

GERMAN AMERICAN BANCORP, INC.  
Form S-4/A  
July 25, 2018

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As filed with the Securities and Exchange Commission on July 25, 2018

Registration No. 333-225668

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

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**Amendment No. 2  
to  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**GERMAN AMERICAN BANCORP, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Indiana**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**6022**  
(Primary Standard Industrial  
Classification Code Number)  
**711 Main Street, Box 810**  
**Jasper, Indiana 47547-0810**  
**(812) 482-1314**

**35-1547518**  
(IRS Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Mark A. Schroeder**  
**Chairman and Chief Executive Officer**  
**German American Bancorp, Inc.**  
**711 Main Street, Box 810**  
**Jasper, Indiana 47547-0810**  
**(812) 482-1314**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement and upon the effective time of the merger described in the accompanying proxy statement/prospectus.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)  Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)

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**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant files a further amendment which specifically states that this registration statement is to become effective in accordance with Section 8(a) of the Securities Act or until the registration statement becomes effective on the date the Commission, acting under Section 8(a), determines.**

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**THE INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE MAY NOT ISSUE THESE SECURITIES UNTIL THE REGISTRATION STATEMENT IS EFFECTIVE. THIS PROXY STATEMENT/PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**PRELIMINARY PROXY STATEMENT/PROSPECTUS  
DATED JULY 25, 2018 SUBJECT TO COMPLETION**

**PROSPECTUS OF GERMAN AMERICAN BANCORP, INC.  
FOR UP TO 2,045,772 SHARES OF COMMON STOCK AND  
PROXY STATEMENT OF FIRST SECURITY, INC.**

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First Security, Inc. (which we refer to as "First Security") proposes to merge with and into German American Bancorp, Inc. (which we refer to as "German American"). At the effective time of the proposed merger, each outstanding share of First Security's common stock would be converted into the right to receive:

0.7982 shares of German American common stock (or cash in lieu of fractional share interests), and

a cash payment of \$12.00 (subject to reduction to the extent that First Security's consolidated common shareholders' equity is not at least equal to a certain level at the time of closing. See "THE MERGER AGREEMENT Calculation of Possible Reduction in Cash Payment" on page 54)

Because the exchange ratio is fixed (except for customary anti-dilution adjustments), if you receive German American common stock as consideration for all or a portion of your shares of First Security common stock, the implied value of the stock consideration that you will receive will depend on the market price of German American common stock when you receive your shares of German American common stock. On May 21, 2018, the last business day prior to the public announcement of the merger, the closing price of a share of German American common stock was \$35.57, which based on the of 0.7982 exchange ratio and \$12.00 per share cash consideration, represented an implied value of \$40.39 per share of First Security common stock. On July 19, 2018, the most recent practicable trading day before this proxy statement/prospectus was finalized, the closing price of a share of German American common stock was \$37.07, which based on the of 0.7982 exchange ratio and \$12.00 per share cash consideration, represented an implied value of \$41.59 per share of First Security common stock. You should obtain current market prices for shares of German American common stock which is listed on the NASDAQ Global Select Market under the symbol "GABC."

First Security will hold a special meeting of its shareholders to vote on the merger agreement proposal at its principal office located at 313 Frederica Street, Owensboro, Kentucky, on September 7, 2018, at 9:00 a.m., local time. **Your vote is important, because your failure to vote will have the same effect as your voting against the merger agreement proposal.** Regardless of whether you plan to attend the special meeting, please take the time to vote your shares in accordance with the instructions contained in the attached proxy statement/prospectus.

**First Security's board of directors unanimously recommends that you vote "FOR" the merger.**

This proxy statement/prospectus describes the special meeting, the merger agreement proposal, the German American shares to be issued in the merger, the manner of calculation of the number of German American shares to be issued and the amount of cash to be paid for each First Security common share in the merger, and other related matters. Please carefully read this entire document, including "Risk Factors" beginning on page 25, for a discussion of the risks relating to the merger agreement proposal and the German American common shares. Information about German American is included in this document and in documents that German American has filed with the Securities and Exchange Commission. See "WHERE YOU CAN FIND MORE INFORMATION," on page 83.

**Neither the Securities and Exchange Commission nor any state securities commission or regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities are not savings accounts, deposits or obligations of any bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The common shares of German American are traded on the NASDAQ Global Select Market under the symbol "GABC," and the common shares of First Security are quoted on the OTCQX Market under the symbol "FIIT."

All information in this proxy statement/prospectus concerning German American and its subsidiaries has been provided by German American, and all information in this proxy statement/prospectus concerning First Security has been provided by First Security.

You should rely only on the information contained in this proxy statement/prospectus to vote on the proposals to First Security's shareholders in connection with the merger. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/prospectus.

You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than the date below, and neither the mailing of this proxy statement/prospectus to shareholders nor the issuance of German American shares as contemplated by the merger agreement shall create any implication to the contrary.

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**This proxy statement/prospectus is dated [ • ], 2018, and it is first being mailed to First Security, Inc. shareholders on or about [ • ], 2018.**

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**AVAILABLE INFORMATION**

As permitted by the rules of the Securities and Exchange Commission (the "SEC"), this proxy statement/prospectus incorporates important information about German American from other documents that are not included or delivered with this document. You may request, either orally or in writing, a copy of the documents incorporated by reference by German American in this proxy statement/prospectus without charge by requesting them in writing or by telephone from German American at the following addresses and telephone number:

German American Bancorp, Inc.  
711 Main Street, Box 810  
Jasper, Indiana 47547-0810  
Attention: Terri Eckerle  
Telephone: (812) 482-1314

If you would like to request documents, please do so by Friday, August 31, 2018, in order to receive them before First Security's special meeting.

You also can obtain documents incorporated by reference in this document through the SEC's website at [www.sec.gov](http://www.sec.gov). See "WHERE YOU CAN FIND MORE INFORMATION," on page 83.

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**Notice of Special Meeting of Shareholders to be held September 7, 2018**

A special meeting of shareholders of First Security, Inc., a Kentucky corporation ("First Security"), will be held at 9:00 a.m., local time, on September 7, 2018 at First Security's principal office located at 313 Frederica Street, Owensboro, Kentucky. Any adjournments or postponements of the special meeting will be held at the same location unless otherwise announced at the conclusion of the adjourned or postponed meeting session.

At the special meeting, you will be asked:

1. to consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, dated as of May 22, 2018 (which we refer to as "the merger agreement"), which has been entered into by and among First Security, German American Bancorp, Inc., First Security Bank, Inc., and German American Bank (including the related plan of merger in the form that is attached to the merger agreement), and thereby to approve the transactions contemplated by the merger agreement, including the merger of First Security into German American Bancorp, Inc.;
2. to approve one or more adjournments of the special meeting (upon the motion of any shareholder of record entitled to vote on the merger proposal duly made and seconded) if necessary to permit further solicitation of proxies in favor of the merger agreement and the related plan of merger; and
3. to transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

The accompanying proxy statement/prospectus describes the merger agreement and the proposed merger in detail, and includes a copy of the merger agreement (which includes the plan of merger) attached as Annex A. We urge you to read these materials carefully. The proxy statement/prospectus (and Annex A) forms a part of this notice.

Shareholders of First Security have dissenters' rights with respect to the merger under the Kentucky Business Corporation Act. Shareholders who assert their dissenters' rights and comply with the procedural requirements of Subtitle 13 of the Kentucky Business Corporation Act will be entitled to receive payment of the fair value of their shares in cash in accordance with Kentucky law. A copy of Subtitle 13 of the Kentucky Business Corporation Act is attached as Annex C to the accompanying proxy statement/prospectus.

**The board of directors of First Security unanimously recommends that First Security shareholders vote "FOR" (1) the proposal to approve the merger agreement, and (2) the proposal to approve adjournments.**

The board of directors of First Security has fixed the close of business on July 26, 2018 as the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. Approval of the merger agreement proposal requires the affirmative vote of (i) at least a majority of the issued and outstanding shares of First Security *voting* common stock, and (ii) at least a majority of the outstanding shares of First Security *non-voting* common stock. Approval of the adjournment proposal requires that more shares of First Security voting common stock be voted in favor of the proposal than are voted against it.

To ensure your representation at the special meeting, please follow the voting procedures described in the accompanying proxy statement/prospectus. Submitting your proxy will not prevent you from voting in person. Your proxy may be revoked at any time before it is voted.

If you have any questions or need assistance voting your shares, please contact the undersigned at (270) 663-4668.

*By Order of the Board of Directors*

Michael F. Beckwith,  
*President and Chief Executive Officer*  
Owensboro, Kentucky  
[•], 2018



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**QUESTIONS AND ANSWERS**

*The following questions and answers are intended to address some commonly-asked questions regarding the proposed merger and the special meeting. These questions and answers may not address all the questions that may be important to you as one of First Security's shareholders. Please refer to the more detailed information contained elsewhere in this proxy statement/prospectus and the annexes to this proxy statement/prospectus.*

**Q: What am I being asked to vote on? What is the proposed transaction?**

A: You are being asked to vote on a proposal to approve a merger agreement (including the related plan of merger) between First Security, Inc. (which we refer to as "First Security") and German American Bancorp, Inc. (which we refer to as "German American"), and the transactions contemplated by the merger agreement, including the merger of First Security with and into German American. We refer to this proposal as the "merger agreement proposal." As a result of the merger contemplated by the merger agreement proposal, First Security will cease to exist and First Security's bank subsidiary, First Security Bank, Inc. (which we refer to as "First Security Bank"), will merge into German American's bank subsidiary (which is named "German American Bank").

You are also being asked to vote:

to approve one or more adjournments of the special meeting that will be convened to consider approving the merger agreement proposal (upon the motion of any shareholder of record entitled to vote thereon duly made and seconded) if necessary to permit further solicitation of proxies in favor of the merger agreement proposal, which we refer to as the "adjournment proposal;" and

on such other matters that may be properly presented at the special meeting or any adjournment or postponement of the special meeting. First Security's Board is not aware of any such other matters.

**Q: What will I be entitled to receive in the merger?**

A: If the merger is completed, and you continue through the effective time of the merger to hold your shares of First Security common stock (other than Dissenting Shares as described below), you will be entitled to receive for (or in respect of) each of those shares of First Security common stock both:

0.7982 shares of German American common stock (and cash in lieu of any fractional share interests), and

a cash payment of \$12.00 (subject to reduction to the extent that First Security's consolidated common shareholder's equity is not at least equal to a certain level at the time of closing. See "THE MERGER AGREEMENT Calculation of Possible Reduction in Cash Payments" on page 54).

It is currently expected that the former shareholders of First Security as a group will receive approximately 6.1% of the outstanding shares of German American immediately after the merger.

Shares held in employee accounts by the First Security, Inc. 401k and Employee Stock Ownership Plan (the "KSOP") immediately prior to the effective time of the merger (other than Dissenting Shares), will be entitled to receive a cash payment equal to \$40.00 for each share of First Security common stock.

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**Q: Am I entitled to "dissenters' rights" (sometimes also called "appraisal rights")?**

A: Yes. The shareholders of First Security have dissenters' rights with respect to the merger as described in the section entitled "THE MERGER AGREEMENT Dissenters' Rights of Appraisal" beginning on page 64 of this proxy statement/prospectus. Shares of First Security common stock that are issued and outstanding immediately prior to the effective time of the merger and which are held by persons who have properly exercised, and not withdrawn or waived, their dissenters' rights ("Dissenting Shares") in accordance with the Kentucky Business Corporation Act ("KBCA") will not be converted into the right to receive the merger consideration described in the preceding answer. Instead, those holders will be entitled to receive, in lieu of the merger consideration, payment of the fair value of their Dissenting Shares in accordance with the provisions of the KBCA unless and until those holders fail to perfect or effectively withdraw or lose their rights to appraisal and payment under the KBCA.

**Q: Why do First Security and German American want to merge?**

A: First Security's board of directors believes that the offer of 0.7982 shares of German American common stock plus \$12.00 in cash for each share of First Security common stock is attractive from a financial perspective, and that the proposed merger will provide First Security shareholders with substantial benefits in light of German American's financial strength, the stock price performance and greater liquidity of its shares, and the prospects for the combined company. First Security's board of directors also believes that the merger presents a more certain opportunity to enhance shareholder value for First Security's shareholders than remaining independent.

German American believes that expanding its operations in the complementary geographic market areas where First Security operates offers financial and strategic benefits to German American and First Security as a combined company.

To review the reasons for the merger in more detail, see "THE MERGER German American's Reasons for the Merger" on page 40 and "THE MERGER First Security's Reasons for the Merger and Recommendation of its Board of Directors" on page 38.

**Q: What constitutes a quorum for the special meeting?**

A: The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of First Security voting common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Castle Creek Capital Partners V, L.P. ("Castle Creek"), the sole holder of First Security's non-voting common stock, has agreed to approve the merger and is expected to do so by written consent. Accordingly, quorum requirements relating to the First Security non-voting common stock at the special meeting will not apply.

**Q: What vote is required to adopt the proposals at the special meeting?**

A: Approval of the merger agreement proposal requires the affirmative vote of (i) at least a majority of the issued and outstanding shares of First Security *voting* common stock, and (ii) at least a majority of the outstanding shares of First Security *non-voting* common stock. We refer to First Security's *voting* common and *non-voting* common stock in this proxy/statement prospectus, collectively, as the "First Security common stock." **Abstentions (and broker non-votes, if any) will have the same effect as shares voted "AGAINST" the merger agreement proposal.**

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Approval of the adjournment proposal requires the holders of more shares of First Security voting common stock voting in favor of the proposal than voting against the proposal. Abstentions and broker non-votes will not be treated as "no" votes and, therefore, will have no effect on that proposal.

As stated above, Castle Creek, in its capacity as the sole holder of First Security's non-voting common stock, has agreed to approve the merger and is expected to do so by written consent.

As discussed under "THE SPECIAL MEETING Voting Agreement with First Security Directors" and "THE SPECIAL MEETING Voting and Support Agreements with Certain First Security Shareholders," the directors and certain principal shareholders of First Security are parties to voting agreements with German American pursuant to which such parties have agreed to vote all shares of First Security common stock beneficially owned by them in favor of the merger agreement proposal. As of the record date, these parties beneficially owned and were entitled to vote an aggregate of 516,100 shares of First Security voting common stock at the special meeting, or 27.1% of the outstanding voting shares.

**Q: Who is entitled to vote at the First Security special meeting?**

A: Holders of shares of First Security voting common stock at the close of business on July 26, 2018, which is the record date, are entitled to vote on the proposal to approve the merger agreement and the adjournment proposal at the First Security special meeting. As of the record date, 1,902,586 shares of First Security voting common stock were outstanding and entitled to vote.

**Q: How many shares do First Security's directors and executive officers control?**

A: As of the record date for the special meeting, First Security's directors and executive officers (in the aggregate) have the sole or shared right to vote approximately 186,811 of the outstanding shares of First Security voting common stock, or approximately 9.8% of those shares then outstanding. See "THE SPECIAL MEETING Beneficial Ownership of First Security Common Stock by Certain Shareholders" on page 31.

**Q: When and where is the First Security special meeting?**

A: The special meeting of First Security shareholders is scheduled to take place at First Security's principal office, located at 313 Frederica Street, Owensboro, Kentucky, at 9:00 a.m., local time, on September 7, 2018.

**Q: If I plan to attend the First Security special meeting in person, should I still grant my proxy?**

A: Yes. Whether or not you plan to attend the First Security special meeting, you should grant your proxy as described in this proxy statement/prospectus. **The failure of a First Security shareholder to vote in person or by proxy will have the same effect as a vote "AGAINST" approval of the merger agreement and related plan of merger.**

**Q: What is the recommendation of the First Security board of directors?**

A: The First Security board of directors has determined that the merger agreement (including the plan of merger attached as Appendix A to that agreement) and the merger contemplated by the merger agreement are advisable, fair to, and in the best interests of, First Security and its shareholders. The First Security board of directors unanimously recommends that you vote "FOR" (1) approval of the merger agreement proposal; and (2) approval of the adjournment proposal.

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**Q: What do I need to do now to vote my shares of First Security?**

A: After you have carefully read and considered the information contained in this proxy statement/prospectus, please vote by completing, signing, dating and returning the proxy card or voting form that accompanies this proxy statement/prospectus in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the special meeting.

**Q: If my shares are held in "street name" by my broker, will they automatically vote my shares for me?**

A: No. Your broker will not be able to vote your shares of First Security common stock on the proposal to adopt the merger agreement or the proposal for adjournment of the special meeting unless you provide instructions on how to vote. Please instruct your broker how to vote your shares, following the directions that your broker provides. If you do not provide instructions to your broker on the proposal to adopt the merger agreement or the proposal to adjourn the special meeting, your shares will not be voted. This will have the effect of voting "AGAINST" the adoption of the merger agreement, and will not be counted for purposes of the adjournment proposal. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

**Q: How do I vote shares held in the KSOP (i.e., First Security's 401k and Employee Stock Ownership Plan)?**

A: Under the terms of the KSOP, which is maintained by First Security for its employees and the employees of its subsidiaries, each KSOP participant instructs the KSOP trustee how to vote the shares of First Security common stock allocated to his or her account under the KSOP. If a participant properly executes the voting instruction card distributed by the trustee, the trustee will vote such participant's shares in accordance with the shareholder's instructions. If an instruction card is returned with no specific instructions as to how to vote at the special meeting, the trustee will vote the shares in favor of both the merger proposal and the adjournment proposal. With respect to the shares held in the KSOP but not allocated to any participant's account, and any shares allocated to an account for which the trustee receives no voting instructions, the trustee will vote those shares in the same proportion as KSOP participants have instructed the trustee to vote their shares on each of the merger proposal and the adjournment proposal, so long as such vote is in accordance with the provisions of the Employee Retirement Income Security Act.

**Q: May I change or revoke my vote after submitting a proxy?**

A: Yes. If you have not voted through your broker, you can change your vote by:

providing written notice of revocation to the Secretary of First Security, which must be filed with the Secretary by the time the special meeting begins;

submitting a new proxy card (any earlier proxies will be revoked automatically); or

attending the special meeting and voting in person. Any earlier proxy will be revoked.

However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow your broker's directions to change your vote.

**Q: What are the material U.S. federal income tax consequences of the merger to me?**

A: German American and First Security expect the merger to qualify as a "reorganization" (within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"))



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for U.S. federal income tax purposes. If the merger qualifies as a reorganization, then, in general, for U.S. federal income tax purposes:

First Security shareholders generally will recognize gain (but not loss) in an amount not to exceed the cash received as part of the merger consideration and will recognize gain or loss with respect to any cash received in lieu of fractional shares of German American common stock; and

First Security shareholders will not recognize gain (or loss) as a result of receiving shares of German American common stock in the merger.

To review the tax consequences of the merger to First Security shareholders in greater detail, please see the section "MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES" beginning on page 79. **Your individual tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you.**

**Q: When is the merger expected to be completed?**

A: We will try to complete the merger as soon as possible. Before that happens, the merger agreement (including the plan of merger) must be approved by First Security's shareholders and we must obtain the necessary regulatory approvals. Assuming shareholders vote at least a majority of the issued and outstanding shares of First Security voting common stock in favor of the merger agreement proposal at the scheduled shareholders meeting (without the need for any adjournment) and we obtain the other necessary approvals in a timely fashion, we hope to close the merger effective October 1, 2018. Prior to that date, German American would file the necessary documents with the appropriate offices of the State of Indiana and the Commonwealth of Kentucky to cause the mergers to become effective. Those documents would specify an "effective time" of the merger of 12:01 a.m. (Eastern time) on October 1, 2018.

**Q: Is completion of the merger subject to any conditions besides shareholder approval?**

A: Yes. The transaction must receive the required regulatory approvals, dissenting shareholders must not represent twenty percent (20%) or more of the outstanding shares of First Security common stock, and other customary closing conditions must be satisfied (or waived, if applicable). To review the conditions of the merger in more detail, see "THE MERGER AGREEMENT Conditions to Completion of the Merger" on page 60.

**Q: Should I send in my stock certificates now?**

A: No. You **SHOULD NOT** send in any stock certificates now. If the merger is approved and completed, transmittal materials, with instructions for their completion, will be provided to all shareholders of First Security under separate cover. Only then should you send the stock certificates in accordance with those instructions.

**Q: Who can answer my other questions?**

A: If you have more questions about the merger, or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy form, you should contact Michael F. Beckwith, President and CEO, First Security, Inc., 313 Frederica Street, Owensboro, Kentucky 42301, telephone (270) 663-4668.

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**SUMMARY**

The following summary, together with the section of the proxy statement/prospectus entitled "Questions and Answers," highlight selected information contained in this proxy statement/prospectus. It may not contain all of the information that might be important in your consideration of the merger agreement and the proposed merger. We encourage you to carefully read this proxy statement/prospectus (including the documents that are annexed to this document and listed in the Table of Contents) in their entirety before voting. See "WHERE YOU CAN FIND MORE INFORMATION" on page 83.

In this proxy statement/prospectus, the term "First Security" refers to First Security, Inc., the term "German American" refers to German American Bancorp, Inc., the terms "we" or "us" or "our" refer to First Security and German American, the term "merger agreement" refers to that certain Agreement and Plan of Reorganization, dated as of May 22, 2018, as it may be amended from time to time, among German American, First Security, and their banking subsidiaries, a copy of which is attached as Annex A to this proxy statement/prospectus, the term "merger" refers to the merger of First Security with and into German American pursuant to the merger agreement, and the term "shares" refers to the shares of common stock of German American or First Security (as applicable in context). Where appropriate, we have set forth a section and page reference directing you to a more complete description of the topics described in this summary.

**Information about the Companies**

***German American Bancorp, Inc. (page 69)***

711 Main Street, Box 810  
Jasper, Indiana 47547-0810  
(812) 482-1314

German American, an Indiana corporation, is a bank holding company based in Jasper, Indiana. German American (through its bank subsidiary) operates 58 banking offices in 20 contiguous southern Indiana counties and one adjacent northern Kentucky county. German American also owns an investment brokerage subsidiary (German American Investment Services, Inc.) and a full line property and casualty insurance agency (German American Insurance, Inc.). As of March 31, 2018, German American had total assets of approximately \$3.1 billion, total loans of approximately \$2.2 billion, and total deposits of approximately \$2.5 billion.

***First Security, Inc. (page 70)***

313 Frederica Street  
Owensboro, Kentucky 42301  
(270) 663-4668

First Security, a Kentucky corporation, is a financial services holding company based in Owensboro, Kentucky. First Security operates 11 retail banking offices through its wholly owned subsidiary, First Security Bank, Inc., in Owensboro, Bowling Green, Franklin and Lexington, Kentucky and in Evansville and Newburgh, Indiana. As of March 31, 2018, First Security had total assets of approximately \$586 million, total loans of approximately \$409 million, and total deposits of approximately \$458 million.

**The Merger and the Merger Agreement (pages 36 and 52)**

First Security's merger into German American is governed by the merger agreement, and the related plan of merger that is an exhibit to the merger agreement. The merger agreement provides that, if all of the conditions are satisfied or waived, First Security will be merged with and into German American with German American surviving the merger and First Security ceasing to exist. We

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encourage you to read the merger agreement, which is included as Annex A to this proxy statement/prospectus.

***What First Security Shareholders Will Receive as a Result of the Merger (page 53)***

If the merger is completed, each share of First Security common stock that you own of record immediately before the effective time of the merger (other than Dissenting Shares and shares held by the KSOP) will be converted at the effective time into the right to receive 0.7982 shares of German American common stock and a cash payment of \$12.00. Cash will be paid in lieu of any fractional German American share interests, and the cash payment per share is subject to reduction to the extent that First Security's consolidated common shareholders' equity is not at least equal to a certain level at the time of closing. See "THE MERGER AGREEMENT Calculation of Possible Reduction in Cash Payments" on page 54).

Because the exchange ratio is fixed (except for customary anti-dilution adjustments), if you receive German American common stock as consideration for all or a portion of your shares of First Security common stock, the implied value of the stock consideration that you will receive will depend on the market price of German American common stock when you receive your shares. On July 19, 2018, the most recent practicable trading day before this proxy statement/prospectus was finalized, the closing price of a share of German American common stock was \$37.07, which based on the 0.7982 exchange ratio and \$12.00 per share cash consideration, represented an implied value of \$41.59 per share of First Security common stock. It is currently expected that the former shareholders of First Security as a group will receive approximately 6.1% of the outstanding shares of German American immediately after the merger.

***Board of Directors of German American (and its Bank Subsidiary) Following Completion of the Merger (page 63)***

After completion of the merger, German American will appoint one (1) person who is currently a member of the First Security board of directors (chosen by German American after consultation with First Security) to the German American board of directors. As of the date of this proxy statement/prospectus, it has not yet been determined which First Security director will be appointed to the German American board of directors. The board of directors of German American and of its banking subsidiary will otherwise be the same as the boards of directors of such companies immediately prior to the effective time of the merger. Information about the current German American directors and executive officers can be found in German American's Annual Report on Form 10-K for its year ended December 31, 2017, which is incorporated by reference into, and forms part of, this proxy statement/prospectus.

***Recommendation of First Security Board of Directors (page 58)***

The First Security board of directors has approved and adopted the merger agreement and the proposed merger. The First Security board believes that the merger agreement, including the merger and the other transactions contemplated by the merger agreement, is advisable and fair to, and in the best interests of, First Security and its shareholders, and therefore unanimously recommends that First Security shareholders vote "FOR" the: (1) approval of the merger agreement proposal; and (2) approval of the adjournment proposal. In reaching this decision, First Security's board of directors considered many factors, which are described in the section captioned "THE MERGER First Security's Reasons for the Merger and Recommendation of its Board of Directors" beginning on page 38. Because of the wide variety of factors considered, First Security's board of directors did not believe it practicable, nor did it attempt, to quantify or otherwise assign relative weight to the specific factors it considered in reaching its decision.



