutions, including by the Company, are subject to approval by a variety of federal and state regulatory agencies. The process for obtaining these required regulatory approvals is complex and involves a comprehensive application review process. Regulatory approvals could be delayed, impeded, restrictively conditioned **,** or denied **should the Company have** ~~due to existing or new~~ regulatory issues ~~the Company may have~~ with regulatory agencies, including, without limitation, issues related to BSA compliance, CRA issues, fair lending laws, fair housing laws, consumer protection laws, unfair, deceptive, or abusive acts or practices regulations and other laws and regulations. Over the past several years, mergers of banking organizations have encountered greater regulatory, governmental **,** and community scrutiny and have taken substantially longer to receive the necessary regulatory approvals and other required governmental clearances than in the past. The Company may fail to pursue, evaluate, or complete strategic and competitively significant merger and acquisition opportunities as a result of its inability, or perceived or anticipated inability, to obtain regulatory approvals in a timely manner, under reasonable conditions, or at all. Difficulties associated with potential mergers and acquisitions that may result from these factors could have a material adverse effect on our business, financial condition and results of operations. Our accounting estimates and risk management processes rely on analytical and forecasting models. The processes that we use to estimate ~~probable~~ **expected** credit losses and to measure the fair value of assets carried on the balance sheet at fair value, as well as the processes used to estimate the effects of changing interest rates and other market measures on our financial condition and results of operations, depend upon the use of analytical and forecasting models. These models are complex and reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances and require us to make judgments about the effect of matters that are inherently uncertain. Different assumptions could have resulted in significant changes in valuation, which in turn could have a material adverse effect on our financial condition and results of operations. Old National operates in an extremely competitive market, and Old National' s business will suffer if Old National is unable to compete effectively. In our market area, Old National encounters significant competition from other commercial banks, savings and loan associations, credit unions, mortgage banking firms, FinTech companies, consumer finance companies, securities brokerage firms, insurance companies, money market mutual funds, and other financial ~~intermediaries~~ **services companies** . Our competitors may have substantially greater resources and lending limits than Old National does and may offer services that Old National does not or cannot provide. Some of our nonfinancial institution competitors may have fewer regulatory constraints, broader geographic service areas, and, in some cases, lower cost structures and, as a result, may be able to compete more effectively for business. In particular, the activity of marketplace lenders and other FinTechs has grown significantly over recent years and is expected to continue to grow. FinTechs have and may continue to offer bank or bank- like products. For example, a number of FinTechs have applied for, and in some cases received, bank or industrial loan charters. In addition, other FinTechs have partnered with existing banks to allow them to offer deposit products to their customers. Regulatory changes may also make it easier for FinTechs to partner with banks and offer deposit products **. Our ability to originate residential mortgage loans has also been adversely affected by the increased competition resulting from the unprecedented involvement of the U. S. government and government-sponsored entities in the residential mortgage market** . Other recent regulation has reduced the regulatory burden of large bank holding companies, and raised the asset thresholds at which more onerous requirements apply, which could cause certain large bank holding companies with less than $ 250 billion in total consolidated assets, which were previously subject to more stringent enhanced prudential standards, to become more competitive or to pursue expansion more aggressively. There is also increased competition by out- of- market competitors through online and mobile channels. In addition, the emergence, adoption and evolution of new technologies that do not require intermediation, including distributed ledgers, as well as advances in automation, could significantly affect competition for financial services. Old National' s profitability depends upon our continued ability to compete successfully in our market area. Our business could suffer if we fail to attract and retain skilled people. Our success depends, in large part, on our ability to attract and retain key people. Competition for the best employees in most of the activities we engage in can be intense. We may not be able to hire the best people for key roles or retain them. In addition, the transition to increased work- from- home and hybrid work arrangements ~~, which are likely to survive the COVID-19 pandemic for many companies,~~ may exacerbate the challenges of attracting and retaining talented and diverse employees as job markets may be less constrained by physical geography. Our current or future approach to in- office and work- from- home arrangements may not meet the needs or expectations of our current or prospective employees or may not be perceived as favorable as compared to the arrangements offered by competitors, which could adversely affect our ability to attract and retain employees. The loss of any of our key personnel or an inability to continue to attract, retain, and motivate key personnel could adversely affect our business. We may not be able to pay dividends in the future in accordance with past practice. Old National has traditionally paid a quarterly dividend to its common shareholders. The payment of dividends is subject to legal and regulatory restrictions and safety and soundness considerations. Any payment of dividends in the future will depend, in large part, on Old National' s earnings, capital requirements, financial condition, and other factors considered relevant by our Board of Directors. Old National Bancorp is an entity separate and distinct from Old National Bank. Old National Bank conducts most of our operations and Old National Bancorp depends upon dividends from Old National Bank to service its debt and to pay dividends to Old National' s shareholders. The availability of dividends from Old National Bank is limited by various statutes and regulations. It is possible, depending upon the financial condition including liquidity and capital adequacy of Old National Bank and other factors, that the OCC could assert that the payment of dividends or other payments is an unsafe or unsound practice. In addition, the payment of dividends by our other subsidiaries is also subject to the laws of the subsidiary' s state of incorporation, and regulatory capital and liquidity requirements applicable to such subsidiaries. Under the terms of the junior subordinated deferrable interest debentures that Old National has issued to various trust preferred securities trusts, Old National has the right at any time during the term of the debentures to defer the payment of interest at any time or from time to time for an extension period not exceeding 20 consecutive quarterly periods with respect to each extension period. In the event that Old National elects to defer interest on the debentures, Old National may not, with certain exceptions, declare or pay any dividends or distributions on its capital stock or purchase or acquire any of its capital stock. Under the terms of the Old National Preferred Stock, in the event that we do not declare and pay dividends on such Old National Preferred Stock for the most recent dividend period, we may not, with certain exceptions, declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of Common Stock or any other securities that rank junior to such Old National Preferred Stock. In the event that Old National Bank was unable to pay dividends to us, we in turn would likely have to reduce or stop paying dividends on our Common