

LSB FINANCIAL CORP
Form 425
July 28, 2014

Filed by Old National Bancorp

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: LSB Financial Corp.

SEC Registration Statement No.: 333-197258

The following presentation slides were reviewed by the executive officers of Old National Bancorp (Old National) in connection with Old National s conference call on July 28, 2014 announcing the financial results for the quarter ended June 30, 2014 and the pending acquisition of Founders Financial Corporation.

* * *

Old National Bancorp
Second-Quarter 2014 Earnings
and Intent to Acquire Founders
Financial Corporation
July 28, 2014

Lynell Walton
Investor Relations

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Additional Information for Shareholders of Founders Financial Corporation

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger, Old National Bancorp (Old National) will file with the Securities and Exchange Commission (SEC) a Registration Statement on Form S-4 that will include a Proxy Statement of Founders Financial Corporation (Founders) and a Prospectus of Old National, as well as other relevant documents concerning the proposed transaction. Shareholders are

urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about Old National, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from Old National at www.oldnational.com under the tab Investor Relations and then under the heading

Financial Information.

Old National and Founders and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Founders in connection with the proposed merger. Information about the directors and executive officers of Old National is set forth in the proxy statement for Old National's 2014 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 14, 2014. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

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Additional Information for Shareholders of LSB Financial Corp.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger, Old National Bancorp (Old National) has filed with the Securities and Exchange Commission (SEC) a Registration Statement on Form S-4 (Registration Statement No. 333-197258) that includes a preliminary Proxy Statement of LSB Financial Corp. (LSB) and a preliminary Prospectus of Old National, as well as other relevant documents concerning

the proposed transaction. The SEC declared the Form S-4 Registration Statement effective on July 23, 2014. A definitive Proxy Statement/Prospectus will be mailed to shareholders of LSB. Shareholders are urged to read the Registration Statement and the definitive Proxy Statement/Prospectus regarding the merger and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the definitive Proxy Statement/Prospectus (when available), as well as other filings containing information about Old National and LSB, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents (when available), free of charge, from Old National at www.oldnational.com under the tab

Investor Relations

and then under the heading Financial Information

or from LSB by accessing LSB's

website at www.lsbank.com under the tab About

and then under the heading Investor Relations.

Old National and LSB and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of LSB in connection with the proposed merger.

Information about the directors and executive officers of Old National is set forth in the proxy statement for Old National's 2014 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 14, 2014. Information about the directors and executive officers of

LSB is set forth in the proxy statement for

LSB's 2014 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 14, 2014.

Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the definitive Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

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Forward-Looking Statement

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about the expected timing, completion, financial benefits and other effects of Old National's proposed mergers with United Bancorp, Inc. (United), LSB Financial Corp. (LSB) and Founders Financial Corp. Forward-looking statements can be identified by the use of the words anticipate, believe,

expect,
intend,
could
and should,
and other

words of similar meaning. These forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to risks and uncertainties and there are a number of factors that could cause actual results to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to: expected cost savings, synergies and other financial benefits from the proposed mergers might not be realized within the expected timeframes and costs or difficulties relating to integration matters might be greater than expected; the requisite shareholder and regulatory approvals for the proposed mergers with LSB and Founders might not be obtained; market, economic, operational, liquidity, credit and interest rate risks

associated with Old National's businesses;

competition; government legislation and policies (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related regulations); ability of Old National to execute its business plans (including its pending acquisitions of United, LSB and Founders); changes in the economy which could materially impact credit quality trends and the ability to generate loans and gather deposits; failure or circumvention of our internal controls; failure or disruption of

our information systems; significant changes in

accounting, tax or regulatory practices or requirements; new legal obligations or liabilities or unfavorable

resolutions of litigations; other matters discussed in this presentation and other factors identified in our Annual

Report on Form 10-K and other periodic filings with the SEC. These forward-looking statements are made only

as of the date of this presentation, and Old National does not undertake an obligation to release revisions to

these forward-looking statements to reflect events or conditions after the date of this presentation.