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***Opinion of First Security's Financial Advisor (page 40)***

At the May 22, 2018 meeting of the board of directors of First Security, a representative of Raymond James & Associates, Inc. ("Raymond James") rendered Raymond James's oral opinion, which was subsequently confirmed by delivery of a written opinion to the First Security board dated May 22, 2018, as to the fairness, as of such date, from a financial point of view, to the holders of First Security's outstanding common stock, of the consideration to be received by such common shareholders pursuant to the merger agreement, based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written opinion of Raymond James, dated May 22, 2018, which sets forth, among other things, the various qualifications, assumptions and limitations on the scope of the review undertaken, is attached as Annex B to this proxy statement/prospectus. Raymond James provided its opinion for the information and assistance of the board of directors of First Security (solely in its capacity as such) in connection with, and for purposes of, its consideration of the merger and its opinion only addresses whether the merger consideration was fair, from a financial point of view, to the holders of First Security's common stock as of the date of the opinion. The opinion of Raymond James did not address any other term or aspect of the merger agreement or the merger contemplated thereby. The Raymond James opinion does not constitute a recommendation to the First Security board or any holder of First Security's common stock as to how such board, such holders of First Security's common stock or any other person should vote or otherwise act with respect to the merger or any other matter.

***Regulatory Approvals (page 50)***

Under the terms of the merger agreement, the merger cannot be completed until German American and First Security and their bank subsidiaries have received the necessary regulatory approvals for the merger of First Security and German American and the merger of their bank subsidiaries. Filings have been made with all regulatory authorities that are believed by German American and First Security to have authority to grant such approvals, and such filings are under consideration by such authorities but have not yet been approved as of the date of this proxy statement/prospectus.

***Conditions to Completion of the Merger (page 60)***

The completion of the merger is subject to the fulfillment of a number of conditions, including:

approval of the merger agreement by the holders of at least a majority of each of First Security's issued and outstanding voting and non-voting common shares;

dissenting shares must not represent twenty percent (20%) or more of the outstanding shares of First Security common stock;

approval of the transaction by the appropriate regulatory authorities; and

the representations and warranties made by the parties in the merger agreement must be true in all material respects as of the closing date of the merger, except for such changes as have not had, and cannot reasonably be expected to have, a "material adverse effect" as defined in the merger agreement.

***Termination (page 62)***

The merger agreement may be terminated by mutual consent of German American and First Security at any time before articles of merger are filed with the Indiana Secretary of State and the Kentucky Secretary of State. Additionally, subject to conditions and circumstances described in the

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merger agreement, either German American or First Security may terminate the merger agreement prior to the filing of the articles of merger if, among other things, any of the following occur:

the closing of the merger has not occurred by February 1, 2019;

First Security's shareholders do not adopt the merger agreement at the special meeting by the requisite vote;

there is a material breach by the other party of any representation or warranty contained in the merger agreement (other than those breaches that together with other breaches arising after the date of the merger agreement, do not have a "material adverse effect" on such other party as defined by the merger agreement, which breach cannot be cured, or has not been cured within 30 days after the giving of written notice to the other party of such breach);

there is a breach by the other party in any material respect of any of its covenants or agreements contained in the merger agreement, which breach cannot be cured, or has not been cured within 30 days after the giving of written notice to the other party of such breach; or

certain adverse regulatory determinations.

In addition, German American may terminate the merger agreement if First Security breaches its notice obligations related to an acquisition transaction, or does not terminate all discussions, negotiations and information exchanges related to such inquiry, proposal, indication of interest or offer related to an acquisition transaction within forty-five (45) days after the first communication between First Security or First Security Bank and the third party and does not provide German American with written notice of such termination.

***Termination Fee (page 63)***

If (i) First Security breaches its notice obligations related to an acquisition transaction, or does not terminate all discussions, negotiations and information exchanges related to such inquiry, proposal, indication of interest or offer related to an acquisition transaction within forty-five (45) days after the first communication between First Security or First Security Bank and the third party and does not provide German American with written notice of such termination or (ii) First Security's board of directors should fail to include its recommendation to shareholders of First Security that they vote in favor of the merger at the special meeting, or should withdraw its recommendation following First Security's receipt of a proposal from another party to engage in a business combination, and, in either case, the merger agreement is terminated as a result, then First Security would owe German American a termination fee of \$3,000,000.

***Interests of Officers and Directors in the Merger That are Different From Yours (page 49)***

In considering the recommendation of the board of directors of First Security to adopt the merger agreement, you should be aware that executive officers and directors of First Security have (or had) employment and other compensation agreements or plans that give them (or gave them) interests in connection with the merger that may be different from, or in addition to, their interests as First Security shareholders. These current or former interests and agreements include:

the accelerated vesting of all outstanding unvested stock options held by First Security directors and executive officers, and the agreement by German American to pay cash in cancellation of each unexercised option upon completion of the merger in an amount equal to \$40.00 (subject to reduction in certain circumstances) less the applicable exercise price and tax withholding. If none of the outstanding options were to be exercised before closing, option cancellation payments to First Security directors and executive officers would total approximately \$751,842;

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the Bonus and Change in Control Termination Agreement with Mr. Beckwith that provides for payment to him upon a change in control of First Security, subject to certain limitations. Under this agreement, Mr. Beckwith would be entitled to receive a change in control benefit in the amount of \$450,000, if the merger transaction closes. In addition, the agreement also provides that Mr. Beckwith is entitled to receive (whether or not the merger closes) a bonus payment in the amount of \$500,000 on or before the earlier of (i) the closing of the merger, or (ii) March 15, 2019.

the closing of the merger is conditioned upon German American entering into an employment agreement with Mr. Beckwith, which will become effective upon the effective time of the merger. To induce Mr. Beckwith to enter into this at-will employment relationship, German American will pay Mr. Beckwith a lump sum payment of \$125,000 on each of the first and second anniversaries of the merger effective date, subject to Mr. Beckwith's continued employment;

that one person who is currently a member of the First Security board of directors will be appointed to the German American board of directors, and that all independent directors currently serving on the First Security Bank board of directors, other than the director appointed to German American's board, will be appointed to a newly created Regional Advisory Board of German American, and each will be entitled to receive compensation from German American for their services on these boards. As of the date of this proxy statement/prospectus, it has not yet been determined which First Security director will be appointed to the German American board of directors; and

rights of First Security officers and directors to indemnification and directors' and officers' liability insurance.

***Certain Differences in Shareholder Rights (page 72)***

When the merger is completed, First Security shareholders, whose rights are governed by Kentucky law and First Security's articles of incorporation and bylaws, will become German American shareholders and their rights will be governed by Indiana law, and by German American's articles of incorporation and bylaws. Certain differences in the rights of First Security shareholders in respect of their shares will result.

***Dissenters' Rights of Appraisal (page 64)***

If the merger agreement is approved and the merger is consummated, each shareholder of First Security who dissents from the merger will have the right to be paid the "fair value" of his or her shares of First Security common stock in cash, provided that the shareholder complies with Subtitle 13, Chapter 271B, Title XXIII of the Kentucky Revised Statutes. See "THE MERGER AGREEMENT Dissenters' Rights of Appraisal" and Annex C.

***Prohibition on First Security's Solicitation of Other Offers and Having Discussions with Potential Acquirors (page 58)***

The merger agreement prohibits First Security from soliciting offers from any other party that might also be interested in acquiring First Security, and from discussing a potential proposal with (including providing information to) any interested third party that might (despite the lack of any solicitation by First Security) reach out to it with regard to such an alternative proposal to the merger with German American, except to the extent such discussions may be required under fiduciary duties applicable to the First Security directors under Kentucky law.

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***Dividends and Distributions (page 51)***

Under the terms of the merger agreement, prior to the closing of the merger, First Security is prohibited from declaring or paying any cash dividend or other distribution to First Security shareholders, except First Security's quarterly cash dividend in an amount not to exceed \$0.17 per share; provided, however, First Security and German American will coordinate First Security's dividend schedule for the quarter in which the merger closing occurs so that First Security's shareholders do not receive dividends for shares of both German American common stock and First Security common stock for the same calendar quarter.

***Material U.S. Federal Income Tax Consequences of the Merger (page 79)***

German American and First Security expect the merger to qualify as a "reorganization" (within the meaning of Section 368(a) of the Code) for U.S. federal income tax purposes. If the merger qualifies as a reorganization, then, in general, for U.S. federal income tax purposes, as a result of the merger:

First Security shareholders will recognize gain (but not loss) in an amount not to exceed the cash received as part of the merger consideration and will recognize gain or loss with respect to any cash received in lieu of fractional shares of German American common stock; and

First Security shareholders will not recognize gain (or loss) as a result of their receiving shares of German American common stock in the merger.

See "MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES" on page 79 for a summary of the material U.S. federal income tax consequences of the merger to U.S. holders of First Security common stock.

Because individual circumstances may differ, each shareholder should, at their own expense, consult such shareholder's tax advisor regarding the applicability of the rules discussed in this proxy statement/prospectus to the shareholder and the particular tax effects to the shareholder of the merger and the holding or disposing of German American shares in light of such shareholder's particular circumstances, the application of state, local and foreign tax laws, and, if applicable, the tax consequences of the transactions described in this proxy statement/prospectus relating to equity compensation and benefit plans.

**Special Meeting**

***Date, Time and Place (page 29)***

The special meeting of First Security shareholders is scheduled to be held at First Security's principal office located at 313 Frederica Street, Owensboro, Kentucky 42301, at 9:00 a.m., local time, on September 7, 2018. At the First Security special meeting, you will be asked:

1. to consider and vote upon a proposal to approve the merger agreement and related plan of merger and thereby approve the transactions contemplated by the merger agreement, including the merger of First Security into German American;
2. to approve one or more adjournments of the special meeting if necessary to permit further solicitation of proxies in favor of the merger agreement and the related plan of merger; and
3. to vote upon such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

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***Record Date (page 29)***

Only First Security shareholders of record as of the close of business on July 26, 2018, are entitled to notice of, and to vote at, the First Security special meeting and any adjournments or postponements of the First Security special meeting. As of the close of business on the record date, there were 1,902,586 shares of First Security voting common stock outstanding and entitled to vote at the meeting, held by approximately 435 holders of record.

Castle Creek Capital Partners V, L.P. ("Castle Creek") beneficially owned all 571,147 shares of First Security's non-voting common stock outstanding as of the record date. Castle Creek has agreed to vote all the non-voting common stock in favor of the merger and is expected to do so by written consent.

***Attending in Person (page 34)***

All First Security shareholders of record as of the record date for the special meeting may attend the special meeting. **WHETHER OR NOT YOU INTEND TO ATTEND THE SPECIAL MEETING, IT IS VERY IMPORTANT THAT YOUR SHARES BE REPRESENTED.** Accordingly, please sign, date, and return the enclosed proxy card, which will indicate your vote upon the matters to be considered. If you do attend the special meeting and desire to vote in person, you may do so by withdrawing your proxy at that time prior to voting your shares.

***How to Vote (page 34)***

First Security shareholders may vote their shares at the special meeting:

**In Person:** by attending the special meeting and voting their shares in person; or

**By Mail:** by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope.

First Security's board of directors is asking for your proxy. Giving the First Security board of directors your proxy means you authorize it to vote your shares at the special meeting in the manner you direct. You may vote for or against the merger agreement proposal and the other proposals to be voted upon at the special meeting, or abstain from voting. All shares represented by a valid proxy received prior to the special meeting will be voted in accordance with the instructions provided by the shareholder. If you sign and return the enclosed proxy but provide no voting instructions, the shares represented by the proxy will be voted "FOR" the merger proposal, "FOR" the adjournment proposal, and as the named proxy holders may determine in their discretion with respect to any other matters that may properly come before the special meeting.

The form of proxy accompanying this proxy statement/prospectus confers discretionary authority upon the named proxy holders with respect to amendments or variations to the matters identified in the accompanying Notice of Special Meeting and with respect to any other matters that may properly come before the special meeting. As of the date of this proxy statement/prospectus, the First Security board of directors knows of no such amendment or variation or of any matters expected to come before the special meeting that are not referred to in the accompanying Notice of Special Meeting.

Shareholders who hold their shares in "street name," meaning the name of a broker, bank or trust company, or other nominee who is the record holder, must either direct the record holder of their shares to vote their shares or obtain a proxy or voting instruction from the record holder to vote their shares at the special meeting.

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***Changing or Revoking a Proxy (page 35)***

Any proxy may be revoked by the person giving it at any time before it is voted. A proxy may be revoked by (i) filing with First Security's Secretary, Mary L. Moorhouse (313 Frederica Street, Owensboro, Kentucky 42301), a written notice of revocation bearing a date later than the date of such proxy, (ii) submitting a subsequent proxy relating to the same shares, or (iii) attending the special meeting and voting in person. Simply attending the special meeting will not constitute revocation of your proxy. If your shares are held in the name of a broker, bank or trust company, or other nominee who is the record holder, you must follow the instruction of your broker, bank or trust company, or other nominee to revoke a previously given proxy.

***Quorum (page 30)***

The presence, in person or by proxy, of shareholders holding at least a majority of the issued and outstanding shares of First Security voting common stock entitled to vote on the record date will constitute a quorum for the special meeting. Abstentions will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

The sole holder of First Security's non-voting common stock, Castle Creek, has agreed to approve the merger and is expected to do so by written consent. Accordingly, quorum requirements relating to the non-voting common stock are not expected to apply at the special meeting.

***Required Votes to Approve the Proposals (page 30)***

To approve the merger agreement, holders of a majority of the issued and outstanding shares of both First Security's voting common stock and non-voting common stock, voting as separate voting groups, must vote in favor of the proposal.

As of July 26, 2018, the record date for the meeting, there were 1,902,586 shares of First Security voting common stock outstanding and entitled to vote. Approval of the merger agreement requires the affirmative vote of holders of at least 951,294 of the shares of voting common stock.

Castle Creek, as the sole holder of First Security's non-voting common stock, has agreed to approve the merger and is expected to do so by written consent.

German American's shareholders are not required to approve the merger or merger agreement.

The adjournment proposal will be approved if more shares of First Security voting common stock are voted in favor of the proposal than are voted against it.

***Treatment and Effect of Abstentions (page 34)***

Shares of First Security as to which a shareholder abstains will be treated as being present at the special meeting for purposes of determining whether a quorum of shares is present at the special meeting. Because approval of the merger and the adoption of the merger agreement and plan of merger requires the affirmative vote of a majority of the shares of First Security issued and outstanding as of the record date, abstentions and broker non-votes (if any) will have the same effect as a vote "AGAINST" the adoption of the merger agreement and plan of merger and the approval of the merger.

If you are a beneficial owner of shares of First Security held by a broker or its nominee, you must instruct your nominee how to vote. Your nominee cannot vote your shares on your behalf without your instructions. If you do not provide instructions to your broker for the adjournment proposal, your shares will not be voted, and will not be counted for that proposal.

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***Voting Agreement with First Security Directors (page 33)***

Each member of the board of directors of First Security has entered into a voting agreement with German American to cause all First Security common stock owned of record or beneficially by each of them to be voted in favor of the merger agreement proposal. See "THE SPECIAL MEETING Voting Agreement with First Security Directors" on page 33. As of the record date, the First Security directors and their affiliates had the power to vote an aggregate of 183,801 shares of First Security voting common stock, representing 9.7% of the outstanding voting shares. The shares that the board and affiliates have the power to vote include 5,844 shares of First Security common stock issued as restricted shares to key employees under the First Security, Inc. 2012 Long Term Incentive Plan and held in escrow.

***Voting and Support Agreements with Certain First Security Shareholders (page 33)***

German American entered into voting and support agreements with certain of First Security's principal shareholders pursuant to which those shareholders have agreed to vote all shares of First Security common stock beneficially owned by them in favor of the merger. See "THE SPECIAL MEETING Voting and Support Agreements with Certain First Security Shareholders" on page 33. As of the record date, the shareholders subject to voting and support agreements beneficially owned and were entitled to vote an aggregate of 332,299 shares of First Security voting common stock at the special meeting, or 17.5% of the outstanding voting shares.

The total number of shares of First Security voting common stock subject to voting agreements with directors and principal shareholders is 516,100, which represents 27.1% of outstanding voting shares as of the record date.

***Cost of Solicitation of Proxies (page 35)***

The cost of soliciting proxies related to the special meeting will be borne by First Security. In addition to solicitation by mail, directors, officers, and employees of First Security may solicit proxies for the special meeting from First Security's shareholders personally or by telephone, the Internet, or other electronic means. However, First Security's directors, officers, and employees will not be paid any special or extra compensation for soliciting such proxies, although they may be reimbursed for out-of-pocket expenses incurred in connection with the solicitation. Upon request, First Security will reimburse brokers, dealers, banks, trustees, and other fiduciaries for the reasonable expenses they incur in forwarding proxy materials to beneficial owners of First Security's common stock.

***Risk Factors (page 25)***

In evaluating the merger, the merger agreement and the shares of German American to be received in connection with the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled "RISK FACTORS."

***Historical and Equivalent Per Share Stock Market Data***

Shares of German American are listed on NASDAQ's Global Select Market under the symbol "GABC." Shares of First Security common stock are quoted on the OTCQX Market under the symbol "FIIT." The following table presents quotation information for German American common stock and for First Security common stock on May 21, 2018, the business day before the merger was publicly announced, which is the last day on which German American shares traded preceding the public

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announcement of the proposed merger, and on July 19, 2018, the most recent practicable date prior to the mailing of this proxy statement/prospectus.

	German American Common Stock			First Security Common Stock		
	(Dollars Per Share)					
	High	Low	Close	High	Low	Close
May 21, 2018	\$ 35.76	\$ 35.29	\$ 35.57	\$ 27.10	\$ 27.10	\$ 27.10
July 19, 2018	37.25	36.88	37.07	41.52	41.52	41.52

The following table sets forth the closing price of German American common stock and First Security common stock on May 21, 2018, and on July 19, 2018, and the equivalent per share price of First Security common stock, which we determined by (a) multiplying the price of German American shares as of the indicated date by the exchange ratio (0.7982) and (b) adding to that result the \$12.00 cash amount (assuming no reduction in accordance with the merger agreement) that is payable by German American in connection with the merger agreement proposal as merger consideration. The equivalent per share price of First Security common stock shows the implied value to be received in the merger by First Security shareholders who receive German American common stock in exchange for a share of First Security common stock on these dates.

	German American Common Stock Closing Price	First Security Common Stock Closing Price	First Security Equivalent Per Share Price
May 21, 2018	\$ 35.57	\$ 27.10	\$ 40.39
July 19, 2018	37.07	41.52	41.59

We suggest you obtain a current market quotation for German American common stock. We expect that the market price of German American common stock will fluctuate between the date of this document and the date on which the merger is completed and thereafter. Because the exchange ratio is fixed (except for customary anti-dilution adjustments) and the market price of German American common stock is subject to fluctuation, the value of the shares of German American common stock that First Security shareholders will receive in the merger may increase or decrease prior to and after the merger.

### **Comparative Per Share Data**

The following table shows historical information about German American's and First Security's earnings per share, dividends per share and book value per share, and similar information reflecting the merger, which we refer to as "pro forma" information. In presenting the comparative pro forma information, we have assumed that the two companies had been combined throughout the periods shown in the table. The pro forma information reflects the "acquisition" method of accounting. The financial information presented under "Pro Forma" was compiled assuming 1,978,531 shares of German American common shares are issued to First Security shareholders, which assumes 2,478,741 shares of First Security common stock will be exchanged for German American shares at the closing of the merger. The assumed number of First Security shares represents the sum of 2,296,831 shares of First Security common stock outstanding on May 21, 2018, plus 209,450 shares of First Security common stock issuable upon conversion of convertible subordinated notes, less 27,540 shares of First Security common stock held in the KSOP, and assumes that there are no dissenters.

German American and First Security present this information to reflect the value of shares of German American common stock that First Security shareholders will receive in the merger for each share of First Security common stock exchanged.



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We expect that we will incur reorganization and restructuring expenses as a result of combining our two companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses (as compared to the sum of expenses from each company while operating separately) and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company, does not take into account these expected expenses or these anticipated financial benefits, and does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the merged company would have been had our companies been merged during the periods presented.

The information in the following table is based on historical financial information of First Security and German American. The information with respect to German American is included in or derived from its annual and quarterly reports previously filed with the SEC. Certain historical financial information of German American has been incorporated into this document by reference. See "WHERE YOU CAN FIND MORE INFORMATION" on page 83 for a description of documents that we incorporate by reference into this document and how to obtain copies of them. First Security does not have a class of securities registered under Section 12 of the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act and, accordingly, does not file documents and reports with the SEC to be incorporated by reference.

	<b>German American Historical</b>	<b>First Security Historical</b>	<b>Pro forma(1)</b>
<b>Net income per share</b>			
Three months ended March 31, 2018			
Basic	\$ 0.51	\$ 0.32	\$ 0.51
Diluted	\$ 0.51	\$ 0.32	\$ 0.51
Twelve months ended December 31, 2017			
Basic	\$ 1.77	\$ 0.96	\$ 1.76
Diluted	\$ 1.77	\$ 0.96	\$ 1.76
<b>Cash dividends per share</b>			
Three months ended March 31, 2018			
	\$ 0.15	\$ 0.17	\$ 0.15
Twelve months ended December 31, 2017			
	\$ 0.52	\$ 0.68	\$ 0.52
<b>Book value per share</b>			
At March 31, 2018			
	\$ 15.85	\$ 26.40	\$ 17.37
At December 31, 2017			
	\$ 15.90	\$ 26.13	\$ 17.42

(1) See "UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA" beginning on page 20 of this proxy statement/prospectus for certain supporting information.

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**SELECTED CONSOLIDATED FINANCIAL DATA**

The following tables set forth certain summary historical consolidated financial data for each of our companies. The financial data at and for each of the five years in the period ended December 31, 2017 is derived from each of German American's and First Security's respective audited financial statements (which data and financial statements are presented for each company on a consolidated basis). The financial data at and for the three months ended March 31, 2018 and March 31, 2017 is derived from the unaudited financial statements of German American and First Security and, in the opinion of each such company's management, its respective statements and data reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information at and for those dates. Ratios for the three months ended March 31, 2018 and March 31, 2017 are annualized.

The following tables also set forth certain summary unaudited pro forma consolidated financial information for German American and First Security reflecting the merger. The pro forma disclosures are being presented to provide additional information in support of the pro forma data included under the "Comparative Per Share Data" section of this SUMMARY. As a result, this condensed pro forma presentation is not intended to comply with the disclosure requirements under Article 11 of Regulation S-X. The income statement information presented gives effect to the merger as if it occurred on the first day of the first pro forma period presented. The balance sheet information presented gives effect to the merger as if it occurred on March 31, 2018.

The pro forma information reflects the purchase method of accounting, with First Security's assets and liabilities recorded at their estimated fair values as of March 31, 2018. The actual fair value adjustments to the assets and the liabilities of First Security will be made on the basis of appraisals and evaluations that will be made as of the date the merger is completed. Thus, the actual fair value adjustments may differ significantly from those reflected in these pro forma financial statements. In the opinion of German American's management, the estimates used in the preparation of these pro forma financial statements are reasonable under the circumstances.

As stated previously, we expect that we will incur reorganization and restructuring expenses as a result of combining our two companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses (as compared to the sum of expenses from each company while operating separately) and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company, does not take into account these expected expenses or these anticipated financial benefits, and does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the merged company would have been had our companies been merged during the periods presented.

This selected financial data is only a summary and you should read it in conjunction with German American's consolidated financial statements and related notes incorporated into this document by reference. See "WHERE YOU CAN FIND MORE INFORMATION" on page 83 for a description of documents that we incorporate by reference into this document and how to obtain copies of such documents. First Security does not have a class of securities registered under Section 12 of the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act and, accordingly, does not file documents and reports with the SEC to be incorporated by reference.

