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## Section 1: 8-K (8-K)

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

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**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): **October 30, 2017**

**GERMAN AMERICAN BANCORP, INC.**  
(Exact name of registrant as specified in its charter)

**Indiana**  
(State or other jurisdiction of incorporation)

**001-15877**  
(Commission File Number)

**35-1547518**  
(IRS Employer Identification No.)

**711 Main Street**  
**Box 810**  
**Jasper, Indiana**  
(Address of Principal Executive Offices)

**47546**  
(Zip Code)

Registrant's telephone number, including area code: **(812) 482-1314**

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

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 13(a) of the Exchange Act

**Item 2.02. Results of Operations and Financial Condition.**

On October 30, 2017, German American Bancorp, Inc. (the “Company” or “German American”) issued a press release announcing its results for the quarter ended September 30, 2017 and making other disclosures. The press release (including the accompanying unaudited consolidated financial statements as of and for the quarter ended September 30, 2017, and other financial data) is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information incorporated by reference herein from Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01. Other Events.**

Cash Dividend. As announced in the press release that is furnished as Exhibit 99.1 to this report, the Company’s Board of Directors has declared a cash dividend of \$0.13 per share which will be payable on November 20, 2017 to shareholders of record as of November 10, 2017.

**Item 9.01. Financial Statements, Pro Forma Financial Information and Exhibits.**

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | Press release dated October 30, 2017. This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. |

\* \* \* \* \*

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

GERMAN AMERICAN BANCORP, INC.

By: /s/ Mark A. Schroeder

Mark A. Schroeder, Chairman and Chief Executive  
Officer

Date: October 30, 2017

## EXHIBIT INDEX

| <u>Exhibit No.</u>   | <u>Description</u>                   |
|----------------------|--------------------------------------|
| <a href="#">99.1</a> | Press release dated October 30, 2017 |

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### Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

#### NEWS RELEASE

For additional information, contact:

**Mark A Schroeder**, *Chairman & Chief Executive Officer of German American Bancorp, Inc.*

**Bradley M Rust**, *Executive Vice President/CFO of German American Bancorp, Inc.*  
(812) 482-1314

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**OCTOBER 30, 2017**

#### **GERMAN AMERICAN BANCORP, INC. (GABC) REPORTS SOLID THIRD QUARTER EARNINGS, RECORD YEAR-TO-DATE EARNINGS AND STRONG THIRD QUARTER LOAN GROWTH**

Jasper, Indiana: October 30, 2017 -- German American Bancorp, Inc. (NASDAQ: GABC) reported another quarter of solid earnings of \$9.7 million, or \$0.42 per share, during the third quarter of 2017, resulting in record 2017 year-to-date net income of \$29.1 million, or \$1.27 per share, for the nine months ended on September 30, 2017. On a comparative per share basis, this level of quarterly earnings was a 2.3% decline from reported net income of \$9.7 million, or \$0.43 per share, in the second quarter of 2017. The 2017 year-to-date earnings comparison reflects a 12.4% increase, on a per share basis, over 2016 year-to-date net income of \$25.1 million, or \$1.13 per share, for the nine months ended on September 30, 2016.

The Company also experienced strong loan growth of \$54.6 million, or 10.7% on a linked quarter annualized basis, during the current quarter, as measured from June 30, 2017 end of period loan balances. This quarterly growth in loans follows a similar level of loan growth in the second quarter of 2017 of \$48.2 million, or 9.7% on a linked quarter annualized basis. Year-to-date third quarter 2017 earnings performance, relative to the same period 2016 results, was enhanced by an increase of \$4.4 million, or approximately 6.3%, of net interest income, driven in part, by the aforementioned loan growth.

Commenting on the Company's continued strong financial performance, Mark A. Schroeder, German American's Chairman & CEO, stated, "While there were several revenue and expense items, recorded in the third quarter related to the disposition of two former branch facilities closed in the current year, that made quarterly earnings comparisons difficult, we are very encouraged about the level of our current year-to-date earnings and future earnings potential. The strong level of both loan and deposit growth we've experienced during the past two quarters is reflective of the economic growth and vitality throughout our southern Indiana market area, which we believe bodes well for the Company's future profitability. We are extremely pleased by the strong double-digit growth we've reported in 2017 year-to-date net income, and anticipate this positive current year to prior year comparison will continue in the fourth quarter."