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Non-GAAP Financial Measures

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most

directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, Old National Bancorp has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

7
Executing the Plan
2Q14 Highlights

Continued
execution
of
our

M&A
strategy
of
adding
higher-growth
markets
Continue to
Grow Core
Revenue

Organic
loan
growth
of
\$139.6
million

,
or
11.4%
annualized,
over
1Q14
and
growth
of
\$214.0
million

,
or
4.0%,
from
2Q14

Total
revenue
growth
of
4.1%
from
2Q13

Organic growth in Banking, Wealth Management and Insurance
Reduce
Operating
Expenses
Transform
the
Franchise
Into Higher-
Growth

Markets

Operational expenses declined \$.5 million from 2Q13

Tower
cost
savings
of
35%+
on
track
as
announced

50%
to
be
realized
in
2
nd
half of 2014

Expected United Bancorp, Inc. cost savings of 32% forecasted on track as
announced

25%
to
be
realized
in
2014

1
Excluding change in FDIC covered loans, loans acquired in acquisitions and loans sold

2
Excluding changes in securities gains, accretion income and amortization of the indemnification asset

3
Refer to slide 13 for definition of operational expenses

Ann Arbor, MI

Anticipate closing United Bancorp, Inc. acquisition

July 31,
2014

Fort Wayne, IN

Tower acquisition closed and fully converted

Lafayette, IN

Announced pending acquisition of LSB Financial Corp.

Grand Rapids, MI

Announced pending acquisition of Founders Financial Corp.

1

1

2
3

8

2Q14 Financials

Net income of \$18.8 million or \$.18 per share

Included in 2Q14 are the following items

\$6.3 million in pre-tax merger and integration charges

\$10.5 million unfavorable pre-tax change in indemnification asset

\$.8 million pre-tax in other expense items

\$1.0 million unfavorable income tax adjustment

Chris Wolking
Chief Financial Officer

10
Adjusted Income

Strong Growth
\$ in millions

1
\$89.9
\$100.4

\$117.0

\$61.5

2011

2012

2013

YTD June 30, 2014

Adjusted income represents income before taxes less accretion income, change in indemnification assets, merger/integration expenses and costs associated with branch divestitures

CAGR of 14.1%

from 2011 to

2013

CAGR of 13.4%

from 2011 to

1H2014

1

Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company see A

11
Total Revenue
Increasing Core Revenues
\$ in millions
Growth of \$4.5
million, or 4.1%,
2Q13 to 2Q14 in
core revenue

\$123.6

\$123.5

\$122.4

2Q13

1Q14

2Q14

Accretion Income

Revenue Less Securities Gains, Accretion Income and Amortization

Amortization of Indemnification Asset

of Indemnification Asset

12
Net Interest Margin
1
2Q13
1Q14
2Q14
Total NIM
3.97%

4.22%

4.07%

Tower Accretion

N/A

N/A

0.06%

IN Community Accretion

0.29%

0.33%

0.15%

Integra Accretion

0.32%

0.48%

0.56%

Monroe Accretion

0.07%

0.05%

0.04%

ONB Core²

3.29%

3.36%

3.26%

3.97%

4.22%

4.07%

Fully taxable equivalent basis, non-GAAP financial measure which Management believes is useful in evaluating the financial performance of the Company on a

Appendix for Non-GAAP reconciliation

ONB Core includes contractual interest income of Monroe, Integra and IN Community loans

N/A Not applicable

1

2

13

\$ in millions

Noninterest Expense

Well Controlled

*Other Expenses include:

In 2Q13, \$1.3 million impairment on property held for sale, \$.6 million for the BSA/AML project, a \$.5 million litigation settlement, \$.3 million for ATM/branch optimization, \$.3 million for debt extinguishment charges, a \$2.1 million reversal of provision for unfunded commitments and a \$1.3 million refund of FDIC assessment.

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In 1Q14, \$2.3 million real estate tax refund and \$.4 million in professional fees related to the real estate tax refund

In 2Q14, \$.4 million in accelerated retirement expenses and \$.4 million in state tax receivable write-off

2Q14 operational

expenses include

\$.8 million in annual

merit increases

Anticipated

acquisition costs in

3Q14 of \$3 million to

\$5 million

(\$1.9)

(\$0.4)

\$85.2

\$83.6

\$84.7

\$0.8

\$0.9

\$2.5

\$6.3

\$1.2

\$0.8

\$0.9

\$2.2

\$3.3

\$3.2

\$86.9

\$88.3

\$98.1

2Q13

1Q14

2Q14

14
Change
in
Net
Interest
Income
1
Interest Rate Sensitivity

1

Comparisons from flat rates, which assume stable rates and a stable balance sheet. These scenarios do not take into account changes in rates and volumes in the balance sheet.