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**GERMAN AMERICAN  
FIVE YEAR SUMMARY OF SELECTED HISTORICAL  
CONSOLIDATED FINANCIAL DATA  
(Dollars in Thousands, Except Per Share Amounts)**

	For the Three Months Ended March 31,		For the Years Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
(unaudited)							
<b>Summary of Operations</b>							
Interest income	\$ 29,145	\$ 27,033	\$ 111,030	\$ 103,365	\$ 81,620	\$ 80,386	\$ 75,672
Interest expense	3,535	2,308	11,121	8,461	6,068	6,047	7,155
Net interest income	25,610	24,725	99,909	94,904	75,552	74,339	68,517
Provision for loan losses	350	500	1,750	1,200		150	350
Net interest income after provision for loan losses	25,260	24,225	98,159	93,704	75,552	74,189	68,167
Non-interest income	9,492	8,188	31,854	32,013	27,444	23,937	23,615
Non-interest expense	20,455	19,036	77,803	76,587	61,326	57,713	54,905
Net income before income tax	14,297	13,377	52,210	49,130	41,670	40,413	36,877
Income tax expense	2,484	3,821	11,534	13,946	11,606	12,069	11,464
Net income	\$ 11,813	\$ 9,556	\$ 40,676	\$ 35,184	\$ 30,064	\$ 28,344	\$ 25,413
<b>Per Share Data</b>							
Net income							
Basic	\$ 0.51	\$ 0.42	\$ 1.77	\$ 1.57	\$ 1.51	\$ 1.43	\$ 1.32
Diluted	\$ 0.51	\$ 0.42	\$ 1.77	\$ 1.57	\$ 1.51	\$ 1.43	\$ 1.32
Cash dividends	\$ 0.15	\$ 0.13	\$ 0.52	\$ 0.48	\$ 0.45	\$ 0.43	\$ 0.40
Book value at end of period	\$ 15.85	\$ 14.88	\$ 15.90	\$ 14.42	\$ 12.67	\$ 11.54	\$ 10.13
<b>Selected Balance Sheet (End of Period Balances)</b>							
Total assets	\$ 3,125,018	\$ 2,933,144	\$ 3,144,360	\$ 2,955,994	\$ 2,373,701	\$ 2,237,099	\$ 2,163,827
Total loans net of unearned income	2,150,546	1,983,572	2,141,638	1,989,955	1,564,347	1,447,982	1,382,382
Total deposits	2,467,121	2,326,472	2,484,052	2,349,551	1,826,376	1,779,761	1,812,156
Total long-term debt	131,677	144,789	141,717	120,560	95,606	64,591	87,237
Total shareholders' equity	364,005	341,216	364,571	330,267	252,348	228,824	200,097
<b>Selected Performance Ratios</b>							
Return on assets	1.51%	1.31%	1.35%	1.24%	1.33%	1.31%	1.25%
Return on equity	13.00%	11.39%	11.59%	10.94%	12.47%	13.21%	13.40%

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**FIRST SECURITY**  
**FIVE YEAR SUMMARY OF SELECTED HISTORICAL**  
**CONSOLIDATED FINANCIAL DATA**  
(Dollars in Thousands, Except Per Share Amounts)

	For the Three Months Ended March 31,		For the Years Ended December 31,				
	2018 (unaudited)	2017	2017	2016	2015	2014	2013
<b>Summary of Operations</b>							
Interest income	\$ 5,516	\$ 5,986	\$ 23,535	\$ 24,218	\$ 23,767	\$ 21,427	\$ 19,404
Interest expense	1,425	1,255	5,344	4,884	4,763	4,857	5,244
Net interest income	4,091	4,731	18,191	19,334	19,004	16,570	14,160
Provision for loan losses	(105)	405	1,620	2,120	1,555	1,500	1,315
Net interest income after provision for loan losses	4,196	4,326	16,571	17,214	17,449	15,070	12,845
Non-interest income	724	1,225	3,676	4,317	4,355	4,068	3,147
Non-interest expense	4,063	4,459	17,225	17,390	15,813	14,630	14,515
Net income before income tax	857	1,092	3,022	4,141	5,991	4,508	1,477
Income tax expense	125	291	717	1,231	1,894	1,376	368
Net income	\$ 732	\$ 801	\$ 2,305	\$ 2,910	\$ 4,097	\$ 3,132	\$ 1,109
<b>Per Share Data</b>							
Net income							
Basic	\$ 0.32	\$ 0.33	\$ 0.96	\$ 1.22	\$ 1.72	\$ 1.60	\$ 1.40
Diluted	\$ 0.32	\$ 0.33	\$ 0.96	\$ 1.22	\$ 1.70	\$ 1.59	\$ 1.40
Cash dividends	\$ 0.17	\$ 0.17	\$ 0.68	\$ 0.67	\$ 0.67	\$ 0.64	\$ 0.63
Book value at end of period	\$ 26.40	\$ 26.18	\$ 26.13	\$ 25.83	\$ 25.29	\$ 24.25	\$ 30.37
<b>Selected Balance Sheet (End of Period Balances)</b>							
Total assets	\$ 586,054	\$ 606,702	\$ 600,889	\$ 639,423	\$ 592,931	\$ 546,345	\$ 477,831
Total loans net of unearned income	409,336	442,369	417,373	457,928	495,879	435,665	374,519
Total deposits	457,890	484,477	459,990	479,707	434,621	396,643	396,636
Total long-term debt	6,583	9,875	9,875	9,875	9,875	9,875	16,961
Total shareholders' equity	59,918	62,321	59,859	61,796	60,341	57,504	24,266
<b>Selected Performance Ratios</b>							
Return on assets	0.51%	0.52%	0.38%	0.50%	0.72%	0.62%	0.25%
Return on equity	4.96%	5.23%	3.70%	4.71%	6.96%	6.23%	4.51%

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**GERMAN AMERICAN  
UNAUDITED PRO FORMA SUMMARY OF SELECTED  
CONSOLIDATED FINANCIAL DATA  
(Dollars in Thousands, Except Per Share Amounts)  
For the Three Months ended March 31, 2018**

	German American Historical	First Security Historical	Pro Forma Adjustments(1)	Combined Pro Forma Amounts
<b>Summary of Operations</b>				
Interest income	\$ 29,145	\$ 5,516	\$ 720(2)	\$ 35,381
Interest expense	3,535	1,425	170(3)	5,130
Net interest income	25,610	4,091	550	30,251
Provision for loan losses	350	(105)		245
Net interest income after provision for loan losses	25,260	4,196	550	30,006
Non-interest income	9,492	724		10,216
Non-interest expense	20,455	4,063	236(4)	24,754
Net income before income tax	14,297	857	314	15,468
Income tax expense	2,484	125	83(5)	2,692
Net income	\$ 11,813	\$ 732	\$ 231	\$ 12,776

**Per Share Data**

<b>Net income</b>				
Basic	\$ 0.51	\$ 0.32		\$ 0.51
Diluted	\$ 0.51	\$ 0.32		\$ 0.51
Cash dividends	\$ 0.15	\$ 0.17		\$ 0.15

**Selected Performance Ratios**

Return on assets	1.51%	0.51%		1.30%
Return on equity	13.00%	4.96%		11.79%

- (1) See Note 1 in "NOTES TO UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA" on page 23 for information relating to the determination of the purchase price and application of the purchase method of accounting in estimating the fair values of First Security's assets and liabilities as of the dates presented. The actual fair value adjustments to the assets and the liabilities of First Security will be made on the basis of appraisals and evaluations that will be made as of the date the merger is completed.
- (2) To record estimated accretion of fair value adjustments for securities and loan portfolios.
- (3) To record estimated amortization of fair value adjustment for time deposits.
- (4) To record estimated amortization of core deposit intangible.
- (5) To record estimated tax impact of purchase accounting adjustments.



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**GERMAN AMERICAN  
UNAUDITED PRO FORMA SUMMARY OF SELECTED  
CONSOLIDATED FINANCIAL DATA  
(Dollars in Thousands, Except Per Share Amounts)**

At March 31, 2018

	<b>German American Historical</b>	<b>Adjusted German American Historical(1)</b>	<b>First Security Historical</b>	<b>Combined Pro-forma Amounts for German American(2)</b>
<b>Selected Balance Sheet</b>				
Total assets	\$ 3,125,018	\$ 3,300,559	\$ 586,054	\$ 3,921,430
Total loans net of unearned income	2,150,546	2,269,840	409,336	2,671,044
Total deposits	2,467,121	2,642,396	457,890	3,098,586
Total long-term debt	131,677	131,677	6,583	161,677
Total shareholders' equity	364,005	364,005	59,918	433,391
<b>Per Share Data</b>				
Book value	\$ 15.85	\$ 15.85	\$ 26.40	\$ 17.37

(1) Gives effect to the acquisition, on May 18, 2018, by German American's banking subsidiary of five branch locations previously owned by MainSource Bank, a wholly-owned subsidiary of MainSource Financial Group, Inc.

(2) See Note 1 in "NOTES TO UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA" on page 23 for information relating to the determination of the purchase price and application of the purchase method of accounting in estimating the fair values of First Security's assets and liabilities as of the dates presented. The actual fair value adjustments to the assets and the liabilities of First Security will be made on the basis of appraisals and evaluations that will be made as of the date the merger is completed. The "Total long-term debt" reflects a \$30 million senior debt facility to be obtained by German American in connection with the proposed merger.

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**GERMAN AMERICAN**  
**UNAUDITED PRO FORMA SUMMARY OF SELECTED**  
**CONSOLIDATED FINANCIAL DATA**  
**(Dollars in Thousands, Except Per Share Amounts)**

**For the Twelve Months ended December 31, 2017**

	<b>German American Historical</b>	<b>First Security Historical</b>	<b>Pro Forma Adjustments(1)</b>	<b>Combined Pro Forma Amounts</b>
<b>Summary of Operations</b>				
Interest income	\$ 111,030	\$ 23,535	\$ 2,880(2)	\$ 137,445
Interest expense	11,121	5,344	680(3)	17,145
Net interest income	99,909	18,191	2,200	120,300
Provision for loan losses	1,750	1,620		3,370
Net interest income after provision for loan losses	98,159	16,571	2,200	116,930
Non-interest income	31,854	3,676		35,530
Non-interest expense	77,803	17,225	945(4)	95,973
Net income before income tax	52,210	3,022	1,255	56,487
Income tax expense	11,534	717	333(5)	12,584
Net income	\$ 40,676	\$ 2,305	\$ 922	\$ 43,903

**Per Share Data**

<b>Net income</b>				
Basic	\$ 1.77	\$ 0.96		\$ 1.76
Diluted	\$ 1.77	\$ 0.96		\$ 1.76
Cash dividends	\$ 0.52	\$ 0.68		\$ 0.52

**Selected Performance Ratios**

Return on assets	1.35%	0.38%		1.11%
Return on equity	11.59%	3.70%		10.12%

- (1) See Note 1 in "NOTES TO UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA" on page 23 for information relating to the determination of the purchase price and application of the purchase method of accounting in estimating the fair values of First Security's assets and liabilities as of the dates presented. The actual fair value adjustments to the assets and the liabilities of First Security will be made on the basis of appraisals and evaluations that will be made as of the date the merger is completed.
- (2) To record estimated accretion of fair value adjustments for securities and loan portfolios.
- (3) To record estimated amortization of fair value adjustment for time deposits.
- (4) To record estimated amortization of core deposit intangible.
- (5) To record estimated tax impact of purchase accounting adjustments.





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**NOTES TO UNAUDITED PRO FORMA SUMMARY OF  
SELECTED CONSOLIDATED FINANCIAL DATA**

**Note 1 Determination and Allocation of Purchase Price**

German American has agreed to acquire each of the outstanding shares of First Security common stock (other than Dissenting Shares and shares of First Security common stock held by the KSOP) for (a) 0.7982 shares of German American common stock (or cash in lieu of fractional share interests), and (b) a cash payment of \$12.00 (subject to reduction to the extent that First Security's consolidated common shareholders' equity is not at least equal to a certain level at the time of closing; see "THE MERGER AGREEMENT Calculation of Possible Reduction in Cash Payments" on page 54).

The KSOP, as a record holder of shares of First Security common stock immediately prior to the effective time of the merger, shall be entitled to receive from German American, for each share of First Security common stock then held of record by the KSOP, a cash payment equal to \$40.00. Any option to acquire a share of First Security common stock outstanding at the effective time of the merger will be cancelled in exchange for a cash payment equal to (a) \$40.00, less (b) the applicable exercise price, and less (c) any withholding taxes. The cash payment per outstanding share (including each KSOP share) and per outstanding option described above are also subject to reduction in the event the "Effective Time Book Value" (as defined below) of First Security falls below certain thresholds at the time of closing of the Merger.

The table below assumes the issuance of 1,978,531 shares of German American common stock, which represents an assumed 2,478,741 shares of First Security common stock that will be exchanged for German American shares at the closing of the merger (which is the sum of the 2,296,831 shares of First Security common stock outstanding on May 21, 2018, plus 209,450 shares of First Security common stock issuable upon conversion of convertible subordinated notes, less 27,540 shares of First Security common stock held in the KSOP) multiplied by the exchange ratio of 0.7982.

**Determination of Purchase Price**

First Security shares outstanding	2,478,741
Exchange ratio	0.7982
German American stock issued	1,978,531
German American stock price at 5/21/2018	\$ 35.57
Common stock consideration	\$ 70,377
Cash consideration (from below)	\$ 31,598
Total purchase price	\$ 101,975

**Cash Merger Consideration**

Cash paid for shares outstanding	
First Security shares outstanding	2,478,741
Cash consideration per share	\$ 12.00
Cash paid for shares outstanding	\$ 29,745
Cash paid for employee stock options	
Outstanding employee stock options	56,700
Cash amount per share based upon (a) cash payment (\$40.00), less (b) average exercise price (\$26.74)	\$ 13.26
Cash paid for employee stock options	\$ 752

Cash paid for shares held by KSOP

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Outstanding KSOP shares at 5/21/2018		27,540
Cash amount per share	\$	40.00
Cash paid for KSOP shares		1,101
Total cash consideration	\$	31,598

Table of Contents**Allocation of Purchase Price**

Total Purchase Price	\$	101,975
Allocated to:		
Historical book value of First Security assets and liabilities		59,918
Conversion of all convertible debentures into common stock		6,583
First Security estimated transaction costs, net of tax		(2,642)
 Adjusted book value of First Security	 \$	 63,859
 Adjustments to record assets and liabilities at fair value:		
Security portfolio adjustments	\$	(3,900)
Loan portfolio adjustments		(8,132)
Fixed asset adjustments		(1,200)
Time deposit adjustments		1,700
Core deposit intangible		5,200
Eliminate First Security's existing goodwill		(4,346)
Eliminate First Security's existing core deposit intangible		(452)
 Net fair value adjustments		 (11,130)
Tax effect of net fair value adjustments		2,338
 After-tax net fair value adjustments		 (8,792)
 Total allocation of purchase price	 \$	 55,067
Goodwill	\$	46,908

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**RISK FACTORS**

In addition to the other information contained in this proxy statement/prospectus or in the documents incorporated herein by reference, including the matters addressed under the caption "CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS" on page 28, you should carefully consider the following risk factors in deciding whether to vote in favor of the merger agreement proposal. We have grouped these Risk Factors into two sections: Risks Related to the Merger (which are set forth only in this proxy statement/prospectus and are set forth in full text below), and Risks Related to German American (which are other risks related to German American and its shares that are not specifically related to the merger agreement proposal with First Security and which are separately described by the Risk Factors item, Item 1A, of German American's Annual Report on Form 10-K for its fiscal year ended December 31, 2017, as may be updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into, and form a part of, this proxy statement/prospectus). We encourage you to review all these Risk Factors before determining how to vote on the merger agreement proposal.

**Risks Related to the Merger**

*The value of the consideration to be received by First Security shareholders in the merger will fluctuate.*

If the merger is completed, First Security shareholders will receive a number of shares of German American common stock based on a fixed exchange ratio of 0.7982 shares of German American common stock for each share of First Security common stock. Because the market value of German American common stock may (and likely will) fluctuate, the value of the stock consideration you receive for your shares may also fluctuate. The market value of German American common stock could fluctuate for any number of reasons, including those specific to German American and those that influence trading prices of equity securities generally. As a result, you will not know the exact value of the shares of German American common stock you will receive at the time you must vote your shares. The value of German American common stock on the closing date of the merger may be greater or less than the market price of German American common stock on the record date, on the date of this proxy statement/prospectus or on the date of the special meeting.

We encourage you to obtain a current market quotation for German American common stock because the value of any German American shares you receive may be more or less than the value of such shares as of the date of this document.

*First Security shareholders will have a reduced ownership and voting interest in the combined company after the merger and will exercise less influence over management.*

First Security shareholders currently have the right to vote in the election of the board of directors of First Security and on other matters affecting First Security. Upon the completion of the merger, each First Security shareholder will become a shareholder of German American and own a percentage of German American that is much smaller than the shareholder's percentage ownership of First Security. It is currently expected that the former shareholders of First Security as a group will not receive shares in the merger that constitute significantly more than 6.1% of the outstanding shares of German American immediately after the merger. Because of this, First Security shareholders may have less influence on the management and policies of German American than they now have on the management and policies of First Security.

*German American may fail to realize the anticipated benefits of the merger.*

The success of the merger will depend on, among other things, German American's ability to realize anticipated cost savings and to combine the businesses of its bank subsidiary with that of First Security Bank in a manner that permits growth opportunities and does not materially disrupt the

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existing customer relationships of First Security Bank nor result in decreased revenues due to any loss of customers. If German American is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

German American and First Security have operated and, until the completion of the merger, will continue to operate, independently. Upon closing of the merger, German American will commence the process of integrating the operations of the two banks. It is possible that the integration process could result in the disruption of German American's or First Security's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of German American to maintain relationships with First Security's customers and employees or to achieve the anticipated benefits of the merger.

***The combined company expects to incur substantial expenses related to the merger.***

The combined company expects to incur substantial expenses in connection with consummation of the merger and combining the business, operations, networks, systems, technologies, policies and procedures of the two companies. Although German American and First Security have assumed that a certain level of transaction and combination expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their combination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the merger could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the consummation of the merger. As a result of these expenses, both German American and First Security expect to take charges against their earnings before and after the completion of the merger. The charges taken in connection with the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.***

Before the transactions contemplated in the merger agreement, including the merger, may be completed, various approvals must be obtained from the bank regulatory authorities. These authorities may impose conditions on the completion of the merger or require changes to the terms of the merger agreement. Although the parties do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the merger agreement or imposing additional costs on or limiting German American's revenues, any of which might have a material adverse effect on German American following the merger. There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, or whether any conditions will be imposed.

***The opinion of First Security's financial advisor delivered to the First Security board of directors will not reflect changes in circumstances between the signing of the merger agreement and the completion of the merger.***

The First Security board of directors received a written opinion from First Security's financial advisor on May 22, 2018. Subsequent changes in the operations and prospects of First Security or German American, general market and economic conditions and other factors that may be beyond the control of First Security or German American may significantly alter the value of First Security or the prices of the shares of German American common stock or First Security common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as

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of any date other than the date of such opinion. See "THE MERGER AGREEMENT Opinion of Financial Advisor to First Security" beginning on page 40.

***The merger agreement may be terminated in accordance with its terms and the merger may not be completed.***

The merger agreement is subject to a number of conditions that must be fulfilled (unless waived in certain cases by the party entitled to the benefit of an unfulfilled condition) in order to complete the merger. Those conditions include: approval of the merger agreement by First Security shareholders, regulatory approvals, absence of orders prohibiting the completion of the merger, the continued accuracy of the representations and warranties by both parties, except for changes not having a "material adverse effect" as defined in the merger agreement, and the performance by both parties of their covenants and agreements, and the receipt by both parties of a tax opinion. There can be no assurance that the conditions to closing of the merger will be fulfilled or that the merger will be completed.

***Termination of the merger agreement could negatively impact First Security.***

If the merger agreement is terminated, there may be various consequences, including:

First Security's businesses may have been adversely impacted by the failure to pursue other beneficial opportunities due to its management's focus on the merger, without realizing any of the anticipated benefits of completing the merger; and

the market price of First Security shares might decline to the extent that the current market price reflects a market assumption that the merger will be completed.

If the merger agreement is terminated and First Security's board of directors seeks another merger or business combination, First Security shareholders cannot be certain that First Security will be able to find a party willing to offer equivalent or more attractive consideration than the consideration German American has agreed to provide in the merger.

If the merger agreement is terminated under certain circumstances, First Security may be required to pay a termination fee of \$3,000,000 to German American. See "THE MERGER AGREEMENT Termination; Termination Fee" beginning on page 62.

***First Security shareholders will have dissenters' rights in the merger.***

Dissenters' rights are statutory rights that, when applicable, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair cash value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. The shareholders of First Security will have the rights accorded to dissenting shareholders under Subtitle 13, Chapter 271B, Title XXIII of the Kentucky Revised Statutes. The fair cash value determined through a judicial proceeding may be more or less than the consideration offered under the merger agreement. As a result, German American bears the risk that payments owed to dissenting shareholders may exceed the consideration outlined in this proxy statement/prospectus.

**Risks Relating to German American**

You should also consider the other risk factors that may affect German American and its common shares that are not specifically related to the proposed merger with First Security. These other risk factors are set forth by German American from time to time under the caption "Risk Factors" in German American's filings with the SEC, including German American's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2017. For information about how you may obtain this report and subsequent filings, or view them for free, and for additional information about German

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American, please see the sources described in "WHERE YOU CAN FIND MORE INFORMATION" on page 83.

The Risk Factors set forth relating to German American and its common shares that are disclosed under Item 1A of German American's Annual Report on Form 10-K for its fiscal year ended December 31, 2017 are specifically incorporated by reference in this proxy statement/prospectus.

These risks are not the only risks that German American faces. Additional risks not presently known to German American, or that German American currently views as immaterial, may also impair German American's business. If any of the risks described in German American's SEC filings or any additional risks actually occur, German American's business, financial condition, results of operations and cash flows could be materially and adversely affected. In that case, the value of its securities could decline substantially and you could lose all or part of your investment.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document, including the documents attached to this document, may contain forward-looking statements, including forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like "believe", "continue", "pattern", "estimate", "project", "intend", "anticipate", "plan," "expect" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "might", "can", "may", or similar expressions. These forward-looking statements include, but are not limited to, statements relating to the expected timing and benefits of the proposed merger between German American and First Security, including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the merger, as well as other statements of expectations regarding the merger, and other statements of German American's goals, intentions and expectations; statements regarding German American's business plan and growth strategies; statements regarding the asset quality of German American's loan and investment portfolios; and estimates of German American's risks and future costs and benefits, whether with respect to the merger or otherwise.

These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including among other things:

changes in general economic conditions in the areas in which German American and First Security operate and the risk that a renewed economic slowdown could adversely affect credit quality and loan originations;

German American's business may not be combined with First Security's business as successfully as planned, or such combination may take longer to accomplish than expected;

the growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;

operating costs, customer losses and business disruption following the merger, including adverse effects of relationships with employees, may be greater than expected;

governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger;

adverse governmental or regulatory policies may be enacted;

the interest rate environment may change, causing margins to compress and adversely affecting net interest income; and

competition from other financial services companies in our markets.





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Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in German American's reports filed with the SEC, including German American's Annual Report on Form 10-K for its fiscal year ended December 31, 2017, which is incorporated by reference into, and forms part of, this proxy statement/prospectus.

All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to either German American or First Security or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Neither German American nor First Security undertakes any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

### THE SPECIAL MEETING

This proxy statement/prospectus is being provided to the shareholders of First Security in connection with the solicitation of proxies by the First Security board of directors for use at the special meeting and at any adjournment or postponement of the meeting. This proxy statement/prospectus provides the shareholders of First Security with information they need to know to be able to vote or instruct their vote to be cast at the First Security special meeting.

***Date, Time and Place***

The special meeting of the holders of shares of First Security common stock will be held at 9:00 a.m., local time, on September 7, 2018, at First Security's principal office located at 313 Frederica Street, Owensboro, Kentucky.

***Purpose of the Special Meeting***

At the special meeting, First Security shareholders will be asked to consider and vote on the following proposals:

- to approve the merger agreement and related plan of merger and the transactions contemplated by the merger agreement;
- to adjourn the special meeting of shareholders if necessary to permit further solicitation of proxies for approval of the merger agreement proposal; and
- to conduct other business that properly comes before the First Security special meeting or any adjournment of the meeting.

**The First Security board of directors unanimously recommends that First Security shareholders vote "FOR" (1) the proposal to approve the merger agreement, and (2) the proposal to approve adjournments.**

***Record Date***

Only holders of record of First Security shares at the close of business on July 26, 2018, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any postponement or adjournments thereof. As of the record date, 1,902,586 shares of First Security voting common stock were outstanding and entitled to vote at the meeting, held by approximately 435 holders of record.

Each share of First Security is entitled to one vote on each matter presented to the First Security shareholders. A complete list of First Security shareholders of record entitled to vote at the special meeting will be available for examination by any First Security shareholder for any purpose germane to the special meeting, at First Security's principal executive offices during normal business hours for a

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period of five (5) days before the special meeting. The list will also be available at the place of meeting for the duration thereof.

Castle Creek Capital Partners V, L.P. ("Castle Creek") beneficially owned all 571,147 shares of First Security's non-voting common stock outstanding as of the record date. Castle Creek has agreed to vote all the non-voting common stock in favor of the merger and is expected to do so by written consent.

***Quorum***

In order to carry on the business of the meeting, First Security must have a quorum. A quorum of First Security shareholders for purposes of the special meeting requires the presence, in person or represented by proxy, of at least a majority of the issued and outstanding shares of First Security voting common stock entitled to vote. Proxies properly executed and marked with a positive vote, a negative vote or an abstention will be considered to be present at the special meeting for purposes of determining whether a quorum is present for the transaction of all business at the special meeting.

The sole holder of First Security's non-voting common stock, Castle Creek, has agreed to approve the merger and is expected to do so by written consent. Accordingly, quorum requirements relating to the non-voting common stock are not expected to apply at the special meeting.

***Required Vote to Approve the Proposals***

To approve the merger agreement, holders of a majority of the issued and outstanding shares of both First Security's voting common stock and non-voting common stock, voting as separate voting groups, must vote in favor of the proposal.

As of July 26, 2018, the record date for the meeting, there were 1,902,586 shares of First Security voting common stock outstanding and entitled to vote. Approval of the merger agreement requires the affirmative vote of holders of at least 951,294 of the shares of voting common stock.

Castle Creek, as the sole holder of First Security's non-voting common stock, has agreed to approve the merger and is expected to do so by written consent.

The adjournment proposal will be approved if more shares of First Security voting common stock are voted in favor of the proposal than are voted against it.

Table of Contents**Beneficial Ownership of First Security Common Stock by Certain Shareholders**

The following table provides information, as of July 26, 2018, about each person known by First Security to own beneficially 5% or more of the 1,902,586 shares of First Security's voting common stock outstanding as of that date.

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned(1)	Percent of Class
Castle Creek Capital Partners V, L.P. 6051 El Tordo P.O. Box 1329 Rancho Santa Fe, CA 92067	169,597(2)	8.9%
Financial Opportunity Fund LLC (f/k/a FJ Capital Long/Short Equity Fund LLC), Bridge Equities III, LLC, Bridge Equities VIII, LLC, Bridge Equities IX, LLC and Bridge Equities X, LLC	162,702(3)	8.6%
Harry Roberts, Trustee The Roberts Family Dynasty Trust Dtd 12/30/2014 The Roberts Family Trust #1 Dtd 12/26/2012 Owensboro, Kentucky	167,463	8.8%
Banc Fund VIII L.P. 20 North Wacker Drive, Suite 3300 Chicago, IL 60606	125,125	6.6%

(1) Unless other information is given, the named beneficial owner has sole voting and dispositive power with respect to the shares.

(2) Castle Creek is also the sole holder of all 571,147 shares of First Security's outstanding non-voting common stock.

(3) Consists of: (A) 10,702 shares held by Financial Opportunity Fund LLC (f/k/a FJ Capital Long/Short Equity Fund LLC), of which limited liability company, FJ Capital Management LLC is the managing member, and (B) 143,419 shares held by Bridge Equities III, LLC, 1,716 shares held by Bridge Equities VIII, LLC, 2,574 shares held by Bridge Equities IX, LLC and 4,291 shares held by Bridge Equities X, LLC, for which Bridge Equities entities, FJ Capital Management LLC is a sub-investment advisor. The address for each of Financial Opportunity Fund LLC and FJ Capital Management, LLC is 1313 Dolley Madison Blvd., STE 306, McLean, VA 22101. The address for each of the Bridge Equities entities is 8171 Maple Lawn Blvd, Suite 375, Fulton, MD 20759. While FJ Capital Management LLC may be deemed to share voting or dispositive power over such shares, it disclaims any beneficial ownership.