Stock. Our failure to pay dividends on our Common Stock could have a material adverse effect on the market price of our Common Stock. See " Business – Supervision and Regulation – Dividend Limitations " and Note 21 to the consolidated financial statements. Old National may not realize the expected benefits of its strategic imperatives. Old National' s ability to compete depends on a number of factors, including, among others, its ability to develop and successfully execute strategic plans and imperatives. Our strategic priorities include consistent quality earnings; continued management discipline; strong risk management and appropriate levels of risk taking; fewer operational surprises, disruptions, and losses; improved operational effectiveness and efficiency; more effective deployment of resources; and increased awareness and involvement in the achievement of strategic goals. Our inability to execute on or achieve the anticipated outcomes of our strategic priorities may affect how the market perceives us and could impede our growth and profitability. Climate change could have a material negative impact on the Company and clients. The Company' s business, as well as the operations and activities of our clients, could be negatively affected by climate change. Climate change presents both immediate and long- term risks to the Company and its clients, and these risks are expected to increase over time. Climate change presents multi- faceted risks, including: operational risk from the physical effects of climate events on the Company and its clients' facilities and other assets, including the possible reduction of the value, or destruction, of collateral for our loans; credit risk from borrowers with significant exposure to climate risk; transition risks associated with the transition to a less carbon- dependent economy; and reputational risk from stakeholder concerns about our practices related to climate change, the Company' s carbon footprint, and the Company' s business relationships with clients who operate in carbon- intensive industries. Federal and state banking regulators and supervisory authorities, investors, and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their clients, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. **The leaders of the federal banking agencies, including the Comptroller of the Currency, have emphasized that climate- related risks are faced by banking organizations of all types and sizes, specifically including physical and transition risks, and are in the process of enhancing supervisory expectations regarding banks' risk management practices. To that end, in December 2021, the OCC published proposed principles for climate risk**

management by larger banking organizations. The OCC also has created an Office of Climate Risk and appointed a Climate Change Risk Officer to oversee that office and has established an internal climate risk implementation committee in order to assist with these initiatives and to support the agency’ s efforts to enhance its supervision of climate change risk management. The OCC stressed in its 2022 Annual Report that climate- related financial risks pose novel challenges that national banks, together with the OCC, are expected to meet; however, the OCC acknowledged that its focus in this area has purposefully been directed at institutions with more than $ 100 billion in total assets as risks are more complex and material at such institutions. In addition, on March 30, 2022 and December 2, 2022, respectively, the FDIC and the Federal Reserve issued their own proposed principles for climate risk management, which also are applicable to larger banking organizations. Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon- intensive environment, the Company may face regulatory risk of increasing focus on the Company’ s resilience to climate- related risks, including in the context of stress testing for various climate stress scenarios. Ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit, and reputational risks and costs. Although we continue to make efforts to enhance our governance of climate change- related risks and integrate climate considerations into our risk governance framework, the risks associated with climate change are rapidly changing and evolving in an escalating fashion, making them difficult to assess due to limited data and other uncertainties. For example, long- term shifts in the climate, including altered distribution and intensity of rainfall, rising sea levels and a rising heat index, negatively affect our ability to predict the effects of natural disasters accurately. In addition, climate change may result in reduced availability of insurance for our borrowers, including insurance that protects property pledged as collateral, which could negatively affect our ability to predict credit losses accurately. We could experience increased expenses resulting from strategic planning, litigation, and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny, and reduced investor and stakeholder confidence due to our response to climate change and our climate change strategy, which, in turn, could have a material negative impact on our business, results of operations, and financial condition. Old National is exposed to reputational risk. Old National’ s reputation is a key asset to its business. A negative public opinion of the Company and its business can result from any number of activities, including the Company’ s lending practices, corporate governance and regulatory compliance, mergers and acquisitions, and **ESG matters such as, among other things, climate risk, hiring practices, the diversity of our work force, and racial and social justice issues involving our personnel, customers, and third parties with whom we otherwise do business, and** actions taken by regulators **,** ~~or by~~ community organizations **, investors, and other stakeholders** in response to these activities. Significant harm to the Company’ s reputation could also arise as a result of regulatory or governmental actions, litigation, employee misconduct or the activities of customers, other participants in the financial services industry or the Company’ s contractual counterparties, such as service providers and vendors. A service disruption of the Company’ s technology platforms or an impact to the Company’ s branches could have a negative impact on a customer’ s access to banking services, and harm the Company’ s reputation with customers. In particular, a cybersecurity event impacting the Company’ s or its customers’ data could have a negative impact on the Company’ s reputation and customer confidence in the Company and its cybersecurity. Damage to the Company’ s reputation could also adversely affect its credit ratings and access to the capital markets. In addition, whereas negative public opinion once was primarily driven by adverse news coverage in traditional media, the increased use of social media platforms facilitates the rapid dissemination of information or misinformation, which magnifies the potential harm to the Company’ s reputation. Events that result in damage to the Company’ s reputation may also increase our litigation risk, increase regulatory scrutiny of the Company and its business, affect our ability to attract and retain customers and employees and have other consequences that we may not be able to predict. Credit Risk If Old National’ s actual credit losses for loans or debt securities exceed Old National’ s allowance for credit losses on loans and debt securities, Old National’ s net income will decrease. Also, future additions to Old National’ s allowance for credit losses will reduce Old National’ s future earnings. Old National’ s business depends on the creditworthiness of our clients. As with most financial institutions, we maintain allowances for credit losses for loans and debt securities to provide for defaults and nonperformance, which represent an estimate of expected losses over the remaining contractual lives of the loan and debt security portfolios. This estimate is the result of our continuing evaluation of specific credit risks and loss experience, current loan and debt security portfolio quality, present economic, political, and regulatory conditions, industry concentrations, reasonable and supportable forecasts for future conditions, and other factors that may indicate losses. The determination of the appropriate levels of the allowances for loan