The Company also announced the declaration of a regular quarterly cash dividend of \$0.13 per share, which will be payable on November 20, 2017 to shareholders of record as of November 10, 2017.

## NEWS RELEASE

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### **Balance Sheet Highlights**

Total assets for the Company increased to \$3.073 billion at September 30, 2017, representing an increase of \$68.1 million, or 9% on an annualized basis, compared with June 30, 2017 and an increase of \$93.3 million, or 3%, compared with September 30, 2016.

At September 30, 2017, total loans increased \$54.6 million, or 11% on an annualized basis, compared with June 30, 2017 and increased \$83.6 million, or 4%, compared with September 30, 2016. The increase during the third quarter of 2017 was largely related to an increase of approximately \$7.2 million, or 6% on an annualized basis, of commercial and industrial loans, an increase of \$28.7 million, or 13% on an annualized basis, of commercial real estate loans, an increase of \$13.8 million, or 18% on an annualized basis, of agricultural loans and an increase of \$5.0 million, or 5% on annualized basis, of retail loans. The increase was broadly based across the Company's entire market area.

### **End of Period Loan Balances**

(dollars in thousands)

|                               | <u>9/30/2017</u>    | <u>6/30/2017</u>    | <u>9/30/2016</u>    |
|-------------------------------|---------------------|---------------------|---------------------|
| Commercial & Industrial Loans | \$ 474,917          | \$ 467,754          | \$ 469,255          |
| Commercial Real Estate Loans  | 898,752             | 870,100             | 862,998             |
| Agricultural Loans            | 327,026             | 313,254             | 299,080             |
| Consumer Loans                | 209,537             | 202,562             | 186,854             |
| Residential Mortgage Loans    | 179,481             | 181,477             | 187,903             |
|                               | <u>\$ 2,089,713</u> | <u>\$ 2,035,147</u> | <u>\$ 2,006,090</u> |

Non-performing assets totaled \$10.2 million at September 30, 2017 compared to \$4.4 million of non-performing assets at June 30, 2017 and \$5.5 million at September 30, 2016. Non-performing assets represented 0.33% of total assets at September 30, 2017 compared to 0.15% of total assets at June 30, 2017 and 0.18% of total assets at September 30, 2016. Non-performing loans totaled \$9.7 million at September 30, 2017 compared to \$3.2 million at June 30, 2017 and \$5.1 million of non-performing loans at September 30, 2016. Non-performing loans represented 0.46% of total loans at September 30, 2017 compared to 0.16% at June 30, 2017 and 0.25% at September 30, 2016. The increase in non-performing assets during the third quarter of 2017 was primarily attributable to a single commercial lending relationship that was downgraded during the quarter.

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### Non-performing Assets

(dollars in thousands)

|                                  | <u>9/30/2017</u> | <u>6/30/2017</u> | <u>9/30/2016</u> |
|----------------------------------|------------------|------------------|------------------|
| Non-Accrual Loans                | \$ 9,177         | \$ 3,097         | \$ 4,906         |
| Past Due Loans (90 days or more) | 474              | 62               | 191              |
| Total Non-Performing Loans       | 9,651            | 3,159            | 5,097            |
| Other Real Estate                | 568              | 1,289            | 355              |
| Total Non-Performing Assets      | <u>\$ 10,219</u> | <u>\$ 4,448</u>  | <u>\$ 5,452</u>  |
| Restructured Loans               | \$ 152           | \$ 154           | \$ 50            |

The Company's allowance for loan losses totaled \$15.3 million at September 30, 2017 compared to \$15.3 million at June 30, 2017 and \$15.2 million at September 30, 2016. The allowance for loan losses represented 0.73% of period-end loans at September 30, 2017 compared with 0.75% of period-end loans at June 30, 2017 and 0.76% of period-end loans at September 30, 2016. Under acquisition accounting treatment, loans acquired are recorded at fair value which includes a credit risk component, and therefore the allowance on loans acquired is not carried over from the seller. The Company held a net discount on acquired loans of \$8.0 million as of September 30, 2017, \$8.4 million at June 30, 2017 and \$11.1 million at September 30, 2016.

