

Klein Financial, Inc. (Private; Chaska, MN) has agreed to merge with Old National Bancorp (NASDAQ: ONB; Evansville, IN)

Deal Value: \$433.8 Million

Sandler O'Neill acted as financial advisor and rendered a fairness opinion to Klein Financial, Inc. in this transaction. This transaction represents Sandler O'Neill's 180th bank or thrift transaction nationwide since January 1, 2015 representing \$56.0 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.¹

This transaction represents the largest deal value of any Minnesota depository acquisition since 2000.

Since January 1, 2015, Sandler O'Neill has advised on 33 bank or thrift transactions in the Midwest region for an aggregate transaction value of \$18.8 billion, more than any other investment bank during that period.¹

Evansville, Ind., and Minneapolis, Minn. (June 21, 2018) – Evansville, Indiana-based Old National Bancorp ("Old National") (NASDAQ: ONB) and Minnesota-based Klein Financial, Inc. ("Klein"), jointly announced today the execution of a merger agreement under which Old National will acquire Klein through a 100% stock merger.

With \$2.0 billion in total assets, \$1.1 billion in total loans, \$1.7 billion in deposits, and \$184 million in common shareholder's equity as of March 31, 2018, Klein is a bank holding company with KleinBank as its wholly-owned subsidiary. Noted for its strong retail presence, KleinBank operates 18 full-service branches. Founded in 1907 and headquartered in Chaska, Minnesota, it is the largest family-owned community bank serving the Twin Cities and its western communities.

This transaction greatly strengthens and complements Old National's recent expansion into the demographically attractive and economically vibrant Twin Cities market. On a pro forma basis based on March 31, 2018 balances, Old National will have total deposits in Minnesota of approximately \$3.5 billion, which equals the fifth largest market share position in both the Minneapolis metropolitan statistical area ("MSA") and the state. The Minneapolis MSA will also become Old National's largest deposit MSA. In addition, Old National will become the fourth largest community bank headquartered within its five-state footprint.

"We are humbled by the confidence of the Klein family in choosing Old National as their partner," said Old National Chairman and CEO, Bob Jones. "We look forward to continuing the legacy of exceptional client service and strong community engagement that has defined KleinBank for more than 110 years and four generations. The addition of Klein's powerful retail franchise, as evidenced by their low loan to deposit ratio of 64% and their outstanding business banking and fee-based teams, complement the already-excellent commercial team and strong performance that we have seen to date at our recently completed Anchor Bank partnership. We believe the enhanced scale, product capability, and market coverage that this combination creates positions us exceptionally well in the Twin Cities – a market that remains economically vibrant with unique competitive dynamics that play into the strengths of our business model."

"We believe that partnering with Old National will provide tremendous benefits to our customers, our communities and our KleinBank team members," said KleinBank CEO Doug Hile. "We share a special commitment to exceptional service, local responsiveness and community leadership, and we are excited to take this commitment to the next level to the benefit of all."

Under the terms of the merger agreement, Klein shareholders will receive 7.92 shares of Old National common stock for each share of common stock of Klein they hold. Based on Old National's closing share price on June 20, 2018, of \$19.05, this represents a total transaction value of approximately \$433.8 million. The transaction value is likely to change due to fluctuations in the price of Old National common stock and is also subject to adjustment under certain circumstances as provided in the merger agreement. Old National expects the acquisition to be 6.2% accretive to earnings per common share in 2020, including fully realized cost savings, and 3.4% dilutive to tangible book value per share at closing with an earnback period of approximately 3.5 years. The merger agreement has been unanimously approved by the Board of Directors of both Old National and Klein. The transaction remains subject to customary closing conditions, including, but not limited to, regulatory approval and the vote of Klein shareholders. The transaction is anticipated to close in the 4th quarter of 2018.

Financial Highlights

(Dollars in millions)

	<u>Klein Financial, Inc.</u>	<u>Old National Bancorp</u>
Total Assets	\$1,972	\$17,496
Total Net Loans	\$1,073	\$11,206
Total Deposits	\$1,708	\$12,789
Total Equity	\$213	\$2,179
TCE / TA	9.5%	7.8%

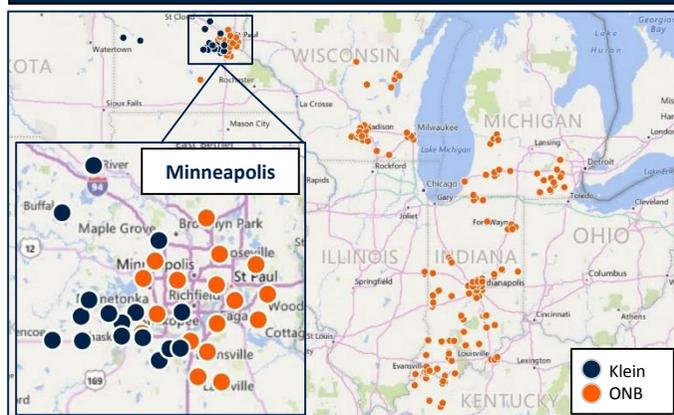
Financial data as of March 31, 2018

¹ Majority and minority transactions; Excludes terminated transactions and self-advisory roles

Source: S&P Global Market Intelligence, Company Documents, Press Release

Note: Branch franchises shown to reflect pending branch sales

Pro Forma Map



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