and debt security credit losses inherently involves a high degree of subjectivity and judgment and requires us to make estimates of current credit risks and future trends, all of which may undergo material changes. Generally, our nonperforming loans, other real estate owned, and other repossessed property reflect operating difficulties of individual borrowers and weaknesses in the economies of the markets we serve. The allowances may not be adequate to cover actual losses, and future allowance for credit losses could materially and adversely affect our financial condition, results of operations, and cash flows. **In addition, in deciding whether to extend credit or enter into other transactions, we may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports, and other financial information. We may** ~~Also~~ **also rely on representations of those customers, counterparties, or other third parties, such** as **independent auditors,** ~~described further in the risk factors above and~~ as ~~set forth below~~ **to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements** , **credit reports, or** ~~the~~ **other** ~~COVID- 19 pandemic and Russia’ s invasion of Ukraine~~ **financial information could cause us to enter into unfavorable transactions, which could** have ~~created economic and~~ **a material adverse effect on our** financial **condition** ~~disruptions that have adversely affected,~~ and **results of operations** ~~may continue to adversely affect, customers~~ . Old National’ s loan portfolio includes loans with a higher risk of loss. Old National Bank originates commercial real estate loans, commercial loans, agricultural loans, consumer loans, and residential real estate loans primarily within Old National' s market areas. Commercial real estate, commercial, consumer, and agricultural loans may expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans may not be sold as easily as residential real estate. These loans also have greater credit risk than residential real estate for the following reasons: • Commercial Real Estate Loans. Repayment is dependent upon income being generated in amounts sufficient to cover operating expenses and debt service. • Commercial Loans. Repayment is dependent upon the successful operation of the borrower' s business. • Consumer Loans. Consumer loans (such as personal lines of credit) are collateralized, if at all, with assets that may not provide an adequate source of payment of the loan due to depreciation, damage, or loss. • Agricultural Loans. Repayment is dependent upon the successful operation of the business, which is greatly dependent on many things outside the control of either Old National Bank or the borrowers. These factors include weather, input costs, commodity and land prices, and interest rates. In addition, the effects of climate change could materially enhance the credit risks related to agricultural loans in ways that we may not be able to predict. In addition, as described further in this " Risk Factors " section, the Company' s credit risks may be increased by the impacts of inflation, poor or recessionary economic conditions and financial market volatility. Growth in our commercial real estate loan portfolio over the past several years, and potential future growth, has resulted in, and may result in further, significant expense to implement risk management procedures and controls to effectively evaluate and monitor the portfolio. At December 31, ~~2022~~ **2023** , commercial real estate loans, including owner **-** occupied, investor, and real estate construction loans, totaled $ ~~12~~ **14** . ~~5~~ **1** billion, or ~~40~~ **43** %, of our total loan portfolio. Commercial real estate loans generally involve a greater degree of credit risk than residential mortgage loans because they typically have larger balances and are more affected by adverse conditions in the economy. Because payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them, repayment of such loans may be affected by factors outside the borrower' s control. For example, emerging and evolving factors such as the shift to work- from- home or hybrid- work arrangements, changing consumer preferences (including for online shopping), ~~COVID- 19- related restrictions and resulting~~ changes in occupancy rates as a result of these and other trends have had, and in the future could have, a material effect on our borrowers' ability to repay their loans. If Old National forecloses on real property collateral, Old National may be subject to the increased costs associated with the ownership of real property, resulting in reduced revenues. Old National may have to foreclose on collateral real property to protect Old National' s investment and may thereafter own and operate such property, in which case Old National will be exposed to the risks inherent in the ownership of real estate. The amount that Old National, as a mortgagee, may realize after a default is dependent upon factors outside of Old National' s control, including, but not limited to: (i) general or local economic conditions; (ii) neighborhood values; (iii) size, use, and location of the properties; (iv) interest rates; (v) real estate tax rates; (vi) operating expenses of the mortgaged properties; (vii) environmental remediation liabilities; (viii) ability to obtain and maintain adequate occupancy of the properties; (ix) zoning laws; (x) governmental rules, regulations and fiscal policies; and (xi) acts of God. Certain expenditures associated with the ownership of real estate, principally real estate taxes, insurance, and maintenance costs, may adversely affect the income from the real estate. Therefore, the cost of operating real property may exceed the income earned from such property, and Old National may have to advance funds in order to protect Old National' s investment or dispose of the real property at a loss. The foregoing expenditures and costs could adversely affect Old National' s ability to generate revenues, resulting in reduced levels of profitability. The soundness of other financial institutions could adversely affect Old National. Financial services institutions are interrelated as a result of trading, clearing, counterparty, and other relationships. Old National has exposure to many different industries and counterparties, and Old National and certain of its subsidiaries routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutions. Many of these transactions expose Old National to credit risk in the event of default of its counterparty. In addition, Old National' s credit risk may be affected when collateral is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure. These types of losses could materially adversely affect Old National' s results of operations or financial condition. Market, Interest Rate, and Liquidity Risks The price of Old National' s Common Stock may be volatile, which may result in losses for investors. General market price declines or market volatility in the future could adversely affect the price of Old National' s Common Stock. In addition, the following factors may cause the market price for shares of Old National' s Common Stock to fluctuate: • announcements of developments related to Old National' s business; • fluctuations in Old National' s results of operations; • sales or purchases of substantial amounts of Old National' s securities in the marketplace; • general conditions in Old National' s banking niche or the global or national economy; • a shortfall or excess in revenues or earnings compared to securities analysts' expectations; • changes in analysts' recommendations or projections; • Old National' s announcement of new mergers, acquisitions, or other projects; and • negative news about the Company **, the banking industry generally,** or the financial services industry generally. Changes in interest rates could adversely affect Old National' s results of operations and financial condition. The monetary, tax and other policies of governmental agencies, including the Federal Reserve, have a significant impact on interest rates and overall financial market performance over which the Company has no control and which the Company may not be able to anticipate adequately. The Federal Reserve raised benchmark interest rates throughout 2022 and **2023 and** may continue to raise interest rates **, or not reduce rates,** in response to economic conditions, particularly inflationary pressures. Old National' s