0.46%

-

-3.36%

-5.18%

-2.55%

-3.34%

3.41%

1.54%

1.13%

1.45%

1.26%

1.67%

1.68%

2.19%

2.24%

2.36%

3Q12

1Q13

2Q13

3Q13

4Q13

1Q14

2Q14

NII 200 Up

NII Forward

0.08%

15
Tangible Common Book Value
1
Acquisition
Of Integra
Bank From
FDIC
7-29-11

Acquired IN
Community
Bancorp 9-15-12
Acquired Bank of
America
Branches 7-12-13
Acquired Tower
Financial
Corporation
4-25-14
Originally
estimated
TBV at Tower
close of \$7.68
2Q11
2Q12
2Q13
2Q14
\$7.79
\$8.35
\$8.23
\$7.85
\$8.08
\$7.92
1

Non-GAAP financial measure management believes is useful in evaluating the financial results of the Company see Appendix

Jim Sandgren
Chief Banking Officer

17
Loan Growth
Excluding Covered Loans
\$4,912.8
\$5,379.1
\$360.8
\$214.0
\$108.5

2Q13

Loan Sales

Loans Obtained

Through

Acquisitions

Organic Growth

2Q14

End of period balances -

\$ in millions

18
36.5%
34.0%
36.6%
39.9%
2Q13
1Q14
2Q14

Commercial Line Utilization

\$254

\$335

\$349

\$160

\$131

\$83

\$93

\$58

\$98

\$507

\$524

\$530

2Q13

1Q14

2Q14

Commercial Loan Pipeline

Discussed

Proposed

Accepted

Commercial Loans

\$ in millions

2007-2008 Average

19
\$0.6
\$6.4
\$7.5
2Q13
2Q14
Wealth Management
Fee-Based Business Revenue

\$ in millions

\$4.1

\$4.1

2Q13

2Q14

Investments

\$9.3

\$9.8

2Q13

2Q14

Insurance

Daryl Moore
Chief Credit Officer

21
Net Charge-Offs / Provision
\$ in millions
1
Excludes FDIC-covered loans
0.01%
-0.02%
0.01%

0.51%
-0.39%
1.94%
2Q13
1Q14
2Q14
Non-Covered
Covered
2Q13
1Q14
2Q14
Consolidated NCOs
0.04%
(0.03%)
0.07%
Provision for Loan
Losses
1
(\$3.3)
(\$0.4)
\$1.1
Consolidated Provision
for Loan Losses
(\$3.7)
\$0.0
(\$0.4)

22

\$ in millions

1

Loans less those acquired through the Tower Financial transaction

Credit Quality

Excluding Covered Loans

ONB

Risk Grade

Grade

Name

0

Investment Grade

1

Minimal Risk

2

Modest Risk

3

Average Risk

4

Monitor

5

Weak Monitor

6

Watch

7

Criticized (Special Mention)

8

Classified (Substandard Accruing)

9

Nonaccruing + Doubtful

\$152.8

\$112.3

\$112.9

\$98.8

2Q13

1Q14

2Q14

Special Mention Loans

\$68.9

\$85.7

\$107.2

\$99.5

1

2Q13

1Q14

2Q14

Substandard Accruing Loans

\$129.5

\$84.8

\$96.7

\$75.9

1

2Q13

1Q14

2Q14

Substandard Nonaccruing + Doubtful

Loans

1

Bob Jones
Chief Executive Officer

24
Update on Acquisitions
Michigan / Northern Indiana Branches
Tower Financial Corporation

Fort Wayne, IN
United Bancorp, Inc.

Ann Arbor, MI
LSB Financial Corp.

Lafayette, IN

25
ONB to Acquire Founders Bank & Trust
ONB
UBMI
1
LSBI
1
FB&T

Founders Bank & Trust offers 4 branches,
\$466 million in total assets and \$378
million in deposits

2

in Grand Rapids,
giving ONB a strong opportunity to enter
this vibrant market

Includes \$353 million in assets under
management

Expansion in Grand Rapids is a key part
of ONB's strategy

Consistent with ONB's goal of
transforming the franchise into higher
growth markets

Significantly enhances ONB's
presence in the second largest MI
market

1

Pending branches from United Bancorp, Inc. and LSB Financial Corp. transaction

2

As of June 30, 2014, per Company documents

354,530
163,845
80,847
424,258
1,017,542
332,269
209,563
Ann Arbor
Bloomington
Columbus
Fort Wayne
Grand
Rapids
Kalamazoo
Lafayette
Promising Markets
Using U.S. census data, SNL Financial June 30, 2013 FDIC market share data
Grand Rapids, Michigan
Large employers in Grand Rapids area
2014 Population
Total
Deposit
Rank
Institution Name
Total
Active
Branches
Total
Deposits
(\$000)
Total Deposit
Market
Share (%)
1
Fifth Third Bancorp
42
2,949,671
23.19
2
Wells Fargo & Co.
1