The following table sets forth certain information on each director of First Security, including the number and percent of shares of First Security common stock beneficially owned as of July 26, 2018. The table also includes information on the number of shares of First Security common stock beneficially owned by all directors and executive officers of First Security as a group and by First Security's executive officers who are not also directors. The calculation of the percentage of beneficial ownership has been based on 1,902,586 shares outstanding of First Security voting common stock. We have deemed shares of First Security common stock subject to stock options that are currently exercisable or expected to be exercisable within 60 days of July 26, 2018 to be outstanding and to be beneficially owned by the person holding the stock option for the purpose of computing the percentage

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ownership of that person. We did not, however, deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Name	Common Stock Beneficially Owned as of July 26, 2018(1)	Percentage of Common Stock
<b>Directors</b>		
Michael F. Beckwith	18,557(2)	*
Steven M. Ford	29,145(3)	1.5%
Ellen Arvin Kennedy	1,500(4)	*
Paul Martin	23,716(5)	1.2%
Lee A. Mitchell	107,625(6)	5.6%
R. Mitchell Settle	37,914(7)	2.0%
Gary Stewart	2,000(8)	*
Total Directors	220,457	11.3%
<b>Other Executive Officers</b>		
Sarah Howard, Chief Financial Officer, Senior Vice President	2,765(9)	*
Amy Jackson, Chief Operating Officer, Senior Vice President	4,291(10)	*
Scott Powell, Chief Credit Officer, Executive Vice President	3,454(11)	*
Total Other Executive Officers	10,510	*
<b>Directors and Executive Officers as a Group (10 persons)</b>	<b>230,967</b>	<b>11.8%</b>

\* Under 1% of outstanding shares.

- (1) Unless otherwise indicated, each director and executive officer has sole investment and/or voting power with respect to the shares shown as beneficially owned. Under applicable regulations, shares are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares the power to vote or dispose of the shares, whether or not he or she has any economic power with respect to the shares. Amounts include shares beneficially owned by members of the immediate families of the directors and executive officers residing in their homes.
- (2) Of these shares, 7,188 are held by Mr. Beckwith directly, 1,369 are held by the KSOP, and 10,000 are subject to stock options granted under the First Security, Inc. 2012 Long Term Incentive Plan (the "First Security Incentive Plan").
- (3) Of these shares, 11,267 are held by Mr. Ford directly, 9,097 are held jointly by him and his spouse, 838 are held directly by his spouse, 318 are held by a family trust as to which Mr. Ford is the trustee and 7,625 are subject to options granted under the First Security Incentive Plan.
- (4) Of these shares, 500 are held by Ms. Kennedy directly and 1,000 are subject to stock options granted under the First Security Incentive Plan.
- (5) Of these shares, 16,091 are held by Mr. Martin directly and 7,625 are subject to stock options granted under the First Security Incentive Plan.
- (6) Of these shares, 53,945 are held by Mr. Mitchell directly, 5,201 are held by his wife, 37,500 are held in an irrevocable trust of his mother, 3,354 are held by him as custodian

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for his two children, and 7,625 are subject to stock options granted under the First Security Incentive Plan.

- (7) Of these shares, 30,289 are held in a revocable living trust as to which Mr. Settle and his spouse are trustees and 7,625 are subject to stock options granted under the First Security Incentive Plan.
- (8) Of these shares, 1,000 are held by Mr. Stewart directly and 1,000 are subject to stock options granted under the First Security Incentive Plan.
- (9) Of these shares, 200 are held by Ms. Howard directly, 565 are held by the KSOP and 2,000 are subject to stock options granted under the First Security Incentive Plan.
- (10) Of these shares, 220 are held by Ms. Jackson directly, 1,071 are held by the KSOP and 3,000 are subject to stock options granted under the First Security Incentive Plan.
- (11) Of these shares, 200 are held by Mr. Powell directly, 754 are held by the KSOP and 2,500 are subject to stock options granted under the First Security Incentive Plan.

First Security has issued a total of 5,844 shares of its common stock as grants of restricted shares to key employees under the First Security Incentive Plan. The restricted shares are held in escrow until the 10th anniversary of the grant date, during which time First Security's board of directors has the power to vote the restricted shares under an irrevocable proxy granted by each grant recipient. First Security's board of directors intends to vote the 5,844 restricted shares in favor of the merger proposal.

***Voting Agreement with First Security Directors***

Each member of the board of directors of First Security has entered into a voting agreement with German American to cause all First Security common stock he or she owns of record or beneficially to be voted in favor of the merger agreement proposal. As of the record date, the members of the First Security board of directors and their affiliates had the power to vote an aggregate of 183,801 shares of First Security voting common stock, representing approximately 9.7% of the outstanding voting shares on that date. The shares that the board and affiliates have the power to vote include the 5,844 restricted shares discussed above under "Beneficial Ownership of First Security Common Stock by Certain Shareholders."

***Voting and Support Agreements with Certain First Security Shareholders***

German American entered into voting and support agreements with each of (i) Castle Creek Capital Partners V, L.P. ("Castle Creek"), and (ii) Financial Opportunity Fund LLC, f/k/a FJ Capital Long/Short Equity Fund LLC, Bridge Equities III, LLC, Bridge Equities VIII, LLC, Bridge Equities IX, LLC and Bridge Equities X, LLC (collectively, the "FOF/Bridge Funds") pursuant to which Castle Creek and the FOF/Bridge Funds have each agreed to vote all shares of First Security common stock they beneficially own in favor of the merger. As of the record date, Castle Creek and the FOF/Bridge Funds beneficially owned and were entitled to vote 169,597 shares and 162,702 shares, respectively, of First Security voting common stock at the special meeting, or 8.9% and 8.6%, respectively, of the outstanding voting shares on that date.

The total number of shares of First Security voting common stock subject to the voting agreements with directors, Castle Creek and the FOF/Bridge Funds is 516,100, which represents 27.1% of the outstanding shares of voting common stock on the record date.

Castle Creek is the sole owner of the 571,147 shares of First Security's non-voting common stock outstanding as of the record date. Castle Creek has agreed to vote the non-voting common stock in favor of the merger and is expected to do so by written consent, and would thereby be precluded from asserting any appraisal or dissenters' rights under Kentucky law in connection with the merger.

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***Treatment of Abstentions***

Abstentions with respect to shares will be counted as shares that are present and entitled to vote for purposes of determining the number of shares that are present and entitled to vote with respect to any particular proposal, but will not be counted as votes in favor of such proposal. Because approval of the merger and the adoption of the merger agreement requires the affirmative vote of a majority of the shares of First Security issued and outstanding, if a shareholder responds to the merger agreement proposal with an abstention, the abstention will have the same effect as a vote "AGAINST" the adoption of the merger agreement and the approval of the merger. Since approval of the adjournment proposal only requires more shares to vote in favor of the proposal than against it at the special meeting, abstentions will not affect the approvals of that proposal.

If you are a beneficial owner of First Security common stock held in the name of a broker or other nominee, you must instruct your nominee how to vote. Your nominee cannot vote your shares on your behalf without your instructions. If you do not provide instructions to your broker on the merger agreement proposal, then your shares will not be voted and will have the effect of a vote AGAINST the merger.

***How to Vote; Voting of Proxies***

A shareholder may vote by proxy or in person at the meeting. First Security shareholders may vote their shares at the special meeting:

In Person: by attending the special meeting and voting their shares in person; or

By Mail: by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope.

Every First Security shareholder's vote is important. Accordingly, each First Security shareholder who holds shares of record directly in that shareholder's name should sign, date and return the accompanying proxy card whether or not the shareholder plans to attend the special meeting in person.

Giving a proxy means that a shareholder authorizes the persons named in the enclosed proxy card to vote the shareholder's shares at the special meeting in the manner the shareholder directs. First Security requests that shareholders intending to submit a proxy by mail complete and sign the accompanying proxy and return it to First Security as soon as possible in the enclosed postage-paid envelope. If the accompanying proxy is returned properly executed, the shares of common stock represented by it will be voted at the special meeting in accordance with the instructions contained on the proxy card.

If a shareholder's shares are held in "street name" by a bank or trust company, broker or other nominee that has provided a voting form, the shareholder should follow the instructions provided on such voting form.

It is not expected that any matter not referred to in this proxy statement/prospectus will be presented for action at the special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies submitted to First Security will have discretion to vote on such matters in accordance with their best judgment.

A First Security shareholder may receive more than one proxy statement/prospectus or proxy card. This duplication will occur if such shareholder's shares of common stock are registered in different names or are in more than one type of account maintained by Computershare, Inc., First Security's transfer agent. In order to have all its common stock voted, a First Security shareholder should sign and return all the proxy cards the shareholder receives.

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Do not send any stock certificates with your proxy cards. If the merger is approved and adopted by First Security shareholders at the special meeting, and the merger is closed, the exchange agent will mail transmittal forms with instructions for the surrender of share certificates for First Security common stock as soon as practicable after completion of the merger.

***Revocability of Proxies***

A First Security shareholder has the power to change his or her vote at any time before the shareholder's shares are voted at the special meeting by (i) filing with First Security's Secretary, Mary L. Moorhouse (313 Frederica Street, Owensboro, Kentucky 42301), a written notice of revocation bearing a date later than the date of such proxy, (ii) submitting a subsequently dated proxy relating to the same shares, or (iii) attending the special meeting and voting in person. Attending the special meeting in person will not itself revoke a proxy.

However, if a shareholder holds the shareholder's shares through a bank, broker or other nominee, the shareholder may revoke the shareholder's instructions only by informing the nominee in accordance with any procedures established by the nominee.

***Solicitation of Proxies***

First Security's board of directors is soliciting proxies to be voted at the special meeting of First Security's shareholders. First Security will pay the costs and expenses of soliciting and obtaining proxies. Following the original mailing of this proxy statement/prospectus and other soliciting materials, First Security will request brokers, custodians, nominees and other record holders of First Security common stock to forward copies of this proxy statement/prospectus and other soliciting materials to persons for whom they hold shares of First Security common stock and to request authority for the exercise of proxies. In these cases, First Security will reimburse these holders for their reasonable expenses upon the request of the record holders. First Security also may use its directors, officers, and employees, who will not be specially compensated, to solicit proxies from First Security shareholders, either personally or by telephone or electronic mail.



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**PROPOSAL 1 THE MERGER**

***Background of the Merger***

During the past three years, the First Security board and its management have executed on a strategy to strengthen First Security Bank's operations to present an attractive franchise positioned for future growth. Toward this end, the First Security installed a new chief executive officer and executive team, which undertook initiatives to strengthen the compliance function, improve asset quality, change the credit culture, and address funding needs by focusing on core deposit growth.

Periodically, the First Security board has undertaken planning initiatives to identify and evaluate strategies to maximize shareholder value. In July 2017, First Security invited a representative of Raymond James to its regularly scheduled board meeting to provide an update on the banking market as well as a review of First Security's strategic alternatives. A variety of strategies were considered including continued improvement in the First Security Bank's balance sheet, its earnings profile on a stand-alone basis, potential acquisition candidates, strategic mergers and a sale of the company. Following the meeting, the board concluded that First Security's optimal strategy would be to continue to execute on its business plan while opportunistically evaluating other alternatives as they presented themselves.

From September 2017 to December 2017, representatives of Raymond James met periodically with the management team of German American to review opportunities to increase shareholder value, including acquisitions of other financial institutions. During these meetings, German American communicated its desire to expand into the Kentucky market via acquisitions and identified First Security as a potential acquisition partner.

In December 2017, German American communicated to Raymond James its desire to pursue a potential business combination with First Security and asked to set up a meeting between the two companies' chief executive officers. When notified, First Security's President and Chief Executive Officer Michael F. Beckwith discussed the overture from German American and plans for the meeting with First Security Chairman Lee Mitchell.

On January 11, 2018, Mr. Beckwith and a representative of Raymond James met with German American Chairman and Chief Executive Officer Mark A. Schroeder at German American's headquarters in Jasper, Indiana. They discussed the Kentucky banking market, how a transaction might be structured, board and personnel issues, and German American's strategy for expanding into the Kentucky market. The next day Mr. Beckwith reported on the meeting to Mr. Mitchell, who agreed that the discussions should continue.

On January 17, 2018, the two companies entered into a mutual confidentiality agreement to further explore a possible business combination.

From January 2018 through February 2018, Mr. Beckwith met with senior management of German American to discuss each company's operations and business plan, organizational structures, cultural issues, and how First Security might be integrated into German American. During the same period, Messrs. Beckwith and Mitchell discussed the recommendations of First Security's advisors for terminating a preexisting change-in-control agreement and restructuring Mr. Beckwith's compensation arrangements in a manner more favorable for First Security, Mr. Beckwith, and any party to a business combination.

On February 27, 2018, members of German American's management team were granted access to an online data room to begin a due diligence review of First Security.

During March 2018, Messrs. Beckwith and Schroeder spoke several times, discussing feedback from the meetings, German American's intention to engage an advisor on the proposed restructuring, as well as status and timing issues. On March 12, 2018, Messrs. Schroeder and Ewing toured the

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Owensboro, Bowling Green and Franklin, Kentucky markets with Mr. Beckwith. In subsequent calls, Messrs. Beckwith and Schroeder continued to discuss the results of German American's due diligence review and the timing of a forthcoming non-binding indication of interest. The parties tentatively agreed on Mr. Beckwith's role and ongoing compensation. Executives of the two companies, together with representatives of their respective financial advisors, discussed operating budgets and other financial matters.

On April 5, 2018, German American delivered a non-binding indication of interest to First Security. The indication proposed the following key terms:

First Security shares would be valued at \$40.00 per share.

The merger consideration would be comprised of 70% German American shares and 30% cash (\$12.00 per First Security share), subject to adjustment in certain circumstances. The exchange ratio for the stock portion would be fixed, based on a weighted average price of German American shares before the parties sign a definitive merger agreement.

The merger would be a tax-free reorganization.

Stock options would be cashed out for the difference between \$40.00 per share and the option exercise price per share.

The cash portion of the merger consideration could be reduced if and to the extent that First Security did not maintain a minimum net worth at closing.

Mr. Beckwith would be named President of German American's new Kentucky Banking Division.

One First Security director would be considered for appointment to the German American board of directors.

A termination fee of \$5 million would be payable if First Security terminated the definitive agreement in favor of a higher competing offer.

On April 9, 2018, German American delivered a proposed exclusivity agreement providing that during a 45-day period from execution, First Security would work exclusively toward negotiating a definitive agreement with German American, terminate any discussions with any other party, and neither initiate nor encourage or solicit another party to make a competing offer.

The following day, the First Security board met in Owensboro to review German American's indication of interest. Representatives of First Security's outside legal counsel, Frost Brown Todd LLC, reviewed the engagement letter proposal from Raymond James & Associates, the exclusivity proposal from German American, and the directors' fiduciary duties upon receipt of a substantive unsolicited business combination proposal. The board formally approved the engagement of Raymond James as its financial advisor. A representative of Raymond James reviewed the financial terms offered by German American. The board reviewed an analysis that assessed the likelihood, based on publicly available information and certain assumptions, that other banking organizations who might have possible interest in acquiring First Security would have the financial ability to pay more than German American. It also reviewed the proposal to restructure Mr. Beckwith's compensation arrangements. The First Security board then approved granting German American a 45-day exclusivity period and directed management and First Security's financial and legal advisors to proceed with the negotiation of a definitive agreement.

On April 12, 2018, German American's legal counsel, Bingham Greenebaum Doll LLP, delivered a draft of a merger agreement. The parties' respective legal counsels spoke on April 13, 2018, to discuss the exclusivity agreement and to identify and discuss the material issues to be addressed in the merger agreement negotiations. German American and First Security signed the 45-day exclusivity agreement

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on April 18, 2018 and during the following weeks exchanged successive drafts of the merger agreement and ancillary agreements.

On May 14, 2018, Mr. Beckwith contacted representatives of Castle Creek Capital Partners and FJ Capital Management to review the proposed transaction and to discuss the voting and support agreements which the funds they managed and First Security's directors would be asked by German American to sign.

On May 22, 2018, the boards of directors of both First Security and German American met to review and approve the proposed merger agreement, which provided for merger consideration of 0.7982 German American shares plus \$12.00 in cash for each First Security share. At the meeting, a representative of Raymond James orally delivered its opinion that the proposed merger consideration was fair from a financial perspective, and First Security's outside legal counsel reviewed director duties in evaluating a business combination proposal in a single bidder situation and the other terms of the proposed merger. The First Security board also approved a Bonus and Change in Control Termination Agreement with Mr. Beckwith. After their meetings, the parties executed the merger agreement and issued a joint press release announcing the transaction after the close of stock trading at end of the day.

***First Security's Reasons for the Merger and Recommendation of its Board of Directors***

The First Security board considered several factors in concluding that the merger with German American is fair to, and in the best interests of, First Security and its shareholders. The First Security board did not assign any specific or relative weight to the factors in its consideration. The material factors considered by the First Security board included the following:

*The financial terms of the merger, including the merger consideration.* The merger consideration of 0.7982 German American shares plus \$12.00 in cash per First Security share equated to \$40.02 per First Security share based on the \$35.10 closing price of German American stock on Friday, May 18, 2018. The indicated value represented a 48% premium over the \$27.10 closing price of First Security stock on that date. The indicated value also represented 163% of the First Security's tangible book value per share as of March 31, 2018, and 37.7 times First Security's tax-adjusted earnings per share for the twelve months ending March 31, 2018. The First Security board believed these multiples compared favorably to recent transactions involving comparable financial institutions. First Security shareholders would own approximately 8% of the combined company, which would have approximately \$4.0 billion in total assets and \$3.2 billion in deposits.

*German American's financial and stock price performance.* German American is a high performing financial institution. German American has demonstrated strong financial performance in the areas of profitability, expense management and asset quality relative to comparable institutions. During the preceding three years, the trading price of German American stock has increased by 85.3%, compared to 55.4% for the NASDAQ Bank Index, and 27.4% for the S&P 500 Index.

*Prospects for the combined company.* As previously noted, the merger would create a combined company with approximately \$4 billion in total assets and \$3.2 billion in deposits. First Security shareholders would own an 8% stake in a combined company with increased operating scale and earnings power. The combined bank would have a substantial presence in Southern Indiana and Western Kentucky markets with substantially more financial resources than First Security. For example, the combined company would have the capacity to offer larger commercial loans, enabling it to compete more effectively for business customers in those markets.

*An assessment of First Security's strategic alternatives to the merger.* As described under "Background of the Merger" above, the First Security board believes the merger presents a more certain opportunity to enhance shareholder value for First Security shareholders than remaining

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independent. The board considered First Security's strategic plan and how long it would take First Security to achieve a return for its shareholders through organic growth and cost-effective acquisitions comparable to the immediate 48% premium indicated by the merger consideration. Organic growth alone would not likely sustain First Security's desired growth objectives, and the First Security board believed that a strategy of growth through acquisitions was a less certain and less attractive option than the merger, due to the limited acquisition opportunities in the current environment and the challenges inherent in integrating operations. The First Security board also considered whether another financial institution would be likely to place the same value on the First Security franchise as does German American, noting that the Owensboro and other Kentucky markets where First Security operates fit well with German American's business strategy, and First Security's Owensboro operations are close to German American's headquarters in Jasper, Indiana.

*Impact on community, customers and employees.* The merger would result in a market expansion for German American, which the First Security board believed would present meaningful opportunities for First Security officers and employees within the German American organization. The First Security board viewed German American's philosophy and culture to be similar in most respects to First Security's own philosophy and focus, and believed First Security customers would find the community-oriented banking services provided by German American to be comparable to, or more extensive than, the services they currently enjoy.

*Support from significant shareholders.* In addition to the individual First Security directors who agreed to enter into support agreements, Castle Creek Capital Partners V, L.P. and four funds managed by FJ Capital Management LLC, which (as of May 22, 2018) together held 18.7% of First Security's common shares and 38.9% of its outstanding capital shares, agreed to enter into agreements to support and vote in favor of the merger, as more fully described below under "Voting and Support Agreements with Certain First Security Shareholders."

*Greater liquidity.* German American common shares trade on the Nasdaq Global Select Market, with an annual average daily trading volume of more than 43,000 shares during the prior three months, compared to the infrequent daily trading of First Security shares. Owning shares in an institution with a substantially larger market capitalization is expected to provide greater liquidity to shareholders who need or desire to sell their shares.

*Opinion of Raymond James & Associates.* First Security's financial advisor Raymond James & Associates delivered to the First Security board of directors a written opinion dated May 22, 2018, as to the fairness, from a financial point of view, of the merger consideration to the shareholders of First Security as of the date of the opinion, as more fully described below under "Opinion of Financial Advisor to First Security."

Based on its consideration of the preceding factors, and in light of any other factors that individual directors considered as appropriate, the First Security board of directors unanimously approved the merger, determined that the merger consideration is fair to First Security shareholders, and recommended that First Security shareholders approve the merger. In view of the variety of factors considered in connection with its evaluation of the merger, the First Security board of directors did not find it practicable to, and therefore did not, quantify or otherwise assign relative weight to specific factors or methodologies in reaching its conclusions. In addition, individual directors may have given different weight to different factors.

**The First Security board of directors unanimously recommends that First Security shareholders vote "FOR" (1) the proposal to approve the merger agreement, and (2) the proposal to approve adjournments.**

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*German American's Reasons for the Merger*

In deciding to approve the merger with First Security, German American's board of directors considered a number of factors, including:

the expected benefit to German American's existing and future banking customers resulting from the expansion of its banking operations in First Security's banking footprint, as well as the opportunity for future operating efficiencies as a result of the combination of First Security and German American;

the strength of First Security Bank's community banking orientation and the quality of its management, employees and board leadership;

the results of management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality of First Security;

the fairness of the terms of the proposed merger to German American from a financial point of view; and

management's belief, based on historical information with respect to First Security Bank's business, earnings, operations, financial condition, prospects, capital levels and asset quality, that the combined banking company has the ability to thrive and grow in the attractive market of southwestern Indiana and in three key Kentucky markets (Owensboro, Bowling Green and Lexington).

The foregoing discussion of the information and factors considered by the German American board of directors is not intended to be exhaustive, but includes the material factors considered by the German American board of directors. In reaching its decision to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, the German American board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The German American board of directors considered all these factors as a whole, including discussions with, and questioning of, German American's management and German American's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

**For the reasons set forth above, the German American board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of German American and its shareholders, and unanimously approved and adopted the merger agreement.**

**Opinion of Financial Advisor to First Security**

First Security retained Raymond James & Associates, Inc. ("Raymond James") as its financial advisor on April 10, 2018. Pursuant to that engagement, the board of directors of First Security requested that Raymond James deliver its opinion as to the fairness, from a financial point of view, to the holders of First Security's common stock of the merger consideration. Raymond James is a nationally recognized investment banking firm. In the ordinary course of its investment banking business, Raymond James is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. Raymond James's opinion was approved by an opinion committee of Raymond James.

At the May 22, 2018, meeting of the First Security board, a representative of Raymond James rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion to such board dated May 22, 2018, that, based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion, as of such date, the merger consideration to be received by the holders of First Security's common stock pursuant to the merger

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agreement, was fair, from a financial point of view, to such holders of First Security's common stock. For the purposes of its opinion, Raymond James assumed, with First Security's consent, that the merger consideration had a value of \$40.02 per share.

**The full text of the written opinion of Raymond James is attached as Annex B to this document and is incorporated by reference herein. The summary of the opinion of Raymond James set forth in this document is qualified in its entirety by reference to the full text of such written opinion. First Security's common shareholders are urged to read the opinion carefully in its entirety. Raymond James's opinion speaks only as of the date of such opinion. Raymond James's opinion does not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger.**

Raymond James provided its opinion for the information of the First Security board of directors (solely in each director's capacity as such) in connection with, and for purposes of, its consideration of the merger and its opinion only addresses whether the merger consideration to be received by the holders of First Security's common stock was fair, from a financial point of view, to such holders of First Security's common stock as of the date of such opinion. The opinion of Raymond James did not address any other term or aspect of the merger agreement or the merger contemplated thereby. The Raymond James opinion did not constitute a recommendation to the First Security board or to any holder of First Security common stock as to how the First Security board, such holders of First Security common stock or any other person should vote or otherwise act with respect to the merger or any other matter. Raymond James did not express any opinion as to the likely trading range of German American common stock following the merger, which may vary depending on numerous factors that generally impact the price of securities or on the financial condition of German American at that time. Raymond James also did not express any opinion as to the trading price of German American common stock relative to its historical or future financial condition or results of operations.

In connection with its review of the merger and the preparation of its opinion, Raymond James, among other things:

reviewed the financial terms and conditions as stated in the draft of the merger agreement dated May 18, 2018 (the most recent draft then made available to Raymond James);

reviewed certain information related to the historical, current and future operations, financial condition and prospects of First Security made available to Raymond James by First Security, including, but not limited to, financial projections prepared by the management of First Security relating to First Security for the fiscal quarters ending June 30, 2018 through December 31, 2018, and the fiscal years ending December 31, 2019 through December 31, 2022, as approved for Raymond James's use by First Security (the "Projections");

reviewed First Security's recent public filings and certain other publicly available information regarding First Security;

reviewed German American's recent public filings and certain other publicly available information regarding German American;

reviewed financial, operating and other information regarding First Security and the industry in which it operates;

reviewed the financial and operating performance of First Security and those of selected public companies that Raymond James deemed to be relevant;

considered the publicly available financial terms of certain transactions that Raymond James deemed to be relevant;

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reviewed the current and historical market prices and trading volume for German American's common stock, and the current market prices of the publicly traded securities of certain other companies that Raymond James deemed to be relevant;

conducted such other financial studies, analyses and inquiries and considered such other information and factors, as Raymond James deemed appropriate; and

discussed with members of the senior management of First Security and German American certain information relating to the aforementioned and any other matters which Raymond James deemed relevant to its inquiry.

With First Security's consent, Raymond James assumed and relied upon the accuracy and completeness of all information supplied by or on behalf of First Security or otherwise reviewed by or discussed with Raymond James, and Raymond James undertook no duty or responsibility to, nor did Raymond James, independently verify any of such information. Raymond James has not made or obtained an independent appraisal of the assets or liabilities (contingent or otherwise) of First Security or German American. Raymond James rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of First Security or German American. Raymond James did not make an independent evaluation of the adequacy of the allowance for loan losses of First Security or German American, or the combined entity after the merger, and has not reviewed any individual credit files relating to First Security or German American. Raymond James assumed, with First Security's consent, that the respective allowances for loan losses for First Security and German American were adequate to cover such losses and will be, adequate on a pro forma basis for the combined entity. With respect to the Projections and any other information and data provided to or otherwise reviewed by or discussed with Raymond James, Raymond James, with First Security's consent, assumed that the Projections and such other information and data have been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of management of First Security, and Raymond James relied upon First Security to advise Raymond James promptly if any information previously provided became inaccurate or was required to be updated during the period of Raymond James's review. Raymond James expressed no opinion with respect to the Projections or the assumptions on which they were based. Raymond James assumed that the final form of the merger agreement would be substantially similar to the draft reviewed by Raymond James, and that the merger would be consummated in accordance with the terms of the merger agreement without waiver or amendment of any conditions thereto. Furthermore, Raymond James assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct and that each such party would perform all of the covenants and agreements required to be performed by it under the merger agreement without being waived. For the purposes of Raymond James's analysis, with First Security's consent, Raymond James has assumed the conversion to common shares of all of First Security's convertible subordinated debt. Raymond James relied upon and assumed, without independent verification, that (i) the merger would be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the merger would be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have an effect on the merger or First Security that would be material to its analysis or opinion.