earnings depend substantially on Old National' s interest rate spread, which is the difference between (i) the rates Old National earns on loans, securities, and other earning assets and (ii) the interest rates Old National pays on deposits and other borrowings. These rates are highly sensitive to many factors beyond Old National' s control, including general economic conditions and the policies of various governmental and regulatory authorities. When market interest rates rise, such as during 2022 **and 2023** , Old National faces competitive pressure to increase the rates that Old National pays on deposits, which could result in a decrease of Old National' s net interest income. When market interest rates decline, Old National has experienced, and could in the future experience, fixed- rate loan prepayments and higher investment portfolio cash flows, resulting in a lower yield on earning assets. Sharp fluctuations in interest rates ~~, such as the significant increases experienced during 2022,~~ could ~~enhance~~ **exacerbate** these risks. Old National' s earnings can also be impacted by the spread between short- term and long- term market interest rates. The monetary, tax and other policies of the government and its agencies, including the Federal Reserve, have a significant impact on interest rates and overall financial market performance. These governmental policies can thus affect the activities and results of operations of banking organizations such as the Company. An important function of the Federal Reserve is to regulate the national supply of bank credit and certain interest rates. The actions of the Federal Reserve influence the rates of interest that the Company charges on loans and that the Company pays on borrowings and interest- bearing deposits and can also affect the value of the Company' s on- balance sheet and off- balance sheet financial instruments. Also, due to the impact on rates for short- term funding, the Federal Reserve' s policies influence, to a significant extent, the Company' s cost of such funding, and increases in short- term interest rates have in the past increased, and may in the future increase, the Company' s cost of short- term funding. ~~Changes in the method pursuant to which the LIBOR and other benchmark rates are determined could adversely impact our business and results of operations. Our floating- rate funding, certain hedging transactions and certain of the products that we offer, such as floating- rate loans and mortgages, determine the applicable interest rate or payment amount by reference to a benchmark rate, such as LIBOR, or to an index, currency, basket, or other financial metric. The administrator of LIBOR has announced that the publication of the most commonly used U. S. Dollar LIBOR settings will cease to be provided or will cease to be representative after June 30, 2023. The publication of all other LIBOR settings ceased to be provided or ceased to be representative as of December 31, 2021. The U. S. federal banking agencies had also issued guidance strongly encouraging banking organizations to cease using the U. S. Dollar LIBOR as a reference rate in " new " contracts by December 31, 2021 at the latest. In March 2022, the LIBOR Act was signed into law. The LIBOR Act and its implementing regulations provide a uniform approach for replacing LIBOR as a reference interest rate in certain contracts as a matter of law. See " Business – Supervision and Regulation – LIBOR Act. " Regulators, industry groups, and certain committees (e. g., the Alternative Reference Rates Committee) have, among other things, published recommended fallback language for LIBOR- linked financial instruments, identified recommended alternatives for certain LIBOR rates (e. g., the Secured Overnight Financing Rate as the recommended alternative to U. S. Dollar LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. At this time, it is not possible to predict whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating- rate financial instruments. The discontinuation of LIBOR, changes in LIBOR, or changes in market perceptions of the acceptability of LIBOR as a benchmark could result in changes to our risk exposures (for example, if the anticipated discontinuation of LIBOR adversely affects the availability or cost of floating- rate funding and, therefore, our exposure to fluctuations in interest rates) or otherwise result in losses on a product or having to pay more or receive less on securities that we own or have issued. In addition, such uncertainty could result in pricing volatility and increased capital requirements, loss of market share in certain products, adverse tax or accounting impacts, and compliance, legal and operational costs and risks associated with client disclosures, discretionary actions taken or negotiation of fallback provisions, systems disruption, business continuity, and model disruption.~~ The Company must maintain adequate sources of funding and liquidity. The Company' s liquidity and ability to fund **loan demand** and operate its business could be materially adversely affected by a variety of conditions and factors, including financial and credit market disruptions and volatility or a lack of market or customer confidence in **banks or other financial intermediaries or** financial markets in general, which may result in a loss of customer deposits or outflows of cash or collateral and / or ability to access capital markets on favorable terms. **As we and other regional banking organizations experienced in 2023, the failure of other financial institutions may cause deposit outflows as customers spread deposits among several different banks so as to maximize their amount of FDIC insurance, move deposits to banks deemed " too big to fail " or remove deposits from the banking system entirely.** Negative news about the Company **, banks, other financial intermediaries,** or the financial services industry generally may reduce market or customer confidence in the Company, which could in turn materially adversely affect the Company' s liquidity and funding. Such reputational damage may result in the loss of customer deposits, the inability to sell or securitize loans or other assets, and downgrades in one or more of the Company' s credit ratings, and may also negatively affect the Company' s ability to access the capital markets. A downgrade in the Company' s credit ratings, which could result from general industry- wide or regulatory factors not solely related to the Company, could adversely affect the Company' s ability to borrow funds, including by raising the cost of borrowings substantially, and could cause creditors and business counterparties to raise collateral requirements or take other actions that could adversely affect Old National' s ability to raise capital. Many of the above conditions and factors may be caused by events over which Old National has little or no control. There can be no assurance that significant disruption and volatility in the financial markets will not occur in the future. If the Company is unable to continue to fund assets through customer bank deposits or access funding sources on favorable terms or if the Company suffers an increase in borrowing costs or otherwise fails to manage liquidity effectively, the Company' s liquidity, operating margins, financial condition and results of operations may be materially adversely affected. The Company may also need to raise additional capital and liquidity through the issuance of stock, which could dilute the ownership of existing stockholders, or reduce or even eliminate common stock dividends or share repurchases to preserve capital and liquidity. If the Company is unable to maintain or grow its deposits, it may be subject to paying higher funding costs. The total amount that the Company pays for funding costs is dependent, in part, on the Company' s ability to maintain or grow its deposits. If the Company is unable to sufficiently maintain or grow its deposits to meet liquidity objectives, it may be subject to paying higher funding costs. The Company competes with banks and other financial services companies for deposits. Recent increases in short- term interest rates have resulted in and are expected to continue to result in more intense competition in deposit pricing. If competitors raise the rates they pay on deposits, the Company' s funding costs may increase, either because the Company raises rates to avoid losing deposits or because the Company loses deposits to competitors and must rely on more expensive sources of funding. Customers may also move noninterest- bearing deposits to interest bearing accounts, increasing the cost of those deposits. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk / return tradeoff. The Company' s bank customers could withdraw their money and put it in alternative investments, causing the Company to lose a lower cost source of funding. Higher funding costs could reduce the Company' s net interest margin and net interest income. Our wholesale funding sources may prove insufficient to replace deposits or support our future growth. As a part of our liquidity management, we use a number of funding sources in addition to core deposit growth and repayments and maturities of loans and investments. These sources include brokered deposits, repurchase agreements, federal funds purchased, and Federal Home Loan Bank advances. Negative operating results or changes in industry conditions could lead to an inability to replace these additional funding sources at maturity. Our financial flexibility could be constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable interest rates. Finally, if we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs. In this case, our results of operations and financial condition would be negatively affected. Old National relies on dividends from Old National Bank for its liquidity. Old National Bancorp is a separate and distinct legal entity from its subsidiaries. Old National Bancorp typically receives substantially all of its revenue from subsidiary dividends. These dividends are Old National Bancorp' s principal source of funds to pay dividends on common and preferred stock, pay interest and principal on its debt, and fund purchases of its common stock. Various federal and / or state laws and regulations, as well as regulatory expectations, limit the amount of dividends that Old National Bank and certain non- bank subsidiaries may pay. See " Item 1 — Business — Supervision and Regulation — Dividends Limitations " for a discussion of restrictions on dividends. Limitations on the Company' s ability to receive dividends from its subsidiaries could have a material adverse effect on its liquidity and ability to pay dividends on its stock or interest and principal on its debt, and ability to fund purchases of its common stock. A reduction in our credit rating could adversely affect our business and / or the holders of our securities. The credit rating agencies rating our indebtedness regularly evaluate Old National and Old National Bank. Credit ratings are based on a number of factors, including our financial strength and ability to generate earnings, as well as factors not entirely within our control, including conditions affecting the **banking industry or** financial services industry generally and the economy and changes in rating methodologies. There can be no assurance that we will maintain our current credit ratings. A downgrade of the credit ratings of Old National or Old National Bank could adversely affect our access to liquidity and capital, significantly increase our cost of funds, and decrease the number of investors and counterparties willing to lend to us or purchase our securities. This could affect our growth, profitability, and financial condition, including liquidity. **Unrealized losses in our securities portfolio could affect liquidity. As market interest rates have increased, we have experienced unrealized losses on our available- for- sale securities portfolio. Unrealized losses related to available- for- sale securities are reflected in investment securities available- for- sale in our consolidated balance sheets and reduce the level of our book capital and tangible common equity. However, such unrealized losses do not affect our regulatory capital ratios. We actively monitor our available- for- sale securities portfolio and we do not currently anticipate the need to realize material losses from the sale of securities for liquidity purposes. Furthermore, we believe it is unlikely that we would be required to sell any such securities before recovery of their amortized cost bases, which may be at maturity. Nonetheless, if there are unrealized or realized losses in our securities portfolio, our access to liquidity sources could be adversely affected; tangible capital ratios may decline; the FHLB or other funding sources may reduce our borrowing capacity; or bank regulators may impose restrictions on us that impact the level of interest rates we may pay on deposits or our ability to access brokered deposits. Additionally, significant unrealized or realized losses could negatively impact market and / or customer perceptions of our company, which could lead to a loss of depositor confidence and an increase in deposit withdrawals, particularly among those with uninsured deposits.** Operational Risks A failure or breach, including cyber- attacks, of our operational or security systems could disrupt our business, result in the disclosure of confidential information, damage our reputation, and create significant financial and legal exposure. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks, and other technology assets and the confidentiality, integrity, and availability of information belonging to us and our clients, there is no assurance that our security measures will provide absolute security. Further, to access our products and services our clients may use computers and mobile devices that are beyond our security control systems. In fact, many other financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyberattacks, and / or malicious code, or by means of phishing attacks, social engineering and other means. As our reliance on technology systems increases, including as a result of work- from- home arrangements, the potential risks of technology- related interruptions in our operations or the occurrence of cyber incidents also increases. Our technologies, systems, networks and our customers' devices are periodically the target of cyberattacks ~~,~~ and may be the target of future cyberattacks. Malicious actors may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information, including passwords and other identifying information, in order to gain access to data or our systems. Certain financial institutions in the United States have also experienced attacks from technically sophisticated and well- resourced third parties that were intended to disrupt normal business activities by making internet banking systems inaccessible to clients for extended periods. These " denial- of- service " attacks typically do not breach data security systems, but require substantial resources to defend, and may affect client satisfaction and behavior. There have been several well- publicized attacks on various companies, including in the financial services industry, and personal, proprietary, and public e- mail systems in which the perpetrators gained unauthorized access to confidential information and customer data, often through the introduction of computer viruses or malware, cyberattacks, phishing, or other means. Even if not directed at the Company or its subsidiaries specifically, attacks on other entities with whom we do business or on whom we otherwise rely or attacks on financial or other institutions important to the overall functioning of the financial system could adversely affect, directly or indirectly, aspects of our business. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our systems or to investigate and remediate vulnerabilities. System enhancements and updates may also create risks associated with implementing and integrating new systems. Due to the complexity and interconnectedness of information technology systems, the process of enhancing our systems can itself create a risk of systems disruptions and security issues. If our security systems were penetrated or circumvented, it could cause serious negative consequences for us, including significant disruption of our operations, misappropriation of our confidential information or that of our clients, or damage our computers or systems and those of our clients and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our clients, loss of confidence in our security measures, client dissatisfaction, significant litigation exposure, regulatory action, and harm to our reputation, all of which could have a material adverse effect on us. Old National is subject to laws and regulations relating to the privacy of the information of clients, employees or others, and any failure to comply with these laws and regulations could expose the Company to liability and / or reputational damage. Old National is subject to laws and regulations relating to the privacy of the information of clients, employees or others, and any failure to comply with these laws and regulations could expose the Company to liability and / or reputational damage. Changes to customer data privacy laws and regulations may impose additional operational burdens on the Company, may limit the Company' s ability to pursue desirable business initiatives and increase the risks associated with any future use of customer data. Compliance with these laws and regulations may require changes to policies, procedures and technology for information security and segregation of data, which could, among other things, make the Company more vulnerable to operational failures, and to monetary penalties, litigation or regulatory enforcement actions for breach of such laws and regulations. As privacy- related laws and regulations are implemented, they may also limit how companies like Old National can use customer data and impose obligations on companies in their management of such data. The time and resources needed for the Company to comply with such laws and regulations, as well as its potential liability for non- compliance and reporting obligations in the case of data breaches, may significantly increase. We rely on third party vendors, which could expose Old National to additional cybersecurity and operational risks. Third party vendors provide key components of our business infrastructure, including certain data processing and information services. Third parties may transmit confidential, propriety information on our behalf. Although we require third party providers to maintain certain levels of information security, such providers may remain vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious attacks that could ultimately compromise sensitive information. While we may contractually limit our liability in connection with attacks against third party providers, Old National remains exposed to the risk of loss associated with such vendors. In addition, operational errors, information system failures, or interruptions of vendors' systems, or difficulty communicating with vendors, could expose us to disruption of operations, loss of service or connectivity to customers, reputational damage, and litigation risk that could have a material adverse effect on our business and, in turn, our financial condition and results of operations. In addition, our operations are exposed to risk that vendors will not perform in accordance with the contracted arrangements under service level agreements. Although we have selected external vendors carefully, we do not control their actions. The failure of an external vendor to perform in accordance with the contracted arrangements under service level agreements, because of changes in the vendor' s organizational structure, financial condition, support for existing products and services, or strategic focus or for any other reason, could be disruptive to our operations, which could have a material adverse effect on our business and, in turn, our financial condition and results of operations. Replacing a vendor, particularly a large national entity with a dominant market presence, such as a number of our current vendors, could also cause us to incur significant delay and expense. Failure to keep pace with technological change could adversely affect Old National' s results of operations and financial condition. The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve clients and to reduce costs. Old National' s future success depends, in part, upon its ability to address client needs by using technology to provide products and services that will satisfy client demands, as well as to create additional efficiencies in Old National' s operations. Old National may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to its clients. Failure to successfully keep pace with technological change affecting the financial services industry could negatively affect Old National' s growth, revenue, and profit. Failure to successfully implement and integrate future system enhancements could adversely affect the Company' s ability to provide timely and accurate financial information in compliance with legal and regulatory requirements, which could result in sanctions from regulatory authorities. Future system enhancements could have higher than expected costs and / or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Upgrading the Company' s computer systems, software, and networks subjects the Company to the risk of disruptions, failures, or delays due to the complexity and interconnectedness of the Company' s computer systems, software, and networks. The failure to properly upgrade or maintain these computer systems, software, and networks could result in greater susceptibility to cyber- attacks, particularly in light of the greater frequency and severity of attacks in recent years, as well as the growing prevalence of supply chain attacks affecting software and information service providers. Failures related to upgrades and maintenance also increase risks related to unauthorized access and misuse.

There can be no assurance that any such disruptions, failures, or delays will not occur or, if they do occur, that they will be adequately addressed. Changes in consumer use of banks and changes in consumer spending and savings habits could adversely affect Old National' s financial results. Technology and other changes now allow many clients to complete financial transactions without using banks. For example, consumers can pay bills and transfer funds directly without going through a bank. This process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of client deposits and income generated from those deposits. In addition, changes in consumer spending and savings habits could adversely affect Old National' s operations, and Old National may be unable to timely develop competitive new products and services in response to these changes. Old National' s controls and procedures may fail or be circumvented, and Old National' s methods of reducing risk exposure may not be effective. Old National regularly reviews and updates its internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Old National also maintains an Enterprise Risk Management program designed to identify, manage, mitigate, monitor, aggregate, and report risks. Any system of controls and any system to reduce risk exposure, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Additionally, instruments, systems, and strategies used to hedge or otherwise manage exposure to various types of market compliance, credit, liquidity, operational, and business risks and enterprise- wide risk could be less effective than anticipated. As a result, Old National may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risk. Pandemics, acts of war or terrorism **,** and other adverse external events could significantly affect Old National' s business. Pandemics, ~~including the COVID- 19 pandemic,~~ acts of war, **global** military conflicts ~~, including Russia' s invasion of Ukraine~~ , or terrorism and other adverse external events, including severe weather and other natural disasters, could have a significant impact on the Company' s ability to conduct business. Such events could affect the stability of the Company' s deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue and / or cause the Company to incur additional expenses. Although the Company has established disaster recovery plans and procedures, and monitors for significant environmental effects on its properties or its investments, the occurrence of any such event could have a material adverse effect on the Company. ~~For example, the COVID- 19 pandemic has created economic and financial disruptions that have adversely affected, and may continue to adversely affect, the Company' s business, financial condition, liquidity, loans, asset quality, capital, and results of operations. The extent to which the COVID- 19 pandemic will continue to negatively affect the Company will depend on future developments that are highly uncertain and cannot be predicted and many of which are outside of the Company' s control. These future developments may include the scope and duration of any surges in the COVID- 19 pandemic, the emergence of new variants of COVID- 19 and the continued effectiveness of vaccines against such variants, the continued effectiveness of the Company' s business continuity plan including work- from- home arrangements and staffing at branches and certain other facilities, the direct and indirect impact of the COVID- 19 pandemic on the Company' s employees, clients, counterparties and service providers, as well as on other market participants, actions taken, or that may yet be taken, by governmental authorities and other third parties in response to the COVID- 19 pandemic, and the effectiveness and public acceptance of vaccines for COVID- 19.