

Distinguished Members of The Monetary Policy and Trade Subcommittee of the U.S. House Financial Services Committee:

As Chairman and CEO of Old National Bancorp, and a former board director of the Federal Reserve Bank of St. Louis, as well as a former member of the Federal Advisory Committee of the Federal Reserve Board, it is my distinct privilege to share with you my thoughts, and address your questions, about the role – and tremendous value – of directors representing banks of all sizes on our Reserve Bank boards.

I believe it is critically important that our nation's bankers continue to serve as directors on our Reserve Bank boards. To make it clear why I feel so strongly about this position, I first want to highlight for the Committee some initiatives and accomplishments of the bank that I lead. This is not an attempt to shine a spotlight on Old National; instead, it is intended to illustrate the powerful connection that community banks like ours enjoy with the communities we serve.

With \$14.4 billion in assets and a 182-year legacy of service, Old National is a fairly typical community bank. We are literally headquartered on Main Street, on the shore of the Ohio River in Evansville, Ind. Our clients are small and mid-sized business owners, farmers, young families, retirees. They span multiple sectors, industries and geographies, and they trust us to guide them. And like many community banks, we also serve as a catalyst within our communities for economic development, working to forge and strengthen partnerships among business leaders, community leaders and representatives of state and local government.

Also typical of banks throughout our great nation, Old National is known for our commitment to the communities we serve. In 2015, we supported our communities with more than \$5 million in grants and sponsorships, which were primarily focused on economic development, financial literacy and support for low-to-moderate-income families and individuals. Our nearly 3,000 associates also donated over 100,000 volunteer hours (every associate enjoys two paid volunteer hours a month) at more than 2,000 community organizations throughout our four-state footprint of Indiana, Kentucky, Michigan and Wisconsin. Old National has also been named one of the Ethisphere Institute's "World's Most Ethical Companies" for five consecutive years, and *American Banker* magazine recently named us as one of the best banks to work for in the nation.

We are also an organization focused on, and committed to, diversity and inclusion. This is evident in our Corporate Board of Directors, which includes former Indiana Lt. Governor Becky Skillman as lead director, as well as director Kathy White, a former Instructor of Law at West Point and the current Command Judge Advocate for the 46th Military Police Command in Ann Arbor, Mich., and Derrick Stewart, CEO of the YMCA of Southwestern Indiana. Additionally, a Community and Social Responsibility subcommittee governed by our Corporate Board guides our efforts to be a socially responsible, sustainable and highly inclusive organization.

Another strength of our nation's banks, large and small, is providing financial education and financial literacy resources to at-risk members of our communities, especially low-to-moderate income (LMI) individuals and families. In 2015, Old National associates taught 900 financial education sessions in our markets, reaching more than 17,000 individuals (45,000 since 2013) and prompting the American Bankers Association to recognize us with two 2015 Community Commitment awards.

Again, I highlight these accomplishments to illustrate the unique and powerful connection that our nation's banks share with the communities we serve. Not only do bankers support a diverse range of individuals in our role as community catalysts, we're on the front lines every day helping our clients manage and grow their

businesses. They trust us to understand the dynamics of the market and to help them overcome any challenges and concerns. Over time, this relationship provides us with vital insights about how “Main Street Americans” truly view the economy, and how those views shape their decision-making.

As bankers, we also have the ability to reach out to our most trusted clients from multiple sectors, geographies and industries to seek information that can be used by our nation’s Reserve Bank boards to guide their thinking on key issues. This strong connection affords us access to multiple voices in our regions – from tech industry leaders to shop owners to middle-market managers – who are ready to share the kinds of candid thoughts and perspectives that don’t always show up in the national data.

Conversely, the bankers who sit on our nation’s Reserve Boards gain incredibly valuable information from the board table that they can take back to their communities. It truly is a reciprocal relationship that strengthens both the Federal Reserve and our nation’s cities and towns. I experienced this first-hand as a board director of the Federal Reserve Bank of St. Louis from 2008-13. Fueled by the knowledge and insights I gained as a Reserve Board director, Old National Bank spearheaded the creation of the first “Bank On” program in the Midwest. Launched in 2009 through a partnership with local government, financial institutions, community organizations and the St. Louis Fed, *Bank on Evansville* was modeled after the *Bank On San Francisco* initiative. Featuring LMI-specific products geared toward serving the unique needs of the unbanked and underbanked populations, the program was managed by an associate that Old National “loaned” to the project. In the nearly eight years since *Bank on Evansville* was launched, Old National has been the catalyst in creating another 16 *Bank On* programs in our footprint, helping roughly 2,200 unbanked or underbanked community members take greater control of their finances.

During my tenure as a Reserve Board director, I worked with a number of honorable, dedicated bankers, including Tommy May, Bryan Jordan and Ernie Chappel. While each of us represented a different market and perspective, we shared the common belief that together we could make our region and our nation stronger. As a director, I also spoke frequently with leaders of communities throughout the Old National footprint to gain their feedback about issues that were germane to our Regional Board. Over time, many of these leaders began seeking me out, unsolicited, to offer their unique Midwestern perspectives on the issues of the day. These discussions were invaluable to me and to our Reserve Bank President to assist him in his role on the Federal Open Market Committee (FOMC)

As I stated at the beginning of these remarks, I believe our nation’s bankers should continue to serve as directors on our Reserve Bank boards. As representatives of our region, we serve a limited yet crucial role. This includes providing detailed, systematic and real-time input about local economic conditions, which serves to help shape effective monetary policy. We also play a vital role in the business side of running a Reserve Bank, including management, strategic plans, operations, budgets and supervising internal audit functions. These are the crucial areas where the business expertise and leadership of our nation’s bankers – and the broad cross-section of voices and constituencies we serve – have proved to be a highly effective resource.

I am aware that concerns have surfaced over whether bank directors on Reserve Boards might somehow attempt to control or manipulate decisions for the betterment of their own institutions. I believe this issue is effectively addressed, and the potential risks are properly mitigated, through the letter of the law and the current policies and procedures of the Federal Reserve System. As this committee knows well, the banking industry is highly regulated, and our actions as bankers are carefully examined by multiple regulators. As bankers, we also understand the consequences to our institution if we violate these regulations. These same consequences apply to the regulations and policies that govern the Federal Reserve System. The existing governance model is very strong, and I applaud the controls currently in place. I can assure you that during

my tenure on the board, I was never placed in a position where I felt my integrity or ethical center were in any way compromised. Ultimately, exercising banking supervision and regulatory authority is the responsibility of the Board of Governors, not of our Reserve Bank boards.

As I stated earlier, our nation's bankers play a limited yet crucial role in our Federal Reserve System. Driven by a reciprocal relationship with the communities we serve, we provide an important voice and a powerful resource that help keep our Reserve Boards strong, balanced and effective. I encourage this committee to do everything in its power to retain this vital link to the views, perceptions and attitudes of Main Street America.

Thank you,

Bob Jones
Chairman and CEO
Old National Bancorp