2,103,751
16.54
3
JPMorgan Chase & Co.
29
1,573,960
12.38
4
Huntington Bancshares Inc.
26
1,260,726
9.91
5
Mercantile Bank Corp.
6
918,269
7.22
6
Chemical Financial Corp.
11
507,546
3.99
7
Macatawa Bank Corp.
12
480,586
3.78
8
Comerica Inc.
9
399,327
3.14
9
Founders Financial Corp.
4
386,458
3.04
10
PNC Financial Services Group Inc.
14
314,577
2.47
Market Total
203
12,718,619
100.00
Kent county market share
26
Second highest population in Michigan
May, 2014 unemployment rate of 5.4%, compared to the

national rate of 6.3%
Ranked 24th in Forbes
2013 Best cities to find jobs

Loan credit mark estimated at \$11.1 million, or 3.0% of total gross loans

Loan interest rate market estimated at \$11.4, or 3.1% of total gross loans

Projected capital ratios exceed well-capitalized
guidelines

Transaction with established and complementary customer base and business mix

Retention of key management members

Positive relationship with Founders management and board

Transaction Rationale

Compelling

Strategic

Rationale

Meaningful extension to Grand Rapids that strengthens ONB's overall Michigan footprint by reinforcing its high-quality markets

Adds 4 full-service branches with \$378 million in deposits and \$355 million in loans

Further distances ONB from the \$10B Durbin threshold with over \$12.1B in pro forma assets

Well-defined, achievable operating efficiencies that drive enhanced operating leverage and profitability

Financially

Attractive

Allows Old National to prudently and accretively deploy excess capital, based upon conservative assumptions

Approximately \$1.7 million, \$.02 per share, accretive to 2015 earnings

Approximately \$9.5 million to \$12.5 million, or \$.05 to \$.07 per share, thereafter

Tangible book value dilution of approximately 4.2% at closing

Tangible

book

value

earn

back

period

of

approximately

5.25

years

(inclusive

of

\$7.8

million

in

acquisition

costs)

Expected to create goodwill and intangibles of approximately \$58.4 million

Expected cost savings of 30% -
anticipate 67% realized in 2015 and 100% realized in 2016

Low Risk

Opportunity

Consideration

of

3.25

common

shares

of

ONB

+

\$38.00

per

share

in

cash

(fixed)

for

each

common

share

of

Founders

assuming ONB price of \$13.87 (closing price as of July 25, 2014)

Approximately

54%

stock

/

46%

cash

Assumes

3.4

million

shares

of

ONB

common

stock

issued

210% price / tangible book value (6/30/14) and 15.0x P/2013 earnings

1

The exchange ratio is subject to adjustment under certain circumstances as provided in the merger agreement.

2

Defined as the number of years for pro forma TBV per share to exceed stand-alone projected TBV per share, inclusive of acquisition charges

27

Financial data as of June 30, 2014, per SNL Financial and Company documents assumes merger and acquisition charges to

Implied
transaction
value
of
approximately
\$83.08
per
Founders
share
and
\$88.2
million
in
the
aggregate,
1
2

Old National Bancorp
Thank You
Q&A

Old National Bancorp
Appendix

30
Returned to
community
bank model
2004
2005
Sold non-
strategic

market
Clarksville, TN

5 branches
2006
Sold non-
strategic market

O Fallon, IL

1 branch

2007

2008

2009

2010

2011

2012

2013

Acquired St.

Joseph Capital

Entry into

Northern IN

market

February, 2007

Acquired 65

Charter One

branches

throughout

Indiana

March, 2009

Acquired Monroe

Bancorp

Enhanced

Bloomington, IN

presence

January, 2011

Acquired IN

Community

Entry into

Columbus, IN

September, 2012

FDIC-assisted

acquisition of

Integra Bank

July, 2011

Sold non-

strategic

market

Chicago-area -

4 branches

Consolidation of
21 branches
Acquired 24
MI / IN branches
July, 2013
Consolidation
of 2 branches
Consolidation
of 8 branches
Consolidation
of 1 branch
Consolidation
of 10 branches
Consolidation
of 12 branches
Consolidation
of 44 branches
Consolidation
of 5 branches
Sold 12
branches
Consolidation
of 22 branches
Acquired 182 + 27 pending
Sold 22
Consolidated 128
Acquired Tower
Financial
Enhancing Ft.
Wayne, IN
presence April,
2014
Transforming Old National's Landscape
Pending
acquisition of
United
Bancorp, Inc.
Entry into
Ann Arbor, MI
2014
Consolidation
of 3 branches
Pending
acquisition of
LSB Financial
Corp.
Enhancing
Lafayette, IN
presence
Pending

acquisition of
Founders
Financial
Corporation
Entry into Grand
Rapids , MI

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Balance Sheet Mix as of March 31, 2014

1

Excludes purchase accounting adjustments

Per SNL Financial/company documents as of March 31, 2014, including Tower and pending United Bancorp, Inc. and LSB Financial