Raymond James expressed no opinion as to the underlying business decision to effect the merger, the structure or tax consequences of the merger or the availability or advisability of any alternatives to the merger. Raymond James provided advice to First Security with respect to the merger. Raymond James did not, however, recommend any specific amount of consideration or that any specific consideration constituted the only appropriate consideration for the merger. The Raymond James opinion is limited to the fairness, from a financial point of view, of the merger consideration to be

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received by the holders of First Security's common stock as of the date of the opinion. Raymond James expressed no opinion with respect to any other reasons, legal, business, or otherwise, that may support the decision of the First Security board to approve or consummate the merger. Furthermore, no opinion, counsel or interpretation is intended by Raymond James on matters that require legal, accounting or tax advice. It was assumed that such opinions, counsel or interpretations have been or would be obtained from the appropriate professional sources. Furthermore, Raymond James relied, with the consent of the First Security board, on the fact that First Security has been assisted by legal, accounting and tax advisors and Raymond James had, with the consent of the First Security board, relied upon and assumed the accuracy and completeness of the assessments by First Security and its advisors as to all legal, accounting and tax matters with respect to First Security and the merger, including without limitation that the merger would qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

In formulating its opinion, Raymond James considered only the merger consideration to be received by the holders of First Security's common stock and did not consider nor express an opinion on the fairness of the amount or nature of any compensation to be paid or payable to any of First Security's officers, directors or employees, or class of such persons, whether relative to the compensation received by the holders of First Security's common stock or otherwise. Raymond James was not requested to opine as to, and its opinion does not express an opinion as to or otherwise address, among other things: (1) the fairness of the merger to the holders of any class of securities, creditors, or other constituencies of First Security, or to any other party, except and only to the extent expressly set forth in the last sentence of its opinion or (2) the fairness of the merger to any one class or group of the Company's or any other party's security holders or other constituencies vis-à-vis any other class or group of First Security's or such other party's security holders or other constituents (including, without limitation, the allocation of any consideration to be received in the merger amongst or within such classes or groups of security holders or other constituents). Raymond James expressed no opinion as to the impact of the merger on the solvency or viability of First Security or German American or the ability of First Security or German American to pay their respective obligations when they come due.

The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Accordingly, Raymond James believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create an incomplete or potentially misleading view of the process underlying its analyses and opinion. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on or before May 18, 2018, and is not necessarily indicative of current market conditions.

*Material Financial Analyses*

The following summarizes the material financial analyses reviewed by Raymond James with the First Security board at its meeting on May 22, 2018, which material was considered by Raymond James in rendering its opinion. No company or transaction used in the analyses described below is identical or directly comparable to First Security or the contemplated merger.

*Selected Companies Analysis.* Raymond James analyzed the relative valuation multiples of twenty-two (22) publicly-traded bank holding companies, banks, and thrifts headquartered in the



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Midwest with similar operating characteristics to First Security. The selected companies that Raymond James deemed relevant included the following:

Guaranty Federal Bancshares, Inc.	West Shore Bank Corporation
Westbury Bancorp, Inc.	First Bancorp of Indiana, Inc.
United Bancshares, Inc.	Andover Bancorp, Inc.
Town and Country Financial Corp.	FNBH Bancorp, Inc.
IF Bancorp, Inc.	First Bancshares, Inc.
Central Federal Corp.	First Robinson Financial Corp.
Bancorp of Southern Indiana Inc.	HCB Financial Corp.
Consumers Bancorp, Inc.	First Federal of Northern Michigan Bancorp, Inc.
Northern States Financial Corp	West End Indiana Bancshares Inc.
Sturgis Bancorp Inc.	Equitable Financial Corp.
Royal Financial, Inc.	Century Financial Corp.

Raymond James calculated various financial multiples for each selected public company, including: price per share at close on May 18, 2018 compared to (i) tangible book value ("TBV") per share at March 31, 2018 and (ii) LTM Adjusted Earnings per share ("EPS") for the most recent LTM period reported. Raymond James calculated last-twelve-months earnings adjusting 2017Q4 pre-tax earnings at 2017Q3 effective tax rate ("LTM Adjusted Earnings") for earnings multiples and earnings related ratios of First Security and its selected comparable companies. Additionally, Raymond James adjusted earnings of subchapter S corporations for taxes using a 35% tax rate. Raymond James reviewed the 75<sup>th</sup> percentile, mean, median and 25<sup>th</sup> percentile relative valuation multiples of the selected public companies and compared them to corresponding valuation multiples for First Security implied by the merger consideration. Earnings per share are based on current diluted shares outstanding, adjusted for assumed sub-debt conversion. The results of the selected public companies analysis are summarized below:

#### SUMMARY PRICING MULTIPLES

	Price /			
	TBV per Share	LTM Adj. EPS	LTM Pre-tax	EPS
75th Percentile	135%	24.3x	16.3x	
Mean	122%	22.5x	15.4x	
Median	124%	18.2x	14.8x	
25 <sup>th</sup> Percentile	104%	14.6x	12.1x	
Implied Transaction Metric	163%	37.4x	30.9x	

Furthermore, Raymond James applied the 75<sup>th</sup> percentile, mean, median and 25<sup>th</sup> percentile relative valuation multiples for each of the metrics to First Security's actual financial results to derive an implied transaction consideration. Raymond James then compared those implied values to the merger consideration of \$40.02. The results of this analysis are summarized below:

**IMPLIED COMMON SHARE TRANSACTION  
CONSIDERATION**

	Price /		
	TBV per Share	LTM Adj. EPS	LTM Pre-tax EPS
75th Percentile	\$ 33.22	\$ 26.00	\$ 21.10
Mean	\$ 30.13	\$ 24.11	\$ 19.92
Median	\$ 30.57	\$ 19.53	\$ 19.12
25 <sup>th</sup> Percentile	\$ 25.68	\$ 15.66	\$ 15.65

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*Selected Transactions Analysis.* Raymond James also analyzed publicly available information relating to selected regional transactions announced since December 31, 2015 involving banks and thrifts and bank holding company targets headquartered in the Midwest with operating characteristics similar to First Security as of the announcement date. Raymond James also analyzed publicly available information relating to selected national transactions announced since December 31, 2016 involving banks and thrifts and bank holding company targets headquartered in the United States with operating characteristics similar to First Security as of the announcement date.

### Regional:

Acquisition of United Community Bancorp by Civista Bancshares Inc. (03/12/18)

Acquisition of First Fed of Northern MI Bancorp by Mackinac Financial Corp (01/16/18)

Acquisition of First BancTrust Corp. by First Mid-Illinois Bancshares (12/11/17)

Acquisition of FCB Bancorp, Inc. by MainSource Financial Group (12/19/16)

Acquisition of DCB Financial Corp. by First Commonwealth Financial (12/03/2015)

Acquisition of Liberty Bancshares, Inc. by United Community Bancorp, Inc. (09/30/16)

Acquisition of Ohio Legacy Corp. by United Community Financial Corp. (09/08/16)

Acquisition of Illini Corp. by United Community Bancorp, Inc. (06/08/16)

Acquisition of First Clover Leaf Financial Corp. by First Mid-Illinois Bancshares (04/26/16)

### National:

Acquisition of Northwest Bancorp by First Interstate BancSystem (04/25/18)

Acquisition of Coastway Bancorp, Inc. by HarborOne Bancorp, Inc (MHC) (03/14/18)

Acquisition of United Community Bancorp by Civista Bancshares, Inc. (03/12/18)

Acquisition of First Priority Financial Corp. by Mid Penn Bancorp, Inc. (01/16/18)

Acquisition of First Fed of Northern MI Bancorp by Mackinac Financial Corp (01/16/18)

Acquisition of New Resource Bancorp by Amalgamated Bank (12/15/17)

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Acquisition of First BancTrust Corp. by First Mid-Illinois Bancshares (12/11/17)

Acquisition of Floridian Community Holdings, Inc. by FCB Financial Holdings Inc. (11/27/17)

Acquisition of First WV Bancorp, Inc. by CB Financial Services, Inc. (11/16/17)

Acquisition of Southwest Banc Shares, Inc. by First Bancshares, Inc. (10/24/17)

Acquisition of Bay Bancorp, Inc. by Old Line Bancshares, Inc. (09/27/17)

Acquisition of First Commons Bank NA by Brookline Bancorp, Inc. (09/21/17)

Acquisition of Valley Bancorp, Inc. by Triumph Bancorp, Inc. (07/26/17)

Acquisition of Community 1st Bancorp by First Foundation, Inc. (06/15/17)

Acquisition of ASB Bancorp, Inc. by First Bancorp (05/01/17)

Acquisition of Community Bk of Bergen County by Sussex Bancorp (04/11/17)

Acquisition of Anchor Bancorp by Washington Federal, Inc. (04/11/17)

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## Acquisition of DCB Bancshares Inc. by Old Line Bancshares Inc. (02/01/17)

Raymond James examined valuation multiples of transaction value compared to the target companies' (i) most recent quarter TBV per share; (ii) LTM Net Income at the time of announcement; and (iii) core deposits (total deposits less time deposits greater than \$250,000). Raymond James reviewed the 75<sup>th</sup> percentile, mean, median and 25<sup>th</sup> percentile relative valuation multiples of the selected transactions.

Regional Transactions:

## SUMMARY TRANSACTION MULTIPLES

	TBV	LTM Adj. Earnings	Deal Value / LTM Pre-tax Earnings	Premium / Core Deposits
75th Percentile	171%	30.1x	20.8x	9.0%
Mean	150%	26.1x	20.3x	6.3%
Median	140%	24.3x	18.3x	6.4%
25 <sup>th</sup> Percentile	132%	21.5x	16.0x	3.5%
Implied Transaction Metric	164%	37.7x	31.1x	9.5%

National Transactions:

## SUMMARY TRANSACTION MULTIPLES

	TBV	LTM Adj. Earnings	Deal Value / LTM Pre-tax Earnings	Premium / Core Deposits
75th Percentile	190%	35.3x	23.3x	11.5%
Mean	171%	30.0x	22.4x	9.5%
Median	168%	30.0x	19.5x	9.8%
25 <sup>th</sup> Percentile	158%	25.1x	16.9x	6.9%
Implied Transaction Metric	164%	37.7x	31.1x	9.5%

Furthermore, Raymond James applied the 75<sup>th</sup> percentile, mean, median and 25<sup>th</sup> percentile relative valuation multiples to First Security's TBV, LTM Adjusted Earnings, and core deposits and adjusted those values for the full conversion convertible sub-debt into common shares. Raymond James then compared those implied values to the merger consideration of \$40.02. The results of the selected transactions analysis are summarized below:

Regional Transactions:IMPLIED COMMON SHARE TRANSACTION  
CONSIDERATION

	TBV	LTM Adj. Earnings	Deal Value / LTM Pre-tax Earnings	Premium / Core Deposits
75th Percentile	\$ 41.74	\$ 32.13	\$ 27.01	\$ 39.11
Mean	\$ 36.71	\$ 27.89	\$ 26.38	\$ 34.75
Median	\$ 34.18	\$ 26.03	\$ 23.81	\$ 35.00
25 <sup>th</sup> Percentile	\$ 32.37	\$ 23.13	\$ 20.83	\$ 30.26

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**IMPLIED COMMON SHARE TRANSACTION  
CONSIDERATION**

	TBV	Deal Value /		Premium / Core Deposits
		LTM Adj. Earnings	LTM Pre-tax Earnings	
75th Percentile	\$ 46.39	\$ 37.57	\$ 30.11	\$ 43.14
Mean	\$ 41.71	\$ 32.02	\$ 28.96	\$ 39.91
Median	\$ 41.13	\$ 31.98	\$ 25.35	\$ 40.41
25 <sup>th</sup> Percentile	\$ 38.75	\$ 26.89	\$ 22.00	\$ 35.70

*Discounted Cash Flow Analysis.* Raymond James analyzed the discounted present value of First Security's projected free cash flows for the three months ending December 31, 2018 and the 12 months ending December 31, 2019 through December 31, 2022 on a stand-alone basis, as provided by First Security's management. Raymond James used tangible common equity in excess of a target ratio of 8.0% of tangible assets at the end of each projection period for free cash flow.

The discounted cash flow analysis was based on the Projections. Consistent with the periods included in the Projections, Raymond James used calendar year 2022 as the final year for the analysis and applied multiples, ranging from 13.0x to 17.0x, to calendar year 2022 adjusted net income in order to derive a range of terminal values for First Security in 2022. The projected free cash flows and terminal values were discounted to present value using rates ranging from 11.5% to 15.5%.

The resulting range of present equity values was divided by the number of diluted shares outstanding adjusted by the full conversion convertible sub-debt common shares. Raymond James reviewed the range of per share prices derived in the discounted cash flow analysis and compared them to the price per share for First Security implied by the merger consideration of \$40.02. The results of the discounted cash flow analysis indicated a range of values from \$24.60 per share to \$32.73 per share.

In connection with its analyses, Raymond James considered and discussed with First Security's management how the discounted cash flow analyses would be affected by changes in the underlying assumptions. Raymond James noted that discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results are not necessarily indicative of actual values or future results.

*Additional Considerations.* The preparation of a fairness opinion is a complex process and is not susceptible to a partial analysis or summary description. Raymond James believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would create an incomplete view of the process underlying its opinion. In addition, Raymond James considered the results of all such analyses and did not assign relative weights to any of the analyses, but rather made qualitative judgments as to significance and relevance of each analysis and factor, so the ranges of valuations resulting from any particular analysis described above should not be construed to be the view of Raymond James as to the actual value of First Security. Raymond James did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Raymond James made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Raymond James made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the control of First Security. The analyses performed by Raymond James are not necessarily indicative of actual values, trading values or actual future results which might be achieved,

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all of which may be significantly more or less favorable than suggested by such analyses. Such analyses were provided to the First Security board (solely in each director's capacity as such) and were prepared solely as part of the analysis of Raymond James of the fairness, from a financial point of view, of the merger consideration to the holders of First Security's common stock as of the date of the opinion. The analyses do not purport to be appraisals or to reflect the prices at which companies may actually be sold, and such estimates are inherently subject to uncertainty. The opinion of Raymond James was one of many factors taken into account by the First Security board in making its determination to approve the merger. Neither Raymond James's opinion, nor the analyses described above should be viewed as determinative of the board's or First Security management's views with respect to First Security, German American, or the merger. Raymond James provided advice to First Security with respect to the merger. Raymond James did not, however, determine the amount of consideration, recommend any specific amount of consideration to the First Security board or recommend that any specific consideration constituted the only appropriate consideration for the Merger. First Security placed no limits on the scope of the analyses performed, or opinion expressed, by Raymond James.

Raymond James's opinion was necessarily based upon market, economic, financial and other circumstances and conditions existing and disclosed to it as of May 18, 2018, and any material change in such circumstances and conditions may affect the opinion of Raymond James, but Raymond James does not have any obligation to update, revise or reaffirm that opinion. Raymond James relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of First Security since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Raymond James that would be material to its analyses or its opinion, and that there was no information or any facts that would make any of the information reviewed by Raymond James incomplete or misleading in any material respect.

*Raymond James's Compensation and Other Relationships with First Security and German American.*

During the two years preceding the date of Raymond James's written opinion, Raymond James has not been engaged by, performed services for or received any compensation from First Security (other than any amounts that were paid to Raymond James under the engagement letter described in this proxy statement/prospectus pursuant to which Raymond James was retained as a financial advisor to First Security to assist in reviewing strategic alternatives).

First Security has agreed to pay Raymond James a fee for advisory services in connection with the merger in an amount equal to 1.45% of the merger consideration at the closing of the merger. First Security has paid Raymond James a retainer fee of \$25,000 in connection with its engagement as First Security's financial advisor. For services rendered in connection with the delivery of its opinion, First Security paid Raymond James \$200,000 upon delivery of its opinion. First Security also agreed to reimburse Raymond James for its expenses incurred in connection with its services, including the fees and expenses of its counsel, and will indemnify Raymond James against certain liabilities arising out of its engagement. Raymond James advised the First Security board that Raymond James provided investment banking services to, and received fees from German American in the two years preceding the date of its opinion. In 2018, Raymond James served as financial advisor to German American in connection with its acquisition of certain assets and liabilities from MainSource Financial Group, Inc. and received a fee of \$200,000 for such transaction.

Raymond James is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions. In the ordinary course of business, Raymond James may trade in the securities of First Security and German American for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. Raymond James may provide investment banking, financial advisory and other financial services to First Security

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and/or German American or other participants in the merger in the future, for which Raymond James may receive compensation.

***Interests of First Security's Directors and Executive Officers in the Merger***

When you consider the recommendation of the First Security board of directors to approve the merger agreement and the merger, you should be aware that certain of First Security's directors and executive officers may have (or have had) interests in connection with the merger that are (or were) different from, or in addition to, your interests as shareholders generally and that may present actual or apparent conflicts of interests.

**Cash Payment for Outstanding Options.** The merger agreement obligates German American to pay cancellation payments to the holders of outstanding options to purchase shares of First Security common stock in connection with the closing of the merger. The cancellation payment for each stock option for a share of First Security common stock will be payable in cash in an amount equal to (i) \$40.00, adjusted for any Shortfall Adjustment (as defined in the merger agreement), less (ii) the option exercise price per share, and less (iii) any applicable withholding taxes. German American estimates that (assuming that the market value of German American's shares does not vary materially from its market value at about the time of this proxy statement/prospectus, and that none of the options are exercised) the option cancellation payments will total approximately \$751,842 of which approximately \$552,500 will be payable to persons who are executive officers or directors of First Security or of First Security Bank. Further, all outstanding options that First Security has issued to employees or directors of First Security or First Security Bank, if and to the extent that they are not yet vested, will become vested as of the date First Security shareholders approve the merger, including options for 42,500 shares granted to directors and executive officers.

**Change in Control and Bonus Payments.** First Security has entered into a Bonus and Change in Control Termination Agreement, dated May 22, 2018, with Michael Beckwith in consideration for such executive officer's past services to First Security, his continued employment with First Security through the closing of the merger, and his agreeing to terminate a then-existing change in control agreement. The consummation of the transactions contemplated by the merger will result in an obligation to pay to Mr. Beckwith a change in control benefit in the amount of \$450,000. That amount will be paid to such employee at the closing of the merger. In addition, such agreement also provides that Mr. Beckwith is entitled to receive (irrespective of whether the merger closes or not) a bonus payment in the amount of \$500,000 on or before the earlier of (i) the closing of the merger, or (ii) March 15, 2019.

Section 280G of the Code provides that payments related to a change in control that equal or exceed three times an individual's "base amount" (defined as average annual taxable compensation over the five preceding calendar years) constitute "excess parachute payments." If the change in control payments exceed three times the individual's base amount, the Code imposes a 20% excise tax on the amount that exceeds the individual's base amount and Section 280G of the Code limits the employer's deduction to the base amount. The lump sum payable to Mr. Beckwith upon the change in control of First Security will not constitute an excess parachute payment.

**Employment Agreements.** The closing of the merger is conditioned upon German American entering into an employment agreement with Mr. Beckwith that will become effective upon the effective time of the merger. Under this employment agreement, Mr. Beckwith will be employed by German American, on an at-will basis, as Kentucky Divisional President, with compensation and benefits agreed to by the parties at the effective time. To induce the Mr. Beckwith to enter into this at-will employment relationship with German American and to the terms and conditions of the employment agreement, German American will pay Mr. Beckwith a lump sum payment of \$125,000 on each of the first and second anniversaries of the merger effective date, subject to Mr. Beckwith's continued employment.



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**Board Appointments.** The merger agreement obligates German American to appoint one person who is currently a member of the First Security board of directors (chosen by German American after consultation with First Security) to the German American board of directors. German American must also appoint all of First Security's current independent directors, other than the director to be appointed to German American's board, to a newly created Regional Advisory Board of German American. Each of the First Security directors appointed to either of these boards will be entitled to receive compensation from German American for his or her service. As of the date of this proxy statement/prospectus, it has not yet been determined which First Security director will be appointed to the German American board of directors.

**Indemnification and Continued Director and Officer Liability Coverage.** From and after the effective time of the merger, German American has agreed to indemnify and hold harmless each present and former director, manager and officer of First Security and each of its subsidiaries (each, an "Indemnified Party") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the effective time, whether asserted or claimed prior to, at or after the effective time, to the same extent (and subject to the making of the same findings as to eligibility for such indemnification and/or advancement of expenses) that such Indemnified Party would have been indemnified (or entitled to advancement of expenses) as a director, manager or officer of First Security or any of its subsidiaries (including without limitation service as a trustee or in any similar capacity with respect to any First Security employee benefit plan), under applicable Kentucky or Indiana law or any organizational documents of First Security and any of its subsidiaries as in effect as of the date of the merger agreement. In addition, German American has agreed to provide directors' and officers' liability insurance coverage for a period of six (6) years following the effective time of the merger to the persons serving as officers, managers and directors of First Security and any of its subsidiaries immediately prior to the effective time of the merger under the directors' and officers' liability insurance policy currently maintained by First Security or under a policy with comparable or better coverage; provided that German American is not obligated to pay more than 150% of the annual premium paid by First Security for such insurance. If the cost of insurance exceeds such limit, German American will use its reasonable efforts to obtain as much comparable coverage as possible.

The board of directors of First Security was aware of these differing interests and potential conflicts and considered them, among other matters, in evaluating and negotiating the merger agreement with German American and in recommending that First Security's shareholders approve and adopt the proposals to be voted upon at the special meeting.

***Regulatory Approvals***

On or about July 11, 2018, German American submitted a request to the Federal Reserve Bank of St. Louis, acting as the delegate of the Board of Governors of the Federal Reserve System under the Bank Holding Company Act, for a determination by the Reserve Bank that German American need not submit an application for approval of the merger under that Act.

In addition, the banking subsidiary of German American submitted an application to the Federal Deposit Insurance Corporation ("FDIC") on or about June 15, 2018, seeking approval by the FDIC of the merger of First Security Bank into German American's banking subsidiary.

Further, on or about June 15, 2018, the banking subsidiary of German American submitted (i) an application to the Indiana Department of Financial Institutions, and (ii) a copy of its FDIC application to the Kentucky Department of Financial Institutions, in each case seeking approval of the merger of First Security Bank into German American's banking subsidiary.

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German American cannot be certain when or if such waivers or approvals will be received.

***Exchange Agent***

German American has appointed Computershare, Inc. ("Computershare") as its exchange agent for purposes of exchanging First Security shares held by its shareholders for the merger consideration.

***Dividends and Distributions***

Under the terms of the merger agreement, prior to the closing of the merger, First Security is prohibited from declaring or paying any cash dividend or other distribution to First Security shareholders, except First Security's quarterly cash dividend in an amount not to exceed \$0.17 per share; provided, however, First Security and German American must coordinate First Security's dividend schedule for the quarter in which the merger closing occurs so that First Security's shareholders do not receive dividends for shares of both German American common stock and First Security common stock for the same calendar quarter.

***Appraisal or Dissenters' Rights***

Each share of First Security common stock held by a shareholder who has given notice of its intention to assert the right to dissent in accordance with Kentucky law, has not voted to approve the merger agreement, and has otherwise complied with the applicable provisions of the Kentucky Business Corporation Act ("KBCA") to dissent from the merger will not be converted into the right to receive the merger consideration. Instead, such a dissenting shareholder will become entitled to receive whatever may be determined to be the "fair value" of the dissenter's shares under the applicable provisions of the KBCA. If at any time a First Security shareholder fails to take an action required to perfect its rights as a dissenting shareholder, that shareholder will be treated as though its First Security shares had been converted at the effective time into the right to receive the merger consideration, without any interest thereon. First Security will give German American prompt notice of any shareholder demands received by First Security for payment of the fair value of First Security common stock. Prior to the effective time, First Security will not make any payment with respect to, or settle or offer to settle, any such demands except with prior consent of German American. For more information regarding the right of First Security shareholders to dissent from the Merger, see the section entitled "THE MERGER AGREEMENT Dissenters' Rights of Appraisal" beginning on page 64 of this proxy statement/prospectus. In addition, a copy of Chapter 271B, Subtitle 13, Title XXIII of the KBCA, the Kentucky dissenters' rights statute, is attached as Annex C to this proxy statement/prospectus.

***Material U.S. Federal Income Tax Consequences***

German American and First Security expect the merger to qualify as a "reorganization" (within the meaning of Section 368(a) of the Code) for U.S. federal income tax purposes. If the merger qualifies as a reorganization, then, in general, for U.S. federal income tax purposes, as a result of the merger:

First Security shareholders will recognize gain (but not loss) in an amount not to exceed the cash received as part of the merger consideration and will recognize gain or loss with respect to any cash received in lieu of fractional shares of German American common stock; and

First Security shareholders will not recognize gain (or loss) as a result of receiving shares of German American common stock in the merger.

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See "MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES" beginning on page 79 for a summary of the material U.S. federal income tax consequences of the merger to U.S. holders of First Security common stock.

Because individual circumstances may differ, each shareholder should, at their own expense, consult such shareholder's tax advisor regarding the applicability of the rules discussed in this proxy statement/prospectus to the shareholder and the particular tax effects to the shareholder of the merger and the holding or disposing of German American shares in light of such shareholder's particular circumstances, the application of state, local and foreign tax laws, and, if applicable, the tax consequences of (a) the transactions described in this proxy statement/prospectus relating to equity compensation and benefit plans, and (b) the receipt of any pre-merger cash dividends from First Security.

*Sources of Funds*

The cash portion of the aggregate merger consideration, including cash amounts required to settle fractional interests and to fund the cash payments to First Security shareholders and holders of options to purchase First Security common shares, is expected to be funded from cash on hand at German American at the time of closing.

**THE MERGER AGREEMENT**

The following summary describes material provisions of the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. This summary is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus. You are urged to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.

The merger agreement summary below is included in this proxy statement/prospectus only to provide you with information regarding the terms and conditions of the merger agreement, and not to provide any other factual information regarding German American, First Security or their respective businesses. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this proxy statement/prospectus and in the documents incorporated by reference into this document. See also "WHERE YOU CAN FIND MORE INFORMATION" on page 83.