~~ Depending on the impact of ~~the pandemic~~ **pandemics , global military conflicts, or terrorism** and **other adverse external events** ~~Russia' s invasion of Ukraine~~ on general economic and market conditions, consumer and corporate spending and investment and borrowing patterns, there is a risk that adverse conditions could occur, including supply chain disruptions; higher inflation; decreased demand for the Company' s products and services or those of its borrowers, which could increase credit risk; challenges related to maintaining sufficient qualified personnel due to labor shortages, talent attrition, employee illness, willingness to return to work; disruptions to business operations at the Company and at counterparties, vendors and other service providers. ~~The war between Russia and Ukraine has negatively affected the global economy. In addition, governments around the world have responded to Russia' s invasion by imposing economic sanctions and export controls on certain industry sectors and parties in Russia. Russia has responded with its own restrictions against investors and countries outside Russia and has proposed additional measures aimed at non- Russia owned businesses. Businesses in the U. S. and globally have experienced shortages in materials and increased costs for transportation, energy, and raw materials due in part to the negative effects of the war on the global economy. The escalation or continuation of the war between Russia and Ukraine or other hostilities could result in, among other things, further increased risk of cyberattacks, supply chain disruptions, higher inflation, lower consumer demand and increased volatility in commodity, currency, and other financial markets.~~ To the extent that pandemics, ~~including the COVID- 19 pandemic,~~ acts of war, **global military conflicts** ~~including Russia' s invasion of Ukraine~~ , or terrorism and other external events adversely affect Old National' s business, financial, liquidity, capital, or results of operations, it may also have the effect of heightening many of the other risks described in this " Risk Factors " section. Old National is subject to environmental liability risk associated with lending activities. A significant portion of the Company' s loan portfolio is secured by real property. During the ordinary course of business, the Company may foreclose on and take title to properties securing certain loans. There is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, the Company may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require the Company to incur substantial expenses and could materially reduce the affected property' s value or limit the Company' s ability to sell the affected property or to repay the indebtedness secured by the property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase the Company' s exposure to environmental liability. Although the Company has policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on the Company' s business, financial condition, results of operations, and liquidity. Old National' s reported financial condition and results of operations depend on management' s selection of accounting methods and require management to make estimates about matters that are uncertain. Accounting policies and processes are fundamental to the Company' s reported financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported amounts of assets or liabilities and financial results. Several of Old National' s accounting policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Pursuant to generally accepted accounting principles, management is required to make certain assumptions and estimates in preparing the Company' s financial statements. If assumptions or estimates underlying the Company' s financial statements are incorrect, the Company may experience material losses. Management has identified certain accounting policies as being critical because they require management' s judgment to ascertain the valuations of assets, liabilities, commitments and contingencies. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset, valuing an asset or liability, or recognizing or reducing a liability. Old National has established detailed policies and control procedures with respect to these critical accounting estimates. However, because of the uncertainty surrounding judgments and the estimates pertaining to these matters, Old National could be required to adjust accounting policies or restate prior period financial statements if those judgments and estimates prove to be incorrect. **See " Item 7 — Critical Accounting Estimates " for a discussion of the Company' s critical accounting estimates.** Legal, Regulatory, and Compliance Risks **.** Old National operates in a highly regulated environment,and changes in laws and regulations to which Old National is subject may adversely affect Old National' s results of operations.Old National operates in a highly regulated environment and is subject to extensive regulation,supervision,and examination by,among others,the OCC,the **FDIC,the CFPB,and the** Federal Reserve ~~,the FDIC,and the CFPB~~ ,and applicable state laws.Such regulation and supervision is primarily intended for the protection of the depositors and federal deposit insurance funds.In addition,the U.S.Department of the Treasury (the " U.S.Treasury ") has certain supervisory and oversight duties and responsibilities.See " Business – Supervision and Regulation " herein.Our business is highly regulated and the laws,rules,regulations,and supervisory guidance and policies applicable to us are subject to regular modification and change,and there have been significant revisions to the laws ~~,rules,regulations,~~ and **regulations** ~~supervisory guidance and policies~~ applicable to banks and bank holding companies that have been enacted or proposed in recent years.In addition,we expect that we will remain subject to extensive regulation and supervision,and that the level of regulatory scrutiny may fluctuate over time,based on numerous factors,including the OCC' s heightened standards,when applicable to us,changes in **the** U.S.presidential ~~administrations~~ - **administration** or one or both houses of Congress and public sentiment regarding financial institutions (which can be influenced by scandals and other incidents that involve participants in the industry).We are unable to predict the form or nature of any future changes to **statutes or** ~~the laws,rules,regulations~~ - **regulation** ~~,or supervisory guidance and policies~~ ,including the interpretation or implementation thereof.Changes to **statutes** ~~applicable laws~~ , ~~rules~~ **regulations** , **or** ~~regulations~~ - **regulatory** ~~,and supervisory guidance and~~ policies,including changes in interpretation or implementation ~~thereof~~ **of statutes,regulations,or policies** ,have and could in the future subject us to additional costs,limit the types of financial services and products we may offer,and / or increase the ability of non- banks to offer competing financial services and products,among other things.Failure to comply with ~~applicable~~ laws, ~~rules,~~ regulations, ~~and~~ **policies or** supervisory guidance ~~and policies~~ could result in enforcement and other legal actions by federal or state authorities,including criminal and civil penalties,the loss of FDIC insurance,revocation of a banking charter,other sanctions by regulatory agencies,civil money penalties,and / or reputational damage,which could have a material adverse effect on our business,financial condition,and results of operations. **We may incur fines,penalties and other negative consequences from regulatory violations,possibly even inadvertent or unintentional violations.The financial services industry is subject to significant regulation and scrutiny from bank supervisors in the examination process and aggressive enforcement of federal and state regulations,particularly with respect to mortgage-related practices and other consumer compliance matters,and compliance with anti- money laundering,BSA and OFAC regulations,and economic sanctions against certain foreign countries and nationals.Enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices.** In addition, ~~we anticipate increased~~ **some legal /** regulatory ~~scrutiny,in~~ **frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though** ~~the~~ **there were systems** ~~course of routine examinations~~ and **procedures designed** ~~otherwise,and new regulations in response~~ to **ensure compliance in place at the time.There have been a number of significant enforcement actions in** recent **years** ~~negative developments in the banking industry,which may increase our cost of doing business and reduce our profitability.Among other things,there may be increased focus by both regulators and investors on deposit composition,the level of uninsured deposits,brokered deposits,unrealized losses in securities portfolios,liquidity,commercial real estate loan composition and concentrations,and capital as well as general oversight and control of the foregoing.We could face increased scrutiny or be viewed as higher risk~~ by regulators **,state attorneys general and the Department of Justice against banks and other non- bank financial institutions with respect to anti- money laundering and sanctions laws,and some have resulted in substantial penalties including criminal pleas.Although the Company has adopted policies and procedures designed to comply with these laws,any failure to comply with these laws and other regulations,or to maintain** ~~and~~ - **an adequate compliance program** ~~/ or the investor community~~ , ~~which~~ could ~~have a material adverse effect~~ **result in significant fines,penalties,lawsuits,regulatory sanctions,reputational damage,or restrictions** on our business ~~,financial condition,and results of operations.See " Item 1 — Business — Supervision and Regulation " and Note 21 to the consolidated financial statements.Fee revenues from overdraft protection programs may be subject to increased supervisory scrutiny.In 2023,the Company collected $ 22.3 million in overdraft transaction fees.Members of Congress and the leadership of the OCC and CFPB have expressed a heightened interest in bank overdraft protection programs.On January 17,2024,the CFPB proposed a rule that would significantly reform the regulatory framework governing overdraft practices applicable to banks such~~ We have risk related to legal proceedings. We are involved in judicial, regulatory, and arbitration proceedings concerning matters arising from our business activities and fiduciary responsibilities. We establish ~~reserves~~ **an accrual** for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. We may still incur legal costs for a matter even if we have not established ~~a reserve~~ **an accrual** . In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts ~~reserved~~ **accrued** for that matter. The ultimate resolution of a pending or future proceeding, depending on the remedy sought and granted, could materially adversely affect our results of operations and financial condition . Old National operates in a highly...... damage, or restrictions on our business . Changes in accounting policies, standards, and interpretations could materially affect how Old National reports its financial condition and results of operations. The FASB periodically changes the financial accounting and reporting standards governing the preparation of Old National' s financial statements. Additionally, those bodies that establish and / or interpret the financial accounting and reporting standards (such as the FASB, SEC, and banking regulators) may change prior interpretations on how these standards should be applied. These changes can be difficult to predict and can materially affect how Old National records and reports its financial condition and results of operations. In some cases, Old National could be required to retroactively apply a new or revised standard, resulting in changes to previously reported financial results. If Old National fails to meet regulatory capital requirements **,** which may require heightened capital levels, we may be forced to raise capital or sell assets. Old National is subject to regulations that require us to satisfy certain capital ratios, such as the ratio of our Tier 1 capital to our risk- based assets. Regulators have implemented and may, from time to time, implement changes to these regulatory capital adequacy requirements. If we are unable to satisfy these regulatory capital requirements, due to a decline in the value of our loan portfolio or otherwise, we will be required to improve such capital ratios by either raising additional capital or by disposing of assets. If we choose to dispose of assets, we cannot be certain that we will be able to do so at prices that we believe to be appropriate, and our future operating results could be negatively affected. If we choose to raise additional capital, we may accomplish this by selling additional shares of Common Stock, or securities convertible into or exchangeable for Common Stock, which could dilute the ownership percentage of holders of our Common Stock and cause the market price of our Common Stock to decline. Additionally, events or circumstances in the capital markets generally may increase our capital costs and impair our ability to raise capital at any given time. See " Business – Supervision and Regulation – Capital Adequacy " herein for further discussion on regulatory capital requirements applicable to the Company and Old National Bank. Old National could be subject to adverse changes or interpretations of tax laws, tax audits, or challenges to our tax positions. Old National is subject to federal and applicable state income tax laws and regulations. Income tax laws and regulations are often complex and require significant judgment in determining the Company' s effective tax rate and in evaluating the Company' s tax positions. Changes in tax laws, changes in interpretations, guidance or regulations **currently in effect or** that may be promulgated, or challenges to judgments or actions that the Company may take with respect to tax laws could negatively impact our current and future financial performance. In addition, our determination of our tax liability is subject to review by applicable tax authorities. In the normal course of business, we are routinely subject to examinations and challenges from federal and applicable state and local taxing authorities regarding the amount of taxes due in connection with investments we have made and the businesses in which we have engaged. Recently, federal and state and local taxing authorities have been increasingly aggressive in challenging tax positions taken by financial institutions. The challenges made by taxing authorities may result in adjustments to the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. Any such challenges that are not resolved in our favor may adversely affect our effective tax rate, tax payments or financial condition. Our earnings could be adversely impacted by incidences of fraud and compliance failure. Financial institutions are inherently exposed to fraud risk. A fraud can be perpetrated by an employee, a vendor, or members of the general public, or by or at a client of Old National. We are most subject to fraud and compliance risk in connection with the origination of loans, ACH transactions, wire transactions, ATM transactions, and checking transactions. Our largest fraud risk, associated with the origination of loans, includes the intentional misstatement of information in property appraisals or other underwriting documentation provided to us by third parties. Compliance risk is the risk that loans are not originated in compliance with applicable laws and regulations and our standards. There can be no assurance that we can prevent or detect acts of fraud or violation of law or our compliance standards by the third parties that we deal with. Repeated incidences of fraud or compliance failures would adversely impact the performance of our loan portfolio.