Yield on Loans: 5.16%

Total Loans: \$6,407,379

Yield on Loans: 4.58%

Total Loans: \$346,482
Yield on Loans: 5.13%
Total Loans: \$6,753,861
Cost of Deposits: 0.23%
Total Deposits: \$8,962,261
Cost of Deposits: 0.59%
Total Deposits: \$378,559
Cost of Deposits: 0.24%
Total Deposits: \$9,340,820
Pro Forma
1
Founders Bank & Trust
Old National Bancorp
1
Pro Forma
1
Old National Bancorp
1
Founders Bank & Trust

32

Covering Durbin

Anticipated 2015 earnings per share accretion from recent acquisitions

1

:

Tower Financial Corp. \$.08 to \$.10

United Bancorp \$.06

LSB Financial Corp. \$.03

Founders Financial Corp. \$.02

Durbin amendment expected to impact earnings \$.04 to \$.07 per share after-tax on an annualized basis

Actual 2015 Durbin impact expected to impact earnings \$.02 to \$.04 per share after-tax (due to July 1

st

, 2015 effective date)

\$.19 to \$.21 cumulative accretion

Our recent acquisitions are expected to cover our anticipated Durbin impact

1

Anticipated earnings accretion at each respective deal's announcement date

Interest Rate Curves

- 0%
- 1%
- 2%
- 3%
- 4%
- 5%
- 6%

1M
2M
3M
4M
5M
6M
9M
1Y
1.5Y
2Y
2.5Y
3Y
4Y
5Y
7.5Y
10Y
15Y
20Y
30Y
Up 200 vs. Base
Base
Up 200
0%
1%
1%
2%
2%
3%
3%
4%
4%
1M
2M
3M
4M
5M
6M
9M
1Y
1.5Y
2Y
2.5Y
3Y
4Y
5Y
7.5Y
10Y
15Y
20Y
30Y

Forward Curves

6/30/2014

6/30/2015

6/30/2016

33

Investment Portfolio

1

Includes market value for both available for sale and held to maturity securities

34

\$ in millions

Federal National Mortgage Association

\$417.1

\$423.7
 Federal Home Loan Mortgage Corporation
 161.4
 213.1
 Federal Farm Credit Bank
 75.8
 76.7
 Federal Farmer Mac
 13.8
 87.3
 Subtotal U.S. Government Agencies-Senior
 Debentures
 \$674.7
 \$804.1
 \$668.1
 \$800.8
 \$132.7
 U.S. Treasury
 \$15.6
 \$11.0
 \$15.7
 \$11.2
 (\$4.5)
 Issued or guaranteed by FNMA, FHLMC, GNMA
 1,269.3
 1,238.0
 1,263.2
 1,234.6
 Nonagency guaranteed
 16.1
 15.4
 16.6
 15.9
 Subtotal Mortgage Backed Securities
 \$1,285.4
 \$1,253.4
 \$1,279.8
 \$1,250.5
 (\$29.3)
 Trust Preferred
 31.6
 31.6
 19.4
 19.5
 Other Corporate
 290.3
 293.6
 291.4
 296.2
 Subtotal Corporate Securities

\$321.9

\$325.2

\$310.8

\$315.7

\$4.9

Municipal Securities

Taxable

\$231.6

\$218.3

\$257.0

\$255.6

(\$1.4)

Municipal Securities

Tax Exempt

\$587.4

\$733.6

\$596.4

\$745.1

\$148.7

Other Securities

\$94.8

\$98.9

\$94.8

\$98.9

\$4.1

Totals

\$3,211.4

\$3,444.5

\$3,222.6

\$3,477.8

\$255.2

Book

Value

Mar. 31,

2014

Book

Value

June 30,

2014

Market

Value

1

Mar. 31,

2014

Market

Value

1

June 30,

2014

Market

Value \$
Change

35

Investment Portfolio

1

Money market investments includes balances in the Federal Reserve Bank Account

\$ in thousands

Effective

Duration

Mar. 31,

2014
Effective
Duration
June 30,
2014
Book
Value
Mar. 31,
2014
Book
Value
June 30,
2014
Money Market Investments
1
0.01
0.01
\$12,827
\$15,958
Treasuries
1.84
2.37
15,560
11,025
Agencies
4.03
3.55
674,709
804,063
Pools
2.47
2.28
523,766
485,074
CMOs
3.68
3.43
776,396
768,368
Municipals
7.75
7.34
819,022
951,847
Corporates
2.46
3.11
137,032
135,886
ABS

1.06
1.29
169,979
189,307
Totals
4.40
4.25
\$3,129,291
\$3,361,528

36

Average Total Loan Trends

\$ in millions

1

Includes both covered and non-covered loans

1

\$4,839

\$4,826

\$4,904

\$345

\$244

\$222

\$254

\$5,184

\$5,070

\$5,380

2Q13

1Q14

2Q14

Core ONB

Integra Bank

Tower Financial Corp.