The representations, warranties and covenants contained in the merger agreement and described in this proxy statement/prospectus

were made only for purposes of the merger agreement and as of specific dates and may be subject to more recent developments,

were made solely for the benefit of the parties to the merger agreement,

may be subject to limitations agreed upon by the contracting parties, including being qualified by reference to confidential disclosures,

were made for the purposes of allocating risk between parties to the merger agreement instead of establishing these matters as facts, and

may apply standards of materiality in a way that is different from what may be viewed as material by you or by other investors.

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Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time. The representations and warranties contained in the merger agreement do not survive the effective time of the merger.

**General**

The merger agreement provides for the merger of First Security with and into German American, with German American surviving the merger and continuing under the name "German American Bancorp, Inc." Immediately following the merger of First Security with German American, First Security Bank will merge with and into German American Bank (the bank subsidiary of German American), with German American Bank surviving the merger and continuing under the name "German American Bank."

**Time of Completion**

Unless the parties agree otherwise and unless the merger agreement has otherwise been terminated, the closing of the merger will take place on the first day of the calendar month (other than a calendar month in which the last day of a calendar quarter occurs) following (i) the shareholders of First Security having approved and adopted the merger agreement, (ii) the expiration of all waiting periods in connection with either the bank regulatory applications filed for approval of the merger or stock market requirements and (iii) the satisfaction of all other conditions to closing of the transaction described in the merger agreement (the "Closing Date") See "THE MERGER AGREEMENT Conditions to Completion of the Merger" on page 60.

We are working diligently to complete the merger quickly. We currently expect that the merger will be closed on October 1, 2018. However, because completion of the merger is subject to regulatory approvals and other conditions that have not yet been obtained and are beyond our control, we cannot guarantee the actual timing.

**Consideration to be Received in the Merger**

If the merger is completed, the shares of First Security common stock that you own immediately before the completion of the merger will be converted into a right to receive shares of German American common stock and cash. At the effective time of the merger, each issued and outstanding share of First Security common stock (other than Dissenting Shares and shares of First Security common stock held by the KSOP) will be converted into the right to receive (i) 0.7982 shares of German American common stock (and cash in lieu of any fractional share interests), plus (ii) a cash payment of \$12.00 (subject to reduction as described below).

The KSOP, as a record holder of shares of First Security common stock immediately prior to the effective time of the merger, shall be entitled to receive from German American, for each share of First Security common stock then held of record by the KSOP, a cash payment equal to \$40.00. Any option to acquire a share of First Security common stock outstanding at the effective time of the merger will be cancelled in exchange for a cash payment equal to (a) \$40.00, less (b) the applicable exercise price, and less (c) any withholding taxes. The cash payment per outstanding share (including each KSOP share) and per outstanding option described above are also subject to reduction in the event the "Effective Time Book Value" (as defined below) of First Security falls below certain thresholds at the time of closing of the Merger.

Fractional shares of German American common stock will be paid for in cash equal to the product of the fractional share and the volume weighted average of the trading prices of German American common stock, rounded to the nearest cent, during the twenty trading days ended on the trading day that is the second business day preceding the closing date for the merger, as reported by Bloomberg L.P.

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***Calculation of Possible Reduction in Cash Payments***

The merger agreement provides that the cash merger consideration, the KSOP cash payment and the option cancellation payment are each subject to reduction in the event that First Security's "Effective Time Book Value" is less than its "Target Book Value." The dollar amount by which such target, as applicable, is not satisfied is referred to in the merger agreement as the "Shortfall," which will be determined (if it exists) by the parties at the merger closing in accordance with the merger agreement as follows:

For purposes of determining whether there exists (and, if so, the dollar amount of) any Shortfall, the merger agreement defines the "Effective Time Book Value" as being the estimated shareholders' equity of First Security as of the end of the effective time of the merger determined in accordance with United States generally accepted accounting principles ("GAAP"), as adjusted to reflect a reasonable projection of the operations of First Security from the date of delivery of the estimate through the effective time of the merger, to the reasonable satisfaction of German American, to be delivered by First Security to German American no later than five (5) business days prior to the Closing Date, and which shall reflect an allowance for loan and lease losses calculated in a manner consistent with First Security Bank's historical practices;

For purposes of the preceding item, a "reasonable projection of operations" will be based on the average monthly operations of First Security during the six-month period ending on the end of the month prior to the effective time of the merger;

The merger agreement specifies that the Effective Time Book Value will reflect all after-tax accruals for all of First Security's and any of its subsidiaries' fees, expenses and costs relating to the mergers (regardless of whether GAAP would require that such obligations be accrued as liabilities as of the merger's effective time), including but not limited to those incurred by First Security or any of its subsidiaries in negotiating the terms of the mergers, preparing, executing and delivering the merger agreement, change of control or success bonuses, if any, to officers or directors as a result of the mergers, additional accruals required pursuant to any director deferred compensation agreements, if any, obtaining shareholder and regulatory approvals, and closing the mergers, costs of taking reasonable environmental remedial and corrective actions (as specified in the merger agreement), costs to cure or remove any material title or survey defects that German American deems unacceptable (as specified in the merger agreement), and including fees, expenses and costs that might not be deemed earned or become payable until after the effective time of the merger (such as investment banking fees and similar payments for services performed prior to the effective time that may not be deemed earned unless and until the mergers have become effective);

In computing the Effective Time Book Value, the merger agreement expressly provides that none of the following will be considered in the calculation: (1) gains or losses on sales of securities by First Security or any of its subsidiaries incurred after April 1, 2018; (2) the increase of assets or decrease of liabilities based on the issuance of any shares of capital stock for consideration, including, but not limited to, the conversion of any convertible subordinated notes after April 1, 2018 pursuant to their terms; (3) any changes to the value of First Security's investment portfolio attributed to applicable accounting rules, whether upward or downward, from April 1, 2018 until the measurement date; (4) any fees payable upon the termination of any of First Security's contracts; and (5) the "Catch-Up Bonus" (as defined in that certain Bonus and Change in Control Termination Agreement between First Security and Michael F. Beckwith); and

For the purposes of whether there exists (and, if so, the dollar amount of) any Shortfall, the merger agreement defines "Target Book Value" to be an amount equal to: (1) \$58,250,000; (2) adjusted upward by the product of \$9,000 and the number of days the effective time of the merger is after October 1, 2018; and (3) less dividends paid after October 1, 2018.

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In the event of such a Shortfall, then the cash merger consideration, the KSOP cash payment and the option cancellation payment shall be reduced by a per share amount (rounded to the nearest whole cent) equal to the quotient obtained by dividing the dollar amount of the Shortfall by (x) the number of shares of First Security common stock outstanding that is eligible to receive a Cash Payment, plus (y) the number of shares of First Security Common outstanding that is eligible to receive an ESOP Cash Payment, plus (z) the number of unissued shares of First Security common stock subject to an option that is eligible to receive a Cancellation Payment. First Security does not anticipate that any Shortfall adjustment to the cash consideration will be necessary.

***Exchange of Certificates***

Computershare (German American's transfer agent and registrar) will act as the exchange agent and handle the exchange of First Security stock certificates for certificates representing German American's shares and any cash consideration that may be payable to First Security shareholders. Within five business days after the effective time of the merger, the exchange agent will send a letter of transmittal to each former First Security shareholder who holds one or more stock certificates. The letter of transmittal will contain instructions explaining the procedure for surrendering First Security stock certificates. You should NOT return stock certificates with the enclosed proxy card.

First Security shareholders who surrender their stock certificates, together with a properly completed letter of transmittal, will receive certificates for the shares of German American's common stock into which their shares of First Security common stock were converted pursuant to the merger and a check for the amount of cash consideration (if any) to which such shareholder is entitled.

With respect to holders of shares of First Security common stock held in book-entry form, the exchange agent will deliver (1) a statement detailing the holders' book-entry shares of German American common stock into which those shares of First Security common stock have been converted, and (2) payment for cash-in-lieu of a fractional share and the merger cash consideration, in a separate mailing, as promptly as reasonably practicable after the effective time of the merger, without the shareholder being required to deliver a First Security stock certificate or any letter of transmittal, "agent's message" or other documents to the exchange agent.

After the merger, each certificate that previously represented shares of First Security common stock will only represent the right to receive:

certificates representing the shares of German American's common stock into which those shares of First Security common stock have been converted; cash in the amount of the cash merger consideration, if any, and cash in lieu of any fractional share of German American common stock; or

the right to receive payment of the fair value of Dissenting Shares in accordance with the provisions of the KBCA, as described below under "Dissenters' Rights of Appraisal."

After the completion of the merger, First Security will not register any transfers of shares of First Security common stock.

***First Security Restrictions***

Under the merger agreement, First Security has agreed to certain restrictions on its activities until the merger is completed or terminated. In general, First Security and its subsidiaries are required to conduct their respective businesses and to discharge or incur obligations and liabilities only in the ordinary course of business, as conducted prior to the execution of the merger agreement.

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The following is a summary of the more significant items which First Security and its subsidiaries cannot take without German American's prior consent, subject to the exceptions set forth in the merger agreement:

declaring or paying any dividends on shares of First Security common stock or making any other distribution to shareholders, except First Security's quarterly cash dividend in an amount not to exceed \$0.17 per share; provided, however, First Security and German American shall coordinate First Security's dividend schedule for the quarter in which the merger closing occurs so that First Security's shareholders receive dividends for one of, but not both German American common stock and First Security common stock for the same calendar quarter;

issuing or agreeing to issue any stock or other equity securities (except for the issuance of shares upon the exercise of stock options, to fund any quarterly matching contribution under the KSOP or upon the conversion of any of First Security's convertible subordinated notes) or any options, warrants or other rights to subscribe for or purchase common or any other capital stock or securities convertible into or exchangeable for any capital stock or equity securities;

redeeming, purchasing or otherwise acquiring any of the common or any other capital stock of First Security or any of its subsidiaries;

effecting a stock split, reverse split, reclassification or other similar change in any common or other capital stock or otherwise reorganizing or recapitalizing;

changing the organizational documents of First Security or any of its subsidiaries;

except as separately set forth in the merger agreement or agreed to by German American, paying or agreeing to pay any bonus, additional compensation (other than bonuses not to exceed \$100,000 in the aggregate payable to employees of First Security and its subsidiaries for the purpose of inducing such employees to continue providing services to First Security and its subsidiaries through the effective date of the merger, and other ordinary and normal bonuses and salary increases consistent with past practices), or severance benefit or otherwise making any changes out of the ordinary course of business with respect to the fees or compensation payable or to become payable to consultants, advisors, investment bankers, brokers, attorneys, accountants, directors, officers or employees;

except as separately set forth in the merger agreement or agreed to by German American or required by law, adopting, terminating or making any change in any employee benefit plan or other arrangement or payment made to, for or with any of such consultants, advisors, investment bankers, brokers, attorneys, accountants, directors, officers or employees;

borrowing or agreeing to borrow any material amount of funds except in the ordinary course of business, or directly or indirectly guaranteeing or agreeing to guarantee any material obligations of others except in the ordinary course of business or pursuant to outstanding letters of credit;

making or committing to make loans or loan commitments or renewals of loans, or purchasing loan participations, in amounts exceeding certain specified amounts;

purchasing or otherwise acquiring any investment security for the accounts of First Security or its subsidiaries, or selling any investment security owned by any of them which is designated as held-to-maturity, or engaging in any activity that would require the establishment of a trading account for investment securities;

increasing or decreasing the rate of interest paid on time deposits, or on certificates of deposit, except in a manner consistent with market conditions and pursuant to policies consistent with past practices;



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entering into or amending any material agreement, contract or commitment out of the ordinary course of business;

except in the ordinary course of business, placing on any of their assets or properties any mortgage, pledge, lien, charge, or other encumbrance;

except in the ordinary course of business, canceling, releasing, compromising or accelerating any material indebtedness owing to First Security or any of its subsidiaries, or any claims which any of them may possess, or voluntarily waiving any material rights with respect thereto;

selling or otherwise disposing of any loan, loan participation, real property or any material amount of any personal property other than properties acquired in foreclosure or otherwise in the ordinary course of collection of indebtedness;

foreclosing upon or otherwise taking title to or possession or control of any real property (other than certain single-family, non-agricultural residential property) without first obtaining a phase one environmental report thereon, prepared by a reliable and qualified person or firm reasonably acceptable to German American, which does not indicate the presence of material or reportable quantities of pollutants, contaminants or hazardous or toxic waste materials on the property;

committing any act, or failing to do any act, that causes a material breach of any material lease, agreement, contract or commitment;

violating any law, statute, rule, governmental regulation or order, which violation might have a "material adverse effect" as defined in the merger agreement;

purchasing any real or personal property or making any other capital expenditure where the amount paid or committed therefor is in excess of certain individual and aggregate threshold dollar amounts, other than purchases of property made in the ordinary course of business in connection with loan collection activities or foreclosure sales in connection with any of First Security Bank's loans;

issuing certificate(s) for shares of First Security common stock to any First Security shareholder in replacement of certificate(s) claimed to have been lost or destroyed without first obtaining from such shareholder(s), at the expense of such shareholder(s), a surety bond from a recognized insurance company in an amount that would indemnify First Security (and its successors) against loss on account of such lost or destroyed certificate(s) (in an amount not less than 150% of the amount that German American's transfer agent would require in the case of lost or destroyed stock certificates of equal value of German American common stock), and obtaining a usual and customary affidavit of loss and indemnity agreement from such shareholder(s);

holding a special, regular or annual meeting (or take action by consent in lieu thereof) of the board of directors, managers or shareholders, as applicable, of First Security or any of its subsidiaries for the purpose of appointing or electing any new member to the board of directors or as a manager of First Security or any of its subsidiaries (whether to fill a vacancy or otherwise) unless such new member of the board of directors or manager is approved in advance in writing by German American;

making or changing any election, changing an annual accounting period, adopting or changing any accounting method, filing any amended tax returns, entering into any closing agreement, settling any tax claim or assessment relating to First Security or any of its subsidiaries, surrendering rights to claim a refund of taxes, consenting to any extension or waiver of the limitation period applicable to any tax claim or assessment relating to First Security or any of its



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subsidiaries, or taking any other similar action relating to the filing of any tax return or the payment of any tax, except as required by law;

merging, combining, or consolidating with or, other than in the ordinary course of business consistent with past practice, selling the assets or the securities of First Security or any of its subsidiaries to any other person, corporation, or entity, effecting a share exchange or entering into any other transaction not in the ordinary course;

failing to maintain First Security Bank's reserves for loan losses, or any other reserve account, in the ordinary course of business and in accordance with sound banking practices; or

agreeing in writing to take any of the foregoing actions.

In addition, First Security agreed to notify German American in writing of the occurrence of any matter or event known to First Security that is, or is likely to have a "material adverse effect" on the business, operations, properties, assets or financial condition of First Security or any of its subsidiaries, as that term is defined in the merger agreement.

***Redemption and Conversion of Convertible Subordinated Notes***

On June 1, 2018, First Security called its convertible subordinated notes for redemption in full on July 1, 2018. Noteholders holding \$5,503,000 principal amount of the notes subsequently elected to convert them into First Security common stock. Based on the conversion ratio of 31.8167 shares for each \$1,000 principal amount (or \$31.43 per First Security share), First Security issued 175,008 shares of its common stock to the converting noteholders and paid approximately \$2,500 to cash out fractional shares. On July 1, 2018, First Security redeemed the remaining notes, paying the \$1,080,000 outstanding principal amount plus \$18,900 of interest.

***First Security Non-Solicitation and Non-Discussion Covenants***

First Security has agreed that, until the effective time of the merger or until the termination of the merger agreement, except with the written approval of German American, First Security will neither permit nor authorize its directors, officers, employees, agents or representatives (or those of its subsidiaries) to, directly or indirectly, initiate, solicit or encourage, or to the extent required under the fiduciary duties applicable to the First Security directors under Kentucky law (in which case German American's prior written approval shall not be required), provide information to, any corporation, association, partnership, person or other entity or group concerning any merger, consolidation, share exchange, combination, purchase or sale of substantial assets, sale of shares of common stock (or securities convertible or exchangeable into or otherwise evidencing, or any agreement or instrument evidencing the right to acquire, capital stock) or similar transaction relating to First Security or any of its subsidiaries or to which First Security or any of its subsidiaries or their respective shareholders or members may become a party (all such transactions are referred to in this proxy statement/prospectus as "acquisition transactions"). First Security also agreed to promptly communicate to German American the terms of any inquiry, proposal, indication of interest, or offer which First Security or any of its subsidiaries receives with respect to an acquisition transaction.

***First Security Board Recommendation Requirements***

The merger agreement contains provisions that require First Security's board of directors to submit the merger agreement for consideration by First Security's shareholders at the special meeting. Unless precluded by applicable fiduciary duties (and except with respect to any director acting individually in the capacity as a trustee of the KSOP), the board of directors, acting unanimously, must recommend that First Security's shareholders approve the merger agreement and the plan of merger.

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***German American Covenants***

German American has agreed to use its best efforts to perform and fulfill all conditions and obligations to be performed or fulfilled under the merger agreement and to effect the merger in accordance with the terms and conditions set forth in the merger agreement. German American has also agreed to file or cooperate with First Security in filing all regulatory applications required in order to consummate the merger, and the merger of First Security Bank into German American Bank, including all necessary applications for the prior approvals (if not waived) of the Federal Reserve Board under the Bank Holding Company Act, the Indiana Department of Financial Institutions, the Kentucky Department of Financial Institutions and the Federal Deposit Insurance Corporation. German American has agreed to keep First Security reasonably informed as to the status of such applications and promptly send or deliver complete copies of such applications, and of any supplementally filed materials, to counsel for First Security.

The merger agreement also contains certain covenants relating to employee benefits, employee benefit plans, and other matters pertaining to officers and directors (see "THE MERGER AGREEMENT Employee Benefit Matters" and "THE MERGER Interests of First Security's Directors and Executive Officers in the Merger").

***Representations and Warranties***

First Security and German American. The merger agreement contains representations and warranties made by First Security and German American. These include, among other things, representations relating to:

due corporate organization and existence;

capitalization;

corporate power and authority to consummate the merger and enter into the merger agreement;

subsidiaries;

financial information;

agreements with banking authorities;

litigation;

environmental matters;

compliance with laws;

broker's, finder's or other fees;

tax and regulatory matters;

securities law compliance; and

accuracy of statements made and information provided to the other party.

German American. German American represents and warrants to First Security in the merger agreement regarding, among other things:

compliance with and accuracy of SEC filing requirements, including internal control requirements;

filing of necessary reports with regulatory authorities;

having sufficient financial resources to make payments at the Closing; and

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absence of material adverse changes in financial condition since December 31, 2017.

First Security. First Security makes additional representations and warranties to German American in the merger agreement relating to, among other things:

absence of defaults;

filing of reports;

loans and investments;

employee benefit plans and employment matters;

title to assets;

insurance;

material contracts;

compliance with Americans with Disabilities Act;

absence of undisclosed liabilities; and

absence of any events, since December 31, 2017, having a "material adverse effect" on the financial position, results of operations or business of First Security and its subsidiaries taken as a whole, as that term is defined in the merger agreement, except as set forth in the merger agreement.

***Conditions to Completion of the Merger***

Closing Conditions for the Benefit of German American. German American's obligations are subject to fulfillment of the following conditions (unless such conditions may by law be waived and German American elects to waive them):

truth of representations and warranties of First Security and First Security Bank in all material respects as of the closing date (except for such changes since the date of the merger agreement as have not had, and cannot reasonably be expected to have, when considered together with all such other changes, any effect that constitutes a "material adverse effect" as defined by the merger agreement). For purposes of the merger agreement, "material adverse effect" means any effect that (i) is material and adverse to the financial position, results of operations, or business of First Security and its subsidiaries taken as a whole or German American and German American Bank taken as a whole, as applicable, or (ii) would materially impair the ability of First Security or German American, as applicable, to perform its obligations under the merger agreement; provided, however, that material adverse effect shall not be deemed to include the impact of (a) changes in banking and similar laws of general applicability to banks or their holding companies or interpretations thereof by courts or governmental authorities, (b) changes in GAAP or regulatory accounting requirements applicable to banks or their holding companies generally, (c) any modifications or changes to valuation policies and practices in connection with the mergers or restructuring charges taken in connection with the merger, in accordance with GAAP, (d) effects of any action taken with the prior written consent of the other party, (e) changes in the general level of interest rates, or circumstances that affect the United States economy,

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financial or securities markets or the banking industry, generally, (f) changes resulting from expenses (such as legal, accounting and investment bankers' fees) incurred in connection with the merger or transactions contemplated by the merger agreement, (g) the impact of the announcement of the merger agreement and the transactions contemplated thereby, and compliance with the merger agreement on the business, financial condition or results of operations of First Security and its subsidiaries, or German American and German American

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Bank, as applicable, and (h) the occurrence of any military or terrorist attack within the United States or any of its possessions or offices; provided that no change in the trading price of German American common stock shall by itself be considered a material adverse effect.

performance by First Security and First Security Bank in all material respects of their agreements under the merger agreement;

approval of the merger by First Security shareholders;

absence of any restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the merger, or any pending proceeding by any bank regulatory authority, governmental agency or other person seeking any of the above;

receipt of all necessary regulatory approvals (without burdensome conditions);

receipt from First Security at closing of certain items set forth in the merger agreement;

receipt of an opinion of Bingham Greenebaum Doll LLP that, for U.S. federal income tax purposes, the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code;

receipt by German American of certain environmental reports;

a commitment from a national title company selected by German American to issue at the closing of the merger any title policies required by German American;

less than twenty percent (20%) of the outstanding shares of First Security common stock have become and remain Dissenting Shares; and

the board of directors of First Security have adopted resolutions or have otherwise amended the First Security stock option plans as is necessary to effect the process for cancelling all outstanding options whether vested or not.

Closing Conditions for the Benefit of First Security. First Security's obligations are subject to fulfillment of the following conditions (unless such conditions may by law be waived and First Security elects to waive them):

truth of representations and warranties of German American (and its subsidiary bank) in all material respects as of the closing date (except for such changes since the date of the merger agreement as have not had, and cannot reasonably be expected to have, when considered together with all such other changes, any effect that constitutes a "material adverse effect" as defined by the merger agreement);

performance by German American (and its subsidiary bank) in all material respects of their agreements under the merger agreement;

approval of the merger by First Security shareholders;



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absence of any restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the merger, or any pending proceeding by any bank regulatory authority, governmental agency or other person seeking any of the above;

receipt of all necessary regulatory approvals;

receipt from German American at closing of certain items set forth in the merger agreement;

receipt of an opinion of Bingham Greenebaum Doll LLP that, for U.S. federal income tax purposes, the merger will be treated as a "reorganization" within the meaning of Section 368(a)

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of the Code and that no gain or loss will be recognized by shareholders of First Security to the extent they receive shares of German American common stock in the holding company merger in exchange for their shares of First Security common stock, except that gain will be recognized with respect to any cash received and that gain or loss will be recognized with respect to any cash received in lieu of fractional shares; and

the shares of German American common stock, to be issued in the merger, will be eligible for trading on the NASDAQ Global Market.

***Termination***

The merger agreement may be terminated by mutual consent of German American and First Security at any time prior to the filing of articles of merger with respect to the merger with the Indiana Secretary of State and the Kentucky Secretary of State. Additionally, subject to conditions and circumstances described in the merger agreement, either German American or First Security may terminate the merger agreement if any of the following occur:

the other party has breached any representation or warranty contained in the merger agreement (other than those breaches that do not have and would not reasonably be expected to have, individually or in the aggregate, a "material adverse effect" on the other party as defined by the merger agreement) which breach cannot be cured, or has not been cured within 30 days after the giving of written notice to the other party of such breach;

the other party has breached in any material respect any of the covenants or agreements contained in the merger agreement, which breach cannot be cured, or has not been cured within 30 days after the giving of written notice to the other party of such breach;

any of the conditions to the obligations of such party are not satisfied or waived on or prior to the closing date, and are not capable of being satisfied by February 1, 2019 immediately upon delivery of written notice thereof to the other party on the closing date;

First Security shareholders do not adopt the merger agreement at the First Security special meeting;

in the event of certain adverse regulatory determinations;

in the event there are certain adverse environmental reports or title defects with regard to real estate owned or leased by First Security

the merger has not been closed by February 1, 2019; or

the other party has become a party or subject to any cease and desist order imposed by any federal or state bank regulatory agency.

German American may also terminate the merger agreement if any of the following occur:

in the event First Security breaches its notice obligations related to an acquisition transaction or does not terminate all discussions, negotiations and information exchanges related to such inquiry, proposal, indication of interest or offer related to an acquisition transaction within 45 days after the first communication between First Security or First Security Bank and the third party and provide German American with written notice of such termination,

the First Security board of directors fails to unanimously recommend the approval of the merger agreement and related plan of merger to the First Security shareholders, or withdraws such recommendation after First Security's receipt of a proposal for a business combination with any third party, or

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if greater than twenty percent (20%) of the outstanding shares of First Security common stock have become and remain Dissenting Shares.

***Termination Fee***

German American may demand a \$3,000,000 termination fee from First Security, if the merger agreement is terminated by German American:

due to First Security breaching its notice obligations related to an acquisition transaction, or not terminating all discussions, negotiations and information exchanges related to such inquiry, proposal, indication of interest or offer related to an acquisition transaction within 45 days after the first communication between First Security or First Security Bank and the third party and providing German American with written notice of such termination,

due to the failure of the First Security board of directors to unanimously recommend the approval of the merger agreement and related plan of merger to the First Security shareholders, or

due to the withdrawal by the First Security board of directors of such recommendation after First Security's receipt of a proposal for a business combination with any third party.

***Amendment and Waiver***

Amendment. The merger agreement may only be amended or modified by a written agreement among the parties.

Waiver. At any time prior to the effective time of the merger, certain conditions of the merger may be waived by German American or First Security. Any agreement on the part of a party to the merger agreement to any extension or waiver will be valid only if set forth in a written instrument signed on behalf of that party. The failure of any party to the merger agreement to assert any of its rights under the merger agreement or otherwise will not constitute a waiver of those rights.