37

Loan Portfolio at June 30, 2014

\$ in
millions

period-end
balances

\$21.6 Comml, \$51.0 CRE, \$73.5 Consumer, \$25.0 Resi Mortg

Commercial

\$1,498.8

Commercial Real Estate

1,354.7

Consumer

808.5

Residential Mortgage

1,425.2

HELOC

280.5

Covered Loans (Integra)

171.1

Total Loans

\$5,538.8

Commercial

27%

Commercial

Real Estate

24%

Consumer

15%

Residential

Mortgage

26%

HELOC

5%

Covered Loans

(Integra)

3%

38
Covered Assets / Risk Grades
On
this
portfolio
of
covered
loans*,

the
 FDIC
 will
 reimburse
 Old
 National
 for
 80%
 of
 the
 losses
 up
 to
 \$275.0
 million, 0% of losses from \$275.0 million up to \$467.2 million and 80% of losses in excess of \$467.2 million.
 2Q13
 1Q14
 1Q14
 Loans 90+ Days & Over
 \$-
 \$-
 \$0.1
 Grades 1 through 6 - Pass
 \$89.1
 \$56.7
 \$46.1
 Special Mention
 14.0
 7.5
 6.5
 Substandard Accruing
 6.6
 2.7
 3.0
 Nonaccruing + Doubtful
 60.3
 24.6
 19.0
 Retail Loans
 118.6
 102.7
 98.5
 Total Covered Loans
 \$288.6
 \$194.2
 \$171.1
 Other Real Estate Owned
 \$23.1
 \$12.9
 \$11.2

ONB

Risk Grade

Grade

Name

0

Investment Grade

1

Minimal Risk

2

Modest Risk

3

Average Risk

4

Monitor

5

Weak Monitor

6

Watch

7

Criticized (Special
Mention)

8

Classified (Substandard
Accruing)

9

Nonaccruing + Doubtful

\$ in millions period-end balances

*Covered loans shown net of \$70.5 million discount

39

Credit Quality

Excluding Covered Loans

See Appendix for definition of Peer Group

1

As a % of end of period total loans

Peer Group data per SNL Financial

1.07%

0.85%

2Q13

1Q14

2Q14

30+

Day

Delinquent

Loans

1

ONB

Peer Group Average

0.44%

0.30%

2Q13

1Q14

2Q14

90+

Day

Delinquent

Loans

1

ONB

Peer Group Average

40

Credit Quality

ALLL and Mark Summary

\$ in millions

1

Non-GAAP financial measure which Management believes useful to demonstrate that the remaining discount considers credit
of total coverage N/A = not applicable

At June 30, 2014

ONB
 Legacy
 Monroe
 Integra
 IN
 Community
 Tower
 Total
 Allowance for Loan Losses (ALLL)
 \$40.4
 \$1.5
 \$3.9
 \$0.1
 \$0.2
 \$46.2
 Loan Mark
 N/A
 \$8.9
 \$70.5
 \$28.9
 \$26.0
 \$134.3
 Total ALLL/Mark
 \$40.4
 \$10.4
 \$74.3
 \$29.0
 \$26.2
 \$180.4
 Pre-Mark Loan Balance
 \$4,688.0
 \$140.6
 \$251.7
 \$214.1
 \$378.7
 \$5,673.1
 ALLL/Pre-Mark Loan Balance
 0.86%
 1.10%
 1.54%
 0.06%
 0.05%
 0.81%
 Mark/Pre-Mark Loan Balance
 N/A
 6.31%
 27.99%
 13.51%
 6.87%
 2.37%

Loan Balance

1

0.86%

7.41%

29.53%

13.56%

6.92%

3.18%

Allowance For Loan and Lease Loss/Loan Mark Summary

41
CD Maturity Schedule
Represents CD maturities at June 30, 2014
Bucket

Amount	Rate
(\$ in 000 s)	
0-30 days	
87,962	0.55%
31-60 days	
70,228	0.66%
61-90 days	
66,387	0.48%
91-120 days	
51,787	0.47%
121-150 days	
47,046	0.43%
151-180 days	
51,746	0.47%
181-210 days	
33,767	0.82%
211-240 days	
28,877	0.89%
241-270 days	
39,501	0.69%
271-300 days	
36,968	1.08%
301-330 days	
25,155	0.49%
331-365 days	
24,460	0.44%
1-2 years	
178,380	1.47%
2-3 years	
142,225	3.07%
3-4 years	
33,266	1.13%
4-5 years	
36,269	

0.94%
Over 5 years
30,905
1.90%

42

Capital Ratios

See Appendix for definition of Peer Group

Peer Group data per SNL Financial

\$ in millions

1

See Appendix for Non-GAAP reconciliation

Tangible Common Equity 3/31/2014

\$808.4
2Q Earnings
18.8
2Q Dividend
(11.6)
Issuance of Shares from Acquisition
78.7
Changes in OCI Securities
6.3
Increase in Goodwill & Intangibles
(62.5)
Tangible Common Equity 6/30/2014
\$838.1
14.4%
14.8%
14.0%
13.1%
13.1%
2Q13
1Q14
2Q14
ONB
Peer Group Average
8.7%
8.8%
8.4%
8.1%
8.4%
2Q13
1Q14
2Q14
Tangible Common Equity to Tangible
Assets
ONB
Peer Group Average
1
Tier 1 Risk-Based Capital Ratio

43
Noninterest Income
\$ in millions
\$(1.5)
\$(7.3)
\$(10.5)
\$11.8
\$11.1

\$11.8

\$6.7

\$8.1

\$7.4

\$21.4

\$22.3

\$22.7

\$5.9

\$5.7

\$6.5

\$44.3

\$39.9

\$37.9

2Q13

1Q14

2Q14

Debit Card and ATM Fees

Fee-based business: Wealth Management, Insurance, Mortgage
and Investments

Other Income

Service Charges on Deposits

Amortization of Indemnification Asset

44
Non-GAAP Reconciliations
\$ in millions
2011
2012
2013
YTD June 30,
2014

Total Revenues
 \$455.8
 \$498.6
 \$502.2
 \$248.1
 Less: Provision for Loan Losses
 (\$7.5)
 (\$5.0)
 \$2.3
 \$0.4
 Less: Noninterest Expense
 (\$348.5)
 (\$365.8)
 (\$362.0)
 (\$186.4)
 Taxable Equivalent Adjustment
 \$11.8
 \$13.2
 \$16.9
 \$8.2
 Pre-tax Income (FTE)
 \$111.6
 \$141.0
 \$159.4
 \$70.4
 Less: Total Accretion
 \$36.9
 \$57.5
 \$59.0
 \$35.5
 Change in IA
 (\$0.4)
 \$3.4
 \$9.3
 \$17.8
 Mergers/Integration Expenses
 \$16.9
 \$7.9
 \$5.9
 \$8.9
 Branch Divestitures
 (\$1.2)
 \$5.7
 \$1.4
 \$0.0
 Adjusted Income
 \$89.9
 \$100.4
 \$117.0
 \$61.5

2Q13	
1Q14	
2Q14	
Total Revenues	
\$125.4	
\$124.0	
\$124.1	
Less: Provision for Loan Losses	
\$3.7	
\$0.0	
\$0.4	
Less: Noninterest Expense	
(\$86.9)	
(\$88.3)	
(\$98.1)	
Pre-tax Income	
\$42.2	
\$35.7	
\$26.4	
Add: Provision for Loan Losses	
(\$3.7)	
\$0.0	
(\$0.4)	
Pre-Tax, Pre-Provision Income	
\$38.5	
\$35.7	
\$26.0	
Less: Securities Gains/Losses	
(\$1.8)	
(\$0.5)	
(\$1.7)	
Add: Merger and Integration Expenses	
\$0.9	
\$2.4	
\$6.3	
Pre-Tax, Pre-Provision Income, Net of Securities Gains and Merger and Integration Expenses	
\$37.6	
\$37.6	
\$30.6	

45
Non-GAAP Reconciliations
\$ in millions
end of period balances
2Q13
1Q14
2Q14
Total Shareholders

Equity
 \$1,167.0
 \$1,185.2
 \$1,277.3
 Deduct: Goodwill and Intangible
 Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Common Shareholders
 Equity
 \$802.6
 \$808.4
 \$838.1
 Total Assets
 \$9,641.1
 \$9,544.8
 \$10,387.9
 Add: Trust Overdrafts
 0.1
 0.0
 0.0
 Deduct: Goodwill and Intangible
 Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Assets
 \$9,276.7
 \$9,168.0
 \$9,948.7
 Tangible Equity to Tangible Assets
 8.65%
 8.82%
 8.42%
 Tangible Common Equity to Tangible
 Assets
 8.65%
 8.82%
 8.42%
 Net Income
 \$28.5
 \$26.5
 \$18.8
 After-Tax Intangible Amortization
 1.5
 1.5
 1.7
 Tangible Net Income
 \$30.0