***Management and Operations After the Mergers***

After the merger and the follow-up merger of First Security Bank with and into German American Bank, German American will appoint one person who is currently a member of the First Security board of directors (chosen by German American in accordance with German American's policies and requirements after consultation with First Security) to the German American board of directors following the Closing Date. The appointment will be made no later than 60 days after the Closing Date. The person appointed will then be nominated for election to serve for a term of three years at the first annual meeting of the shareholders of German American for which nominations remain open following the person's appointment. As of the date of this proxy statement/prospectus, it has not yet been determined which First Security director will be appointed to the German American board of directors. The board of directors of German American and of its banking subsidiary will otherwise be the same as the boards of directors of such companies immediately prior to the effective time of the merger. Information about the current German American directors and executive officers can be found in German American's Annual Report on Form 10-K for its year ended December 31, 2017, which is incorporated by reference into, and forms part of, this proxy statement/prospectus.

In addition, no later than 60 days after the Closing Date, German American will appoint all of First Security's current independent directors, other than the director to be appointed to German American's board, to a newly created Regional Advisory Board of German American.

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***Employee Benefit Matters***

German American and its subsidiaries, as applicable, will provide compensation and benefits to the officers and employees of First Security and any of its subsidiaries who continue as employees of German American or any of its subsidiaries after the effective time of the merger ("Continuing Employees") that are generally comparable to those provided to similarly situated employees of German American and its subsidiaries. Continuing Employees will receive credit for prior service with First Security or First Security Bank (as applicable) for purposes of eligibility and vesting under any employee benefit plans maintained by German American at the time of the merger and made available to the Continuing Employees, who will generally receive credit for accrued but unused vacation and sick time earned prior to the effective time of the merger up to 200 hours per employee.

All fully insured First Security welfare benefit plans currently sponsored by First Security shall continue as separate plans after the effective time of the merger, until such time as German American determines, in its sole discretion, that it will terminate any or all of such plans.

If directed by German American no later than sixty (60) days before the Closing Date, First Security shall (a) cause the board of directors of First Security to adopt resolutions and an amendment to the KSOP providing for its termination on a date that is no later than the day before the Closing Date, and (b) file an application with the Internal Revenue Service on a date that is no later than the Closing Date that requests a favorable determination letter on the KSOP relating to its termination. In the event that German American requests that the KSOP be terminated, the Continuing Employees shall be eligible to participate, effective as of the effective time of the merger, in a 401(k) plan sponsored or maintained by German American or one of its subsidiaries.

***Dissenters' Rights of Appraisal***

*The following summarizes the provisions of Kentucky law relating to the dissenters' rights of shareholders. The provisions of Sections 271B.13-010 through 271B.13-310 of the Kentucky Business Corporation Act ("KBCA"), which control your right to dissent from the merger, are attached in full as Annex C to this proxy statement. We urge you to read Annex C in its entirety.*

Any shareholder of record of First Security who objects to the merger and who fully complies with Sections 271B.13-010 through 271B.13-310 of the KBCA will be entitled to demand and receive payment, if the merger is consummated, in cash of an amount equal to the fair value of all, but not less than all, of his or her First Security common shares. A shareholder of record may, however, assert dissenters' rights as to fewer than all of the shares registered in his or her name if he or she dissents with respect to all shares beneficially owned by any one beneficial owner and notifies First Security in writing of the name and address of each person on whose behalf he or she asserts dissenters' rights.

For the purpose of determining the amount to be received in connection with the exercise of statutory dissenters' rights, the fair value of a dissenting shareholder's First Security common shares equals the value of the shares immediately before the effective date of the merger, excluding any appreciation or depreciation in anticipation of the merger, unless exclusion would be inequitable.

Any First Security shareholder desiring to dissent from the merger and receive payment of the fair value of his or her First Security common shares must:

deliver to First Security, before the shareholder vote on the merger agreement, a written notice of his or her intent to demand payment for his or her shares if the merger is consummated;

not vote his or her shares in favor of the merger agreement; and

demand payment, certify whether the holder acquired beneficial ownership of the shares before the date of the first announcement to news media or to shareholders of the terms of the proposed Merger and deposit his or her stock certificates with First Security in accordance with

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the terms of a dissenters' notice to be sent to all dissenting shareholders within 10 days after the merger is authorized by shareholders.

Only a record shareholder may assert dissenters' rights, except that a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder (as in the case of shares held in a brokerage account) may assert dissenters' rights on his or her own behalf if: (i) the record shareholder's written consent to the dissent is submitted to First Security not later than the time the beneficial shareholder asserts dissenters' rights; and (ii) the beneficial owner asserts dissenters' rights with respect to all shares of which he or she is the beneficial owner or over which he or she has the power to direct the vote.

All written communications from shareholders with respect to the exercise of dissenters' rights should be mailed before the merger is completed to First Security, Inc., 313 Frederica Street, Owensboro, Kentucky 42301, Attention: Mary L. Moorhouse, Secretary, and after the merger is completed to German American Bancorp., Inc., 711 Main Street, Jasper, Indiana 47546-0810, Attention: Corporate Secretary. Voting against, abstaining from voting or failing to vote on the proposal to approve the merger agreement is not enough to satisfy the requirements of the KBCA. You must also comply with all of the conditions relating to the separate written notice of intent to dissent from the merger, the separate written demand for payment of the fair value of First Security common shares and the deposit of the stock certificates.

The dissenters' notice sent to dissenting shareholders will:

specify the dates and place for receipt of the payment demand and the deposit of the First Security stock certificates;

inform holders of uncertificated shares, if any, to what extent transfer of the shares will be restricted after the payment demand is received;

supply a form for demanding payment that includes the date of the first public announcement of the terms of the merger as provided above and requires that the person asserting dissenters' rights certify whether or not he or she acquired beneficial ownership of the shares before that date;

set a date by which German American must receive the payment demand, which date must not be fewer than 30, nor more than 60 days after the dissenters' notice is delivered; and

be accompanied by a copy of the dissenters' rights provisions of the KBCA.

Following the later to occur of the date on which the merger is completed or the date on which German American receives a payment demand from a dissenting shareholder who has complied with the statutory requirements, German American will pay the dissenter the estimated fair value of his or her shares, plus accrued interest. German American's payment will be accompanied by:

First Security's balance sheet as of the end of a fiscal year ended not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year and the latest available interim financial statements, if any;

a statement of German American's determination of the fair value of the shares;

an explanation of how the interest was calculated; and

a statement of the dissenting shareholder's right to demand payment of a different amount under Section 271B.13-280 of the KBCA.

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After the merger, German American may, under Section 271B.13-270, elect to withhold payment from a dissenter who became the beneficial owner of the shares on or after the date of the first public announcement of the terms of the merger. If German American makes such an election, it must

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estimate the fair value of the shares, plus accrued interest, and send an offer to the dissenter that includes the estimate of the fair value, an explanation of how the interest was calculated, and a statement of the dissenters' right to demand payment of a different amount under Section 271B.13-280. German American must pay the offer amount to each such dissenting shareholder who agrees to accept it in full satisfaction of his or her demand.

If German American fails to pay (except as provided in Section 271B.13-270) the estimated fair value of shares with respect to which a dissenter has complied with the dissenting shareholder requirements within 60 days of the date for demanding payment set forth in the dissenters' notice, such dissenting shareholder may notify German American in writing of his or her own estimate of the fair value of his or her shares and the amount of interest due, and demand payment of his or her estimate.

If the dissenting shareholder believes the amount German American paid or offered is less than the fair value of the shares or that the interest due is incorrectly calculated, within 30 days after German American makes or offers payment for the shares of a dissenting shareholder, the dissenting shareholder must demand payment of his or her own estimate of the fair value of the shares and interest due. A dissenter waives the right to demand payment unless he or she notifies German American of his or her demand in writing within 30 days after German American made or offered payment for his or her shares. If the demand for payment of the different amount under Section 271B.13-280 remains unsettled, then German American, within 60 days after receiving the payment demand of a different amount from the dissenting shareholder, must file an action in the Jefferson County, Kentucky circuit court requesting that the fair value of the dissenting shareholder's shares be determined. German American must make all dissenting shareholders whose demands remain unsettled parties to the proceeding. If German American does not begin the proceeding within the 60-day period, it must pay the amount demanded by each dissenting shareholder whose demand remains unsettled.

First Security shareholders should note that cash paid to dissenting shareholders in satisfaction of the fair value of their shares will be recognized as gain or loss for federal income tax purposes. See "MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER" beginning on page 79.

**Failure by a First Security shareholder to follow each of the steps required by the KBCA for perfecting dissenters' rights may result in the loss of those rights. In view of the complexity of these provisions and the requirement that they be strictly followed, if you are considering dissenting from the approval and adoption of the merger agreement and exercising your dissenters' rights under the KBCA, you should consult your legal advisor.**

Pursuant to the merger agreement, German American has the right to terminate the merger agreement if dissenting shares represent more than twenty percent (20%) of the outstanding shares of First Security common stock.

*Expenses*

All expenses incurred in connection with the merger agreement, except for the costs of certain environmental investigations, will be paid by the party incurring the expenses, except that First Security may be required to pay a termination fee of \$3,000,000 to German American if the merger is terminated prior to the closing date under certain circumstances described under "THE MERGER AGREEMENT Termination Fee" above.

*Voting Agreement with First Security Directors*

Each member of the board of directors of First Security has entered into a voting agreement with German American to cause all First Security common stock he or she owns of record or beneficially to



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be voted in favor of the merger agreement proposal. As of the record date, the members of the First Security board of directors and their affiliates had the power to vote an aggregate of 183,801 shares of First Security voting common stock, representing approximately 9.7% of the outstanding voting shares on that date. The shares that the board and affiliates have the power to vote include 5,844 shares of First Security common stock issued as restricted shares to key employees under the First Security, Inc. 2012 Long Term Incentive Plan and held in escrow.

***Voting and Support Agreements with Certain First Security Shareholders***

German American entered into voting and support agreements with each of Castle Creek and the FOF/Bridge Funds, pursuant to which Castle Creek and the FOF/Bridge Funds have each agreed to vote all shares of First Security common stock they beneficially own in favor of the merger. As of the record date, Castle Creek and the FOF/Bridge Funds beneficially owned and were entitled to vote 169,597 shares and 162,702 shares, respectively, of First Security voting common stock at the special meeting, or 8.9% and 8.6%, respectively, of the outstanding voting shares on that date.

The total number of shares of First Security voting common stock subject to the voting agreements with directors, Castle Creek and the FOF/Bridge Funds is 516,100, which represents 27.1% of the outstanding shares of voting common stock on the record date.

Castle Creek is the sole owner of the 571,147 shares of First Security's non-voting common stock outstanding as of the record date. Castle Creek has agreed to vote the non-voting common stock in favor of the merger and is expected to do so by written consent, and would thereby be precluded from asserting any appraisal or dissenters' rights under Kentucky law in connection with the merger.

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**PROPOSAL 2 ADJOURNMENT OF THE SPECIAL MEETING**

In addition to the proposal to approve the merger agreement, the shareholders of First Security are also being asked to approve a proposal to adjourn or postpone the special meeting to permit further solicitation of proxies if an insufficient number of shares is present in person or by proxy to approve the merger agreement.

It is rare for a company to achieve 100% (or even 90%) shareholder participation at an annual or special meeting of shareholders, and only a majority of the holders of the outstanding shares of First Security common stock is required to be represented at the special meeting, in person or by proxy, for a quorum to be present. If shareholder participation at the special meeting is lower than expected, First Security would like the flexibility to postpone or adjourn the meeting in order to attempt to secure broader shareholder participation. If First Security desires to adjourn the special meeting, First Security will request a motion that the special meeting be adjourned, and delay the vote on the merger agreement proposal described herein until the special meeting is reconvened. If First Security adjourns the special meeting for 30 days or less, First Security will not set a new record date and will announce prior to adjournment the date, time, and location at which the special meeting will be reconvened. No other notice will be provided. Unless revoked prior to its use, any proxy solicited for the special meeting will continue to be valid for any adjourned or postponed special meeting, and will be voted in accordance with the shareholder's instructions and, if no contrary instructions are given, for the merger agreement proposal.

Any adjournment will permit First Security to solicit additional proxies and will permit a greater expression of the views of First Security's shareholders with respect to the merger. Such an adjournment would be disadvantageous to shareholders who are against the proposal to approve the merger agreement because an adjournment will give First Security additional time to solicit favorable votes and increase the chances of approving those proposals. First Security has no reason to believe that an adjournment of the special meeting will be necessary at this time.

**First Security's board of directors recommends that shareholders vote "FOR" the proposal to adjourn or postpone the special meeting, if necessary.**

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**DESCRIPTION OF GERMAN AMERICAN**

*The following information should be read with the financial statements incorporated by reference into this proxy statement/prospectus.*

***Business***

German American Bancorp, Inc. is a NASDAQ-traded (symbol: GABC) bank holding company based in Jasper, Indiana. German American was incorporated under Indiana law in 1982. It is registered as a bank holding company with the Board of Governors of the Federal Reserve System ("FRB") under the Bank Holding Company Act of 1956, as amended (the "BHC Act").

German American's primary activity consists of owning and supervising German American Bank, which is a commercial bank organized under Indiana law, and that bank's subsidiaries. German American's bank subsidiary was chartered in 2006 as a result of a consolidation of six affiliated Indiana state banks that were then separately incorporated and owned by German American. The bank subsidiary traces its roots to The German American Bank, which was (until the 2006 consolidation transaction) a state-chartered bank that was incorporated in 1910 and headquartered in Jasper, Indiana.

German American, through its banking subsidiary, operates 58 banking offices in 20 contiguous southern Indiana counties and one adjacent northern Kentucky county. German American also owns an investment brokerage subsidiary (German American Investment Services, Inc.) and a full line property and casualty insurance agency (German American Insurance, Inc.).

Throughout this proxy statement/prospectus, when we use the term "German American," we will usually be referring to the business and affairs (financial and otherwise) of German American Bancorp, Inc., and its consolidated subsidiaries as a whole. Occasionally, we will use the terms "parent company" or "holding company" in reference to German American when we mean to refer only to German American Bancorp, Inc., or to the term "bank subsidiary" when we mean to refer only to German American's bank subsidiary.

German American's lines of business include retail and commercial banking, comprehensive financial planning, full service brokerage and trust administration, and a full range of personal and corporate insurance products. Financial and other information by segment is included in Note 16 (Segment Information) of the Notes to the Consolidated Financial Statements included in Item 8 of German American's Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into, and forms part of, this proxy statement/prospectus. As of March 31, 2018, German American had total assets of approximately \$3.1 billion, total loans of approximately \$2.2 billion, and total deposits of approximately \$2.5 billion.

German American's principal executive offices are located at 711 Main Street, Jasper, Indiana 47546-0810, and its telephone number at that address is (812) 482-1314. German American maintains an Internet website at [www.germanamerican.com](http://www.germanamerican.com). The foregoing website address is intended to be an inactive textual reference only. The information on this website is not a part of this proxy statement/prospectus.

***Incorporation of Certain Information Regarding German American by Reference***

The foregoing information concerning German American does not purport to be complete. Certain additional information relating to German American's business, management, executive officer and director compensation, voting securities and certain relationships is incorporated by reference in this document from other documents filed by German American with the SEC and listed under "WHERE YOU CAN FIND MORE INFORMATION" on page 83. If you desire copies of any of these documents, you may contact German American at its address or telephone number indicated under "WHERE YOU CAN FIND MORE INFORMATION" on page 83.

Table of Contents**DESCRIPTION OF FIRST SECURITY****Business**

First Security, Inc. is a financial services holding company based in Owensboro, Kentucky. First Security was organized in 1997 as a corporation under the Kentucky Business Corporation Act and is registered with the FRB as a bank holding company under the BHC Act.

First Security's principal activity is the ownership and management of its wholly owned subsidiary, First Security Bank, Inc. First Security Bank, through its eleven (11) retail banking offices, is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in Bowling Green, Franklin, Lexington and Owensboro, Kentucky and Evansville, Indiana and the surrounding areas. First Security Bank is subject to the regulation of the Federal Deposit Insurance Corporation and the Kentucky Department of Financial Institutions and undergoes periodic examinations by those regulatory authorities. As of March 31, 2018, First Security had total assets of approximately \$586 million, total loans of approximately \$409 million, and total deposits of approximately \$458 million.

**Market for Common Equity and Related Stockholder Matters**

The table below lists per share prices and dividend payments relating to First Security's common stock for the periods indicated. First Security's common stock is quoted over-the-counter on the OTCQX® market under the trading symbol "FIIT." The OTCQX is an electronic inter-dealer quotation system operated by OTC Markets Group, Inc. The high and low bid information in the table has been compiled from OTCMarkets.com. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

	<b>Closing High</b>	<b>Closing Low</b>	<b>Dividends Declared</b>
<b>2018</b>			
Third Quarter (through July 19, 2018)	\$ 41.52	\$ 39.80	\$
Second Quarter	40.86	26.95	0.17
First Quarter	27.50	26.65	0.17
<b>2017</b>			
Fourth Quarter	29.00	26.60	0.17
Third Quarter	26.35	24.50	0.17
Second Quarter	26.00	24.10	0.17
First Quarter	27.88	23.62	0.17
<b>2016</b>			
Fourth Quarter	28.00	23.62	0.17
Third Quarter	24.00	22.70	0.17
Second Quarter	25.50	23.00	0.17
First Quarter	24.25	24.01	0.17

The following table presents quotation information for First Security common stock on May 21, 2018, the business day before the merger was publicly announced, and July 19, 2018, the last practicable trading day for which information was available prior to the date of this proxy statement/prospectus.

	<b>High</b>	<b>Low</b>	<b>Close</b>
May 21, 2018	\$ 27.10	\$ 27.10	\$ 27.10
July 19, 2018	41.52	41.52	41.52

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**Equity Compensation Plan Information**

The following table sets forth information about First Security's common stock that may be issued under the First Security's equity compensation plans as of December 31, 2017. First Security does not maintain any equity compensation plans that have not been approved by shareholders.

<b>Plan Category</b>	<b>Number of securities to be issued upon the exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</b>
Equity compensation plans approved by security holders	59,259	\$ 26.73	249,877
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	<b>59,259</b>	<b>\$ 26.73</b>	<b>249,877</b>

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**COMPARISON OF RIGHTS OF FIRST SECURITY SHAREHOLDERS  
AND GERMAN AMERICAN SHAREHOLDERS**

At present, the rights of shareholders of First Security, a Kentucky corporation, are governed by First Security's articles of incorporation and bylaws as well as the applicable laws of the Commonwealth of Kentucky, including the Kentucky Business Corporation Act ("KBCA"). Upon completion of the merger, the rights of First Security shareholders who receive shares of German American common stock in exchange for their shares of First Security common stock and become shareholders of German American will be governed by the articles of incorporation and bylaws of German American, and the laws of the State of Indiana, including the Indiana Business Corporation Law ("IBCL").

The following discussion summarizes material differences between the rights of First Security's shareholders and German American's shareholders and is not a complete description of all differences. Because this is a summary, it does not contain all of the information that is important to you and is qualified in its entirety by reference to the IBCL, the KBCA, German American's articles of incorporation and bylaws, and First Security's articles of incorporation and bylaws.

***Authorized Capital Stock***

**German American.** German American is currently authorized to issue up to 45,000,000 common shares, no par value, of which 22,967,448 shares were outstanding as of May 1, 2018. German American is also authorized to issue up to 750,000 preferred shares, no par value. As of the date of this proxy statement/prospectus, there are no preferred shares outstanding. If any new series of preferred shares is issued, German American's board of directors may fix the designation, relative rights, preferences and limitations, and any other powers, preferences and relative, participating, optional and special rights, and any qualifications, limitations and restrictions, of the shares of that series of preferred shares.

**First Security.** First Security is currently authorized to issue (a) up to 5,000,000 shares of voting common stock without par value, of which 1,902,586 shares were outstanding as of July 26, 2018, (b) up to 2,000,000 shares of non-voting common stock without par value, of which 571,147 shares were outstanding as of July 26, 2018, and (c) up to 1,000,000 shares of preferred stock, without par value, none of which was outstanding as of July 26, 2018.

***Advance Notice Requirements for Presentation of Business and Nominations of Directors at Annual Meetings of Shareholders***

**German American.** German American's board of directors has adopted a charter for the governance/nominating committee of the board, which directs the committee to evaluate candidates for nomination by the board for election to the board, and specifies that the board will consider for nomination for election to the board only those candidates who are recommended for nomination by the governance/nominating committee. In evaluating candidates for membership on the board, the governance/nominating committee will consider favorably those candidates who, in the governance/nominating committee's judgment, (a) possess demonstrated business and financial judgment, strategic thinking, general management experience or perspective, leadership, experience in industry with comparable complexities, general knowledge of financial services industry, and familiarity with local, state, regional and national issues affecting business; (b) have a background that serves the board's interest in a membership comprised of individuals with varied occupational experience and perspective; (c) have sufficient time to devote to German American's business; (d) possess the highest moral and ethical character and agree to uphold and assure compliance of German American's Code of Business Conduct; (e) have a history of community involvement and civic-mindedness; (f) are not engaged (directly or indirectly) in any activity adverse to, and do not serve on the board of directors of (or have any material ownership interest in), any other company whose interests are adverse to, or in conflict

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with, German American's interests; and (g) possess the ability to oversee, as a director, the business and affairs of German American for the benefit of all constituencies of German American.

Subject to certain qualifications, in connection with each annual meeting of shareholders, the governance/nominating committee will consider candidates that have been recommended by shareholders for nomination at the annual meeting, if the recommendations are submitted by letter addressed to the attention of the Chairman of the governance/nominating committee in care of German American's Secretary, mailed by registered or certified mail (return receipt requested), and received by the Secretary at German American's principal executive offices on or before December 1st of the year preceding the annual meeting for which the recommendation is made. In addition to considering candidates who are recommended by shareholders, the governance/nominating committee will meet from time to time with members of the board, including the chief executive officer and other officers who may be members of the board, and with other executive officers of German American with a view to identifying persons who may be qualified to serve on the board.

The IBCL and the bylaws of German American provide that notice of a special meeting of shareholders must include a description of the purpose or purposes for which the meeting is called. Under the IBCL, only business within the purpose or purposes described in a special meeting notice may be conducted at a special meeting of shareholders.

First Security. First Security's bylaws do not include advance notice requirements for presentation of business or nominations of directors at an annual meeting of shareholders.

***Number of Members of Board of Directors***

German American. German American's bylaws state that the number of directors will be at least nine and no more than fourteen, as fixed by resolution of the board of directors from time to time. Each director holds office for the term for which he or she was elected and until his or her successor shall be elected and qualified, whichever period is longer, or until his or her death or until he or she resigns or has been removed. The number of directors currently designated by German American is ten. The bylaws of German American divide the board of directors of German American into three equal (or as nearly equal as possible) classes of directors serving staggered three-year terms. As a result, approximately one-third of the board is elected each year. Any vacancy is filled by a majority vote of the remaining directors of such board.

First Security. First Security's articles of incorporation and bylaws state that the number of directors will be at least five and no more than twenty, as fixed by resolution of the board of directors from time to time. Each director holds office until the election and qualification of his or her respective successor in office, or until his or her death, resignation or removal. The number of directors currently designated by First Security is [seven].

***Amendment of Articles of Incorporation and Bylaws***

German American. Indiana law generally requires shareholder approval by a majority of a quorum present at a shareholders' meeting (and, in certain cases, a majority of all shares held by any voting group entitled to vote) for amendments to a corporation's articles of incorporation. German American's articles of incorporation require a super-majority shareholder vote of 80% of its outstanding shares of common stock for the amendment of certain significant provisions.

German American's articles of incorporation and bylaws provide that the bylaws may be amended only by the majority vote of the board of directors then in office.

First Security. Under the KBCA, certain amendments to a corporation's articles of incorporation require shareholder approval. A corporation's board of directors may propose one (1) or more

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amendments to the articles of incorporation to the shareholders. Unless the board of directors determines it should make no recommendation, the board of directors must recommend the amendment to the shareholders. Unless the KBCA, the articles of incorporation, or the board of director requires a greater vote, the amendment will be approved if the votes cast favoring the amendment exceeds the votes cast opposing the amendment within each voting group entitled to vote; provided, however, if the amendment would entitle the shareholders within the voting group to dissenters' rights, the amendment must be approved by a majority of the votes entitled to be cast on the amendment within the voting group. The First Security articles of incorporation do not require a greater vote than what is required under the KBCA.

The First Security bylaws can be amended or repealed by the board of directors (except where the KBCA reserve this power exclusively to the shareholders) or shareholders of First Security.

***Transactions with Interested Security Holders***

German American. Under the business combinations provision of the IBCL, any shareholder who acquires a 10%-or-greater ownership position in an Indiana corporation with a class of voting shares registered under Section 12 of the Exchange Act (and that has not opted-out of this provision) is prohibited for a period of 5 years from completing a business combination (generally a merger, significant asset sale or disposition or significant issuance of additional shares) with the corporation unless, prior to the acquisition of such 10% interest, the board of directors of the corporation approved either the acquisition of such interest or the proposed business combination. If such board approval is not obtained, then 5 years after a 10% shareholder has become such, a business combination with the 10% shareholder is permitted if all provisions of the articles of incorporation of the corporation are complied with and either a majority of disinterested shareholders approve the transaction or all shareholders receive a price per share determined in accordance with the fair price criteria of the business combinations provision of the IBCL. German American's bylaws provide that this "business combinations" provision of Indiana law does not apply to it.

The articles of incorporation of German American include a provision imposing certain supermajority vote requirements on any "business combination" with a "related person" unless the combination has been approved by the vote of two-thirds of certain members of the board of directors of German American who are not associated with the related person ("independent director approval") or the combination is solely between German American and another corporation 100% of the common stock (or other voting capital securities) of which is owned directly or indirectly by German American (a "subsidiary combination"). This provision defines "business combination" very broadly to include, subject to certain conditions, (i) any merger or consolidation of German American or any of its subsidiaries into or with a related person, its affiliates or associates; (ii) any sale, exchange, lease, transfer or other disposition by German American or any of its subsidiaries of all or any substantial part of its or their assets or businesses to or with a related person, its affiliates or associates; (iii) the purchase, exchange, lease or acquisition by German American or any of its subsidiaries of all or any substantial part of the assets or businesses of a related person, its affiliates or associates; (iv) any reclassification of securities, recapitalization or other transaction that has the effect of increasing the proportionate amount of German American's or a subsidiary's common stock (or other voting capital securities) beneficially owned by a related person or any partial or complete liquidation, spinoff or split-up of German American or any of its subsidiaries (unless approved by a majority of continuing directors); and (v) the acquisition by a related person of beneficial ownership upon issuance of common stock (or other voting capital shares) of German American or any of its subsidiaries or any securities convertible into, or any rights, warrants or options to acquire, any such shares. "Related person" is also defined broadly to mean any person (which includes any individual, corporation or entity other than German American or its subsidiaries) who (i) is the beneficial owner, directly or indirectly, of 10% or more of the outstanding shares of German American common stock (or other



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voting capital securities) (a "10% shareholder"); (ii) any person who within the preceding two-year period has been a 10% shareholder and who directly or indirectly controls, is controlled by, or is under common control with German American; or (iii) any person who has received, other than pursuant to or in a series of transactions involving a public offering within the meaning of the Securities Act, German American common stock (or other voting capital securities) that has been owned by a related person within the preceding two-year period.