\$28.0

\$20.4

ROTCE

14.95%

13.84%

9.76%

46
Non-GAAP Reconciliations
\$ in millions
end of period balances
2Q13
1Q14
2Q14
Total Shareholders

Equity
 \$1,167.0
 \$1,185.2
 \$1,277.3
 Deduct: Goodwill and
 Intangible Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Common
 Shareholders
 Equity
 \$802.6
 \$808.4
 \$838.1
 Risk Weighted Assets
 \$5,640.7
 \$5,729.5
 \$6,339.2
 Tangible Common
 Equity to Risk Weighted
 Assets
 14.23%
 14.11%
 13.22%
 end of period balances
 2Q13
 1Q14
 2Q14
 Total Shareholders
 Equity
 \$1,167.0
 \$1,185.2
 \$1,277.3
 Deduct: Goodwill and
 Intangible Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Common
 Shareholders
 Equity
 \$802.6
 \$808.4
 \$838.1
 Common Shares Issued
 and Outstanding at
 Period End
 100,881
 100,084

105,851
Tangible Common Book
Value
\$7.96
\$8.08
\$7.92

47
Non-GAAP Reconciliations
\$ in thousands
2Q13
1Q14
2Q14
Net Interest Income
\$79,191

\$83,478

\$84,482

Taxable Equivalent Adjustment

4,243

3,931

4,256

Net Interest Income Taxable Equivalent

\$83,434

\$87,409

\$88,738

Average Earning Assets

\$8,406,635

\$8,276,267

\$8,730,063

Net Interest Margin

3.77%

4.03%

3.87%

Net Interest Margin Fully Taxable

Equivalent

3.97%

4.22%

4.07%

48
Non-GAAP Reconciliations
\$ in thousands
Efficiency Ratio - As Reported
2Q13
1Q14
2Q14
Net Interest Income (FTE)

\$83.4
 \$87.4
 \$88.7
 Noninterest Income Less Security Gains
 44.4
 40.1
 38.0
 Revenue Less Security Gains
 127.8
 127.5
 126.7
 Noninterest Expense
 86.9
 88.3
 98.1
 Intangible Amortization
 1.8
 1.8
 2.0
 Noninterest Expense Less Intangible Amortization
 85.1
 86.4
 96.1
 Efficiency Ratio
 66.52%
 67.77%
 75.85%
 Impact of Current Year Partnerships
 2Q13
 1Q14
 2Q14
 Net Interest Income (FTE)
 \$0.0
 \$0.0
 \$4.5
 Noninterest Income Less Security Gains
 0.0
 0.0
 1.2
 Revenue Less Security Gains
 0.0
 0.0
 5.7
 Noninterest Expense
 0.9
 2.5
 8.5
 Intangible Amortization
 0.0
 0.0

0.3
Noninterest Expense Less Intangible Amortization
0.9
2.5
8.2
Efficiency Ratio Excluding Impact of Current Year Partnerships
2Q13
1Q14
2Q14
Net Interest Income (FTE)
\$83.4
\$87.4
\$84.3
Noninterest Income Less Security Gains
44.4
40.1
36.8
Revenue Less Security Gains
127.8
127.5
121.1
Noninterest Expense
86.0
85.8
89.6
Intangible Amortization
1.8
1.8
1.7
Noninterest Expense Less Intangible Amortization
84.2
83.9
87.9
Efficiency Ratio
65.88%
65.81%
72.58%

49

Old National's Peer Group

Like-size, publicly-traded financial services companies, generally in the Midwest, serving comparable demographics with comparable services as ONB

1st Source Corporation

SRCE

Heartland Financial USA, Inc.

HTLF

BancFirst Corporation
BANF
IBERIABANK Corporation
IBKC
BancorpSouth, Inc.
BXS
MB Financial, Inc.
MBFI
Bank of Hawaii Corporation
BOH
Park National Corporation
PRK
Chemical Financial Corporation
CHFC
Pinnacle Financial Partners, Inc.
PNFP
Commerce Bancshares, Inc.
CBSH
Prosperity Bancshares, Inc.
PB
Cullen/Frost Bankers, Inc.
CFR
Renasant Corp.
RNST
F.N.B. Corporation
FNB
S&T Bancorp, Inc.
STBA
First Commonwealth Financial Corporation
FCF
Susquehanna Bancshares, Inc.
SUSQ
First Financial Bancorp.
FFBC
Trustmark Corporation
TRMK
First Interstate BancSystem, Inc.
FIBK
UMB Financial Corporation
UMBF
First Merchants Corporation
FRME
United Bankshares, Inc.
UBSI
First Midwest Bancorp, Inc.
FMBI
Valley National Bancorp
VLY
FirstMerit Corporation
FMER

WsBanco, Inc.

WSBC

Fulton Financial

FULT

Wintrust Financial Corporation

WTFC

Glacier Bancorp, Inc.

GBCI

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