In the absence of independent director approval of a combination or a combination being a subsidiary combination, a business combination with a related person would require (a) the approval of 80% of the outstanding voting stock plus (b) the approval of a majority of the outstanding shares that are not controlled by the related person. The first requirement of the preceding sentence (but not the latter requirement) is modified from an 80% to a two-thirds approval requirement for certain combinations in which (i) the consideration received meets certain fair market value standards, (ii) certain requirements are met with respect to the form and kind of consideration received, (iii) the related person meets certain requirements during the period after such related person became a related person and prior to the consummation of the combination, and (iv) a proxy statement meeting certain requirements shall have been mailed to all holders of common stock (or other voting capital securities) for the purpose of soliciting shareholder approval of the combination.

German American's articles of incorporation also include provisions requiring the board of directors to consider, in addition to the adequacy of the consideration to be paid in connection with a business combination and tender or exchange offer, and such other factors that it deems relevant: (i) the social and economic effects of the transaction on German American and its subsidiaries, depositors, loan and other customers, creditors and other elements of the communities in which German American and its subsidiaries operate or are located; (ii) the business and financial condition and earnings prospects of the acquiring person or persons, including, but not limited to, debt service and other existing or likely financial obligations of the acquiring person or persons and their affiliates and associates, and the possible effect of such conditions upon German American and its subsidiaries and the other elements of the communities in which German American and its subsidiaries operate or are located; and (iii) the competence, experience, and integrity of the acquiring person or persons and its or their management and affiliates and associates. This provision requires an 80% affirmative vote of the issued and outstanding shares of German American common stock entitled to vote thereon in order to be amended or repealed and, if such amendment or repeal is proposed by or on behalf of a related person, by an independent majority of shareholders.

First Security. Sections 271B.12-200 through 271B.12-230 of the KBCA prohibit a Kentucky corporation from engaging in a business combination with a 10% or greater shareholder or its affiliate or associate for five years following the acquisition of such 10% or greater stake, unless the board, by a majority vote of the continuing directors, approves the combination prior to the 10% or greater acquisition. If not previously approved by the board, the 10% or greater shareholder or its affiliate or associate may effect a business combination only after the expiration of a five-year period and then only with the approval of 80% of the outstanding shares and two-thirds of the outstanding shares not owned by the 10% or greater shareholder, or if the aggregate amount of the offer meets certain fair price requirements. The Kentucky Business Combination Act does not apply to bank holding companies or to a corporation with fewer than 500 beneficial owners of its stock unless the corporation amends its articles of incorporation to provide that the corporation will be subject to the requirements of the Kentucky Business Combination Act. First Security has not amended the First Security articles of incorporation to make an election to be governed by the Kentucky Business Combination Act.

***Control Share Acquisition***

German American. The IBCL includes a "control share acquisition" provision that, although different in structure from the business combinations provision, may have a similar effect of

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discouraging or making more difficult a hostile takeover of an Indiana corporation. This provision also may have the effect of discouraging premium bids for outstanding shares. Under the control share acquisition provision, unless otherwise provided in the corporation's articles of incorporation or bylaws, if a shareholder acquires shares of the corporation's voting stock (referred to as control shares) within one of several specified ranges (one-fifth or more but less than one-third, one-third or more but less than a majority, or a majority or more), approval by shareholders of the control share acquisition must be obtained before the acquiring shareholder may vote the control shares. If such approval is not obtained, the shares held by the acquiror may be redeemed by the corporation at the fair value of the shares as determined by the control share acquisition provision. The control share acquisition provision generally does not apply to a merger or share exchange. German American is subject to the control share acquisition provision. Further, in certain cases, the bylaws provide German American with certain redemption rights applicable to control shares.

First Security. The KBCA does not provide for, and First Security is not otherwise subject to, any approval requirements relating to control share acquisitions.

***Shareholder Rights Plan***

Neither German American nor First Security have adopted a plan, commonly known as a "shareholder rights plan," that is currently in effect.

***Annual Meeting of Shareholders***

German American. The annual meeting of shareholders of German American is held at such time, place and date as the board of directors designates.

First Security. The annual meeting of shareholders of First Security is held at such time, place and date as the chief executive officer designates.

***Special Meetings of Shareholders***

German American. German American's bylaws state that special meetings may be called by the board of directors or the chairman of the board, and shall be called by the board upon delivery to German American's secretary of a signed and dated written demand for a special meeting from the holders of at least 25% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

First Security. First Security's bylaws state that a special meeting may be called by the chief executive officer or the board of directors, and by the chief executive officer upon demand of the holders of a majority of votes entitled to be cast on any proposed issue to be considered at such special meeting.

***Notice of Shareholder Meetings***

German American. German American must provide notice to shareholders of each annual and special meeting of shareholders no less than 10 nor more than 60 days before the date of the meeting. In the event of a special meeting of shareholders called as the result of a demand made by shareholders, notice must be given no later than the sixtieth day after German American's receipt of the demand requiring the meeting to be called.

First Security. First Security must provide written notice to shareholders of each annual and special meeting no less than 10 and no more than 60 days before the date of the meeting.

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***Indemnification***

**German American.** Subject to certain conditions and standards of conduct, German American has agreed by its bylaws to indemnify each director, officer, employee or agent of German American and any person serving at the request of German American as a director, divisional director, officer, employee, agent, or fiduciary of another organization or entity against expenses, judgments, taxes, fines and amounts paid in settlement, whether incurred by him or her in connection with any threatened, pending or completed action, suit or proceeding to which he or she is, or is threatened to be made, a party by reason that he or she is or was a director, officer, employee or agent of German American (or serving at the request of German American as described above), or by reason of any action taken or not taken by him or her in his or her capacity as a director, officer, employee or agent of German American (or in his or her capacity serving at the request of German American as described above). Expenses incurred by a person eligible for indemnification with respect to any claim may be advanced by German American (by action of the Board of Directors, whether or not a disinterested quorum exists) prior to the final disposition of the action or proceeding upon such person agreeing to repay such amount unless he or she is determined to be entitled to indemnification.

The IBCL provides that a corporation may indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if: (1) the individual's conduct was in good faith; and (2) the individual reasonably believed: (A) in the case of conduct in the individual's official capacity with the corporation, that his or her conduct was in the best interests of the corporation; and (B) in all other cases, that his or her conduct was at least not opposed to the corporation's best interest. In the case of any criminal proceeding, the individual either: had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful.

**First Security.** First Security's articles of incorporation provide for the indemnification of each director and officer against reasonable expenses, judgments, taxes, penalties, fines and amounts paid in settlement incurred by him or her in connection with defending any threatened, pending or completed action, suit or proceeding to which such person is, or is threatened to be made a party, because such person is or was a director or officer of First Security. The reasonable expenses incurred by a director or officer who is party to a proceeding shall be paid or reimbursed by First Security in advance of the final disposition of such proceeding to the full extent permitted under the KBCA.

The KBCA provides that a corporation may indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if: (a) he conducted himself in good faith; and (b) he honestly believed: (1) in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation; and (2) in all other cases, that his conduct was at least not opposed to the corporation's best interest. In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. In any event, a corporation may not indemnify a director under KRS § 271B.8-510: (a) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or (b) in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him. Further, indemnification permitted under KRS § 271B.8-510 in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

***Limitation of Liability***

**German American.** The IBCL provides that a director is not liable for any action taken as a director, or any failure to act, unless the director has breached or failed to perform the duties of the

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director's office in compliance with the IBCL and the breach or failure to perform constitutes willful misconduct or recklessness.

First Security. As permitted by the KBCA, First Security's articles of incorporation provide that no director of First Security will be personally liable to First Security or its shareholders for monetary damages for breach of the director's duties as a director; provided, that the foregoing does not eliminate or limit the liability of a director for: (a) any transaction in which the director's personal financial interest is in conflict with the financial interest of First Security or its shareholders; (b) acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; (c) any vote for or assent to an unlawful distribution to shareholders prohibited under KRS § 271B.8-330; or (d) any transaction from which the director derived an improper personal benefit. In addition, the KBCA provides that any action taken as a director, or any failure to take any action as a director, shall not be the basis for monetary damages or injunctive relief unless: (i) the director has breached or failed to perform the duties of the director's office in compliance with the KBCA; and (ii) in the case of an action for monetary damages, the breach or failure to perform constitutes willful misconduct or wanton or reckless disregard for the best interests of the corporation and its shareholders.

***Removal of Directors***

German American. German American's articles of incorporation provided that directors may be removed at a meeting called expressly for the purpose of removing one or more directors, with or without cause, by a vote of the holders of at least 80% of the shares then entitled to vote at an election of directors; provided, that a director who is elected by the holders of series of preferred shares may be removed only by a vote of the holders of at least 80% of the outstanding shares of that series then entitled to vote at an election of directors.

First Security. Under the KBCA, directors may be removed by the shareholders with or without cause, unless the articles of incorporation provide the director may be removed only for cause. First Security's articles of incorporation do not require cause to remove a director. If a director is elected by a voting group, only the shareholders of that voting group may participate in the vote to remove that director.

***Preemptive Rights***

German American. Although permitted by the IBCL, German American's articles of incorporation do not provide for preemptive rights to subscribe for any new or additional common stock or other securities.

First Security. Although permitted by the KBCA, First Security's articles of incorporation do not provide for preemptive rights to subscribe for any new or additional common stock or other securities.

***Rights of Dissenting Shareholders***

German American. The IBCL provides shareholders of an Indiana corporation that is involved in certain mergers, share exchanges or sales or exchanges of all or substantially all of its property the right to dissent from that action and obtain payment of the fair value of their shares. However, dissenters' rights are not available to holders of shares listed on a national securities exchange, such as the New York Stock Exchange, or traded on the NASDAQ National Market or a similar market. Because German American's common stock is presently quoted on the NASDAQ Global Select Market, holders of German American common stock presently have no dissenters' rights in respect of their shares.

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**First Security.** The KBCA provides that shareholders have the right to dissent from the following transactions involving a Kentucky corporation and obtain payment of the fair value of their shares: (i) certain mergers and share exchanges; (ii) sales or exchanges of all or substantially all of the corporation's property; (iii) conversions into another form of entity; (iv) certain amendments to the articles of incorporation; (v) transactions subject to KRS § 271B.12-210 or exempted by KRS § 271B.12-220(2), or (vi) other actions taken pursuant to a shareholder vote to the extent the articles of incorporation, bylaws, or a resolution of the board of directors provides that shareholders are entitled to dissent.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a general discussion of the material federal income tax consequences of the merger to U.S. Holders (as hereinafter defined) of First Security common stock that exchange their shares of First Security common stock for cash and shares of German American common stock. The following discussion is based on current provisions of the Code, the Treasury Regulations promulgated thereunder, published pronouncements of the Internal Revenue Service (the "IRS") and case law, all as currently in effect and which are subject to differing interpretations and subject to change at any time by legislative, judicial or administrative action, possibly with retroactive effect. This discussion is limited to U.S. Holders, who hold their shares of First Security common stock as capital assets for U.S. federal income tax purposes (generally, assets held for investment).

This discussion does not address the federal income tax consequences of shareholders who are not U.S. Holders, nor does it address all of the tax consequences relevant to certain U.S. Holders including, but not limited to, S corporations, partnerships or other pass-through entities (including investors in pass-through entities), financial institutions, insurance companies, tax-exempt organizations, trusts described in Sections 1361(c)(2)(A) and 1361(d) of the Code, dealers in securities or currencies, traders in securities that use a mark to market method of accounting, persons who hold First Security common stock as part of a straddle, hedge, constructive sale conversion or other integrated transaction, persons who acquired their shares of First Security common stock through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified plan (including the KSOP), regulated investment companies, real estate investment trusts and foreign persons or persons whose "functional currency" is not the U.S. dollar. This discussion also does not address the tax consequences of persons who are subject to alternative minimum tax, nor does it address the tax consequences of the merger under state, local or foreign tax laws.

***All U.S. Holders including, but not limited to, the U.S. Holders referenced immediately above, should consult their own tax advisors about the tax consequences of the merger to them.***

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of First Security common stock that for U.S. federal income tax purposes is an individual who is a citizen or resident of the U.S., a corporation or entity taxed as a corporation that was organized under the laws of the U.S. or any state or the District of Columbia, an estate the income of which is subject to U.S. federal income tax regardless of its source, or a trust that (i) is subject to the supervision of a court within the U.S. and the control of one or more U.S. Persons (as hereinafter defined) or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person. For purposes of this discussion, "U.S. Person" shall have the meaning ascribed to it by Section 7701(a)(30) of the Code.

***Tax Consequences of the Merger Generally***

The parties intend for the merger to qualify as a "reorganization" under Section 368(a) of the Code for U.S. federal income tax purposes. It is a condition to the obligation of German American to complete the merger that German American obtain an opinion from the law firm of Bingham Greenebaum Doll LLP that the merger to be effected pursuant to the merger agreement constitutes a

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reorganization under Section 368(a) of the Code. It is a condition to the obligation of First Security to complete the merger that First Security receive an opinion from the law firm of Bingham Greenebaum Doll LLP that the merger constitutes a reorganization under Section 368(a) of the Code. The consequence of qualifying as a reorganization under Section 368(a) is that, generally, a U.S. Holder of First Security common stock will recognize (i) only gain (but not loss) with respect to the combination of stock and cash consideration received by a U.S. Holder that is generally equal to the lesser of (a) the amount of cash received in the merger or (b) the excess, if any, of the amount of cash and the fair market value of German American common stock received over the U.S. Holder's adjusted tax basis in its shares of First Security common stock and (ii) gain or loss with respect to any cash received in lieu of fractional shares of German American common stock.

The obligation of Bingham Greenebaum Doll LLP to deliver such opinions is conditioned on the merger satisfying the statutory and regulatory requirements of a "reorganization." The determination by tax counsel as to whether the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code is based on the facts and law existing as of the effective date of the merger.

These opinions will be subject to customary qualifications and assumptions, including that the merger will be completed according to the terms of the merger agreement. In rendering the tax opinions, Bingham Greenebaum Doll LLP may require and rely on certain assumptions and factual representations of German American and First Security, which will be set forth in representation letters provided by First Security and German American to be delivered at the time of closing. If any of such assumptions or representations is or becomes inaccurate, the U.S. federal income tax consequences of the merger could be adversely affected. Neither of these opinions will be binding on the IRS. German American and First Security do not intend to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences set forth below or any of the tax consequences described in the tax opinions.

***Tax Consequences to German American, German American Shareholders and First Security***

No gain or loss will be recognized by German American, German American shareholders or First Security with respect to the merger.

***Tax Consequences of the Merger to U.S. Holders of First Security Common Stock***

***Consideration received in the Merger***

U.S. Holders will receive both cash and German American common stock in exchange for their First Security common stock in the merger. In the exchange, a U.S. Holder will generally recognize gain (but not loss) equal to the lesser of (i) the amount of cash received in the merger or (ii) the excess, if any, of the amount of cash and the fair market value of German American common stock received over the U.S. Holder's adjusted tax basis in its First Security common stock. Such gain will generally be capital gain, but in certain circumstances, such gain may be treated as having the effect of a distribution under Section 302 of the Code or Section 356(a)(2) of the Code, in which case the gain will be treated as a dividend. A U.S. Holder should generally consult its tax advisor regarding the manner in which gain or loss should be determined, including, but not limited to, the specific manner in which recognized gain should be determined if such U.S. Holder can designate specific consideration to particular shares of its First Security common stock exchanged under the terms of the merger that are determined to be economically reasonable.

The basis of a share of German American common stock received in the merger will generally be equal to the basis of the First Security common stock exchanged in the merger, decreased by cash received in the merger and increased by the amount of any gain recognized in the merger. A U.S. Holder should consult its tax advisor regarding the manner in which the basis of German American

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common stock received in the merger is determined, including, but not limited to, the following circumstances: (i) the U.S. Holder acquired different blocks of First Security common stock at different times or different prices, (ii) the U.S. Holder can designate specific consideration to particular shares of its First Security common stock exchanged under the terms of the merger that are determined to be economically reasonable or (iii) the U.S. Holder desires to make potentially permissible designations of specific basis to specific shares of the German American common stock received (on or before the date on which the basis of a share of German American common stock received becomes relevant).

***Cash in Lieu of Fractional Shares of German American Common Stock***

A U.S. Holder who receives cash in lieu of fractional shares of German American common stock will be treated as having received such fractional share of German American common stock pursuant to the merger and then as having sold that fractional share of German American common stock for cash in a redemption by German American. As a result, such U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received in lieu of a fractional share and the U.S. Holder's basis in the fractional share of German American common stock determined as described above. Any resultant gain or loss generally will be capital in nature, and will be long-term or short-term, depending on the period of time the exchanged shares of First Security common stock were held. Long-term capital gain is taxed at reduced rates for non-corporate holders. The deductibility of capital losses is subject to limitations.

***Unearned Income Medicare Contribution Tax***

In addition to the above-referenced tax consequences, a U.S. Holder may also be subject to Section 1411 of the Code. Section 1411 imposes an additional 3.8% tax on certain individuals, estates and trusts. For individuals, Section 1411 imposes an additional 3.8% tax on the lesser of: (i) the individual's "net investment income" for the relevant taxable year; or (ii) the excess of the individual's modified adjusted gross income for the taxable year over the applicable threshold. For estates and trusts, Section 1411 imposes an additional 3.8% tax on the lesser of: (i) the estate's or trust's "undistributed net investment income" for the relevant taxable year; or (2) the excess of the estate's or trust's adjusted gross income over the dollar amount at which the highest tax bracket in Section 1(e) of the Code begins for such taxable year. Net investment income generally would include any capital gain incurred in connection with the merger (including any gain treated as a dividend).

***Capital Gains or Losses***

To the extent a U.S. Holder recognizes capital gain or loss as a result of the exchange of common stock in the merger, the capital gain or loss will be long-term capital gain or loss if the U.S. Holder held the shares of First Security common stock for more than one year as of the effective date of the merger. Long-term capital gains of an individual generally are subject to a maximum U.S. federal income tax rate of 20% (not including the additional Section 1411 tax). Short-term capital gains of an individual generally are subject to a maximum U.S. federal income tax rate of 37% (not including the additional Section 1411 tax). The deductibility of capital losses is subject to limitations. In addition, the holding period of the German American common stock received generally will include the holding period of First Security common stock surrendered in the exchange.

If a U.S. Holder acquired different blocks of First Security common stock at different times or different prices, such U.S. Holder should consult its tax advisor regarding the manner in which gain or loss should be determined.

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***Information Reporting and Backup Withholding***

Cash payments received in the merger by a U.S. Holder may, under certain circumstances, be subject to information reporting and backup withholding, unless the U.S. Holder provides proof of an applicable exemption, furnishes its taxpayer identification number (in the case of individuals, their social security number) and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. Holder under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

***Reporting Requirements***

U.S. Holders who are "significant holders" and receive German American common stock in exchange for First Security common stock are required to file a statement with their U.S. federal income tax return setting forth certain information, including, but not limited to, their tax basis (determined immediately before the merger) in the First Security common stock exchanged in the merger and the fair market value (determined immediately before the merger) of the First Security common stock exchanged in the merger.

A "significant holder" is a holder of First Security stock who immediately before the merger (i) owned at least 5% of the total outstanding stock of First Security by vote or by value or (ii) owned stock of First Security with a tax basis of at least \$1 million.

All First Security shareholders will be required to retain permanent tax records of the tax basis of First Security common stock exchanged and the German American common stock and cash received in the merger.

**This discussion is of a general nature only, is not exhaustive, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Because of the complexity of the tax law and because of the unique tax consequences to the shareholders following the merger, each shareholder is strongly urged to consult such shareholder's own tax advisor as to the particular tax consequences to such shareholder of the merger, including the applicability and effect of federal, state, local, foreign and other tax laws in such shareholder's particular circumstances.**

**LEGAL MATTERS**

Certain matters pertaining to the validity of the authorization and issuance of the German American shares to be issued in the proposed merger and the federal income tax consequences thereof will be passed upon by Bingham Greenebaum Doll LLP, Indianapolis, Indiana.

**EXPERTS**

The consolidated financial statements of German American, incorporated by reference in this proxy statement/prospectus from our Annual Report on Form 10-K for the year ended December 31, 2017, have been audited by Crowe LLP, an independent registered public accounting firm, as stated in their report. Such consolidated financial statements are incorporated herein by reference in reliance upon the report of Crowe LLP given upon the authority of such firm as experts in accounting and auditing.



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**SHAREHOLDER PROPOSALS FOR 2019 ANNUAL MEETINGS**

**German American**

If the merger is completed, First Security shareholders will become shareholders of German American. Any proposal which a German American shareholder intends to have presented at the 2019 annual meeting of German American and included in the proxy statement and form of proxy relating to that meeting must be received by the Secretary of German American at German American's principal office located at 711 Main Street, Jasper, Indiana 47546-0810 no later than December 3, 2018, for inclusion in German American's proxy statement and form of proxy relating to that meeting. Shareholder proposals, if any, intended to be presented at the 2019 annual meeting of German American that are not submitted by December 3, 2018 for inclusion in the proxy statement will be considered untimely.

**First Security**

If the merger occurs, there will be no First Security annual meeting of shareholders for 2019. In that case, shareholder proposals must be submitted to German American in accordance with the procedures described above.

If the merger is not completed, First Security will hold its 2019 annual meeting in accordance with its current governing documents and as required under Kentucky law.

**WHERE YOU CAN FIND MORE INFORMATION**

German American has filed with the SEC a registration statement on Form S-4 under the Securities Act of 1933 for the securities being offered under this proxy statement/prospectus. This proxy statement/prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and accompanying exhibits, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to German American and the securities offered by this proxy statement/prospectus, reference is made to the registration statement. Statements contained in this proxy statement/prospectus concerning the provisions of such documents are necessarily summaries of such documents and each such statement is qualified in its entirety by reference to the copy of the applicable documents filed with the SEC.

German American files annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy these materials at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain additional information about German American on its website at <http://www.germanamerican.com>. You may obtain additional information about First Security on its website at <https://www.firstsecurity.net>. However, the contents of those websites are not incorporated by reference in, or otherwise a part of, this proxy statement/prospectus and are not soliciting material.

German American "incorporates by reference" into this proxy statement/prospectus the information in documents it files with the SEC, which means that they can disclose important information to you through those documents. The information incorporated by reference is an important part of this proxy statement/prospectus. Some information contained in this proxy statement/prospectus updates the information incorporated by reference and some information filed by German American subsequently with the SEC will automatically update this proxy statement/prospectus.

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German American incorporates by reference the documents and information listed below:

German American's Annual Report on Form 10-K filed on March 1, 2018;

German American's Quarterly Report on Form 10-Q filed on May 10, 2018;

German American's Current Reports on Form 8-K filed on January 30, 2018 (except with respect to information furnished under Item 2.02 therein), January 31, 2018 (except with respect to information furnished under Item 7.01 therein), February 13, 2018, May 1, 2018 (except with respect to information furnished under Item 2.02 therein), May 18, 2018 (except with respect to information furnished under Item 7.01 therein), May 22, 2018, June 11, 2018 (except with respect to information furnished under Item 7.01 therein) and June 29, 2018; and

The description of German American common stock set forth in the registration statement filed by German American pursuant to Section 12 of the Exchange Act, including any amendment or report filed with the SEC for the purpose of updating such description.

German American also incorporates by reference any of its filings with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act between the date hereof and the date of the special meeting of First Security shareholders; provided, however, German American is not incorporating by reference any information furnished, but not filed.

**WHAT INFORMATION YOU SHOULD RELY ON**

You should rely only on the information contained or incorporated by reference in this proxy statement/prospectus. German American and First Security have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/prospectus.

Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you.

German American has supplied all of the information contained or incorporated by reference in this proxy statement/prospectus relating to German American, and First Security has supplied all information contained in this proxy statement/prospectus relating to First Security. This document constitutes the prospectus of German American and a proxy statement of First Security.

This proxy statement/prospectus is dated [ • ], 2018. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. Neither the mailing of this proxy statement/prospectus to First Security shareholders nor the issuance of German American shares in connection with the merger creates any implication to the contrary.

**AGREEMENT AND PLAN OF REORGANIZATION**

**by and among**

**FIRST SECURITY, INC.,**

**a Kentucky corporation,**

**FIRST SECURITY BANK, INC.,**

**a Kentucky bank,**

**GERMAN AMERICAN BANCORP, INC.,**

**an Indiana corporation,**

**and**

**GERMAN AMERICAN BANK,**

**an Indiana bank**

**May 22, 2018**

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**AGREEMENT AND PLAN OF REORGANIZATION**

THIS AGREEMENT AND PLAN OF REORGANIZATION (this "Agreement") is made as of May 22, 2018, by and among FIRST SECURITY, INC., a Kentucky corporation ("FSI"), FIRST SECURITY BANK, INC., a Kentucky bank ("FS Bank"), GERMAN AMERICAN BANCORP, INC., an Indiana corporation ("GABC"), and GERMAN AMERICAN BANK, an Indiana bank ("German American").

**Recitals**

A. FSI is a corporation duly organized and existing under the Kentucky Business Corporation Act ("KBCA") that is duly registered with the Board of Governors of the Federal Reserve System ("FRB") as a financial holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). FSI owns all of the outstanding capital stock of FS Bank, which is duly organized and existing as a bank under the Kentucky Financial Services Code ("KFSC") and operates eleven (11) banking offices in four (4) counties in Kentucky and two (2) counties in Indiana. FS Realty Holding, LLC, an Indiana limited liability company ("FS Realty" or "Subsidiary"), is a wholly-owned subsidiary of FS Bank. FS Bank and FS Realty are sometimes referred to as "Subsidiaries" herein.

B. GABC is a corporation duly organized and existing under Indiana Business Corporation Law ("IBCL") that is duly registered with the FRB as a bank holding company under the BHC Act. GABC owns all of the outstan