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Total deposits increased \$61.3 million, or 10% on an annualized basis, as of September 30, 2017 compared with June 30, 2017 and increased \$94.9 million, or 4%, compared with September 30, 2016.

| <b><u>End of Period Deposit Balances</u></b><br><b>(dollars in thousands)</b> | <b><u>9/30/2017</u></b>    | <b><u>6/30/2017</u></b>    | <b><u>9/30/2016</u></b>    |
|---|----------------------------|----------------------------|----------------------------|
| Non-interest-bearing Demand Deposits  | \$ 589,315                 | \$ 557,535                 | \$ 534,620                 |
| IB Demand, Savings, and MMDA Accounts   | 1,454,073                  | 1,453,512                  | 1,361,522                  |
| Time Deposits < \$100,000   | 204,946                    | 203,923                    | 214,235                    |
| Time Deposits > \$100,000   | 176,238                    | 148,351                    | 219,286                    |
|   | <b><u>\$ 2,424,572</u></b> | <b><u>\$ 2,363,321</u></b> | <b><u>\$ 2,329,663</u></b> |

### **Results of Operations Highlights – Quarter ended September 30, 2017**

Net income for the quarter ended September 30, 2017 totaled \$9,660,000, or \$0.42 per share, which represented a decline of approximately 2% on a per share basis compared with the second quarter 2017 net income of \$9,839,000, or \$0.43 per share, and a decline of 7% on a per share basis compared with the third quarter 2016 net income of \$10,185,000, or \$0.45 per share.



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### Summary Average Balance Sheet

(Tax-equivalent basis / dollars in thousands)

|   | <u>Quarter Ended</u><br><u>September 30, 2017</u> |                                  |                              | <u>Quarter Ended</u><br><u>June 30, 2017</u> |                                  |                              | <u>Quarter Ended</u><br><u>September 30, 2016</u> |                                  |                              |
|---|---|----------------------------------|------------------------------|--|----------------------------------|------------------------------|---|----------------------------------|------------------------------|
|   | <u>Principal</u><br><u>Balance</u>                | <u>Income/</u><br><u>Expense</u> | <u>Yield/</u><br><u>Rate</u> | <u>Principal</u><br><u>Balance</u>           | <u>Income/</u><br><u>Expense</u> | <u>Yield/</u><br><u>Rate</u> | <u>Principal</u><br><u>Balance</u>                | <u>Income/</u><br><u>Expense</u> | <u>Yield/</u><br><u>Rate</u> |
| <b><u>Assets</u></b>                      |   |                                  |                              |  |                                  |                              |   |                                  |                              |
| Federal Funds Sold and Other              |   |                                  |                              |  |                                  |                              |   |                                  |                              |
| Short-term Investments                    | \$ 13,543   | \$ 46                            | 1.38%                        | \$ 13,268                                    | \$ 27                            | 0.79%                        | \$ 22,709   | \$ 25                            | 0.44%                        |
| Securities                                | 748,754   | 5,872                            | 3.14%                        | 743,354                                      | 5,887                            | 3.17%                        | 734,869   | 5,426                            | 2.95%                        |
| Loans and Leases                          | 2,058,453   | 23,358                           | 4.51%                        | 2,011,518                                    | 22,780                           | 4.54%                        | 1,982,291   | 22,475                           | 4.51%                        |
| <b>Total Interest Earning Assets</b>      | <b><u>\$ 2,820,750</u></b>                        | <b><u>\$ 29,276</u></b>          | <b><u>4.13%</u></b>          | <b><u>\$ 2,768,140</u></b>                   | <b><u>\$ 28,694</u></b>          | <b><u>4.15%</u></b>          | <b><u>\$ 2,739,869</u></b>                        | <b><u>\$ 27,926</u></b>          | <b><u>4.07%</u></b>          |
| <b><u>Liabilities</u></b>                 |   |                                  |                              |  |                                  |                              |   |                                  |                              |
| Demand Deposit Accounts                   | \$ 572,204  |                                  |                              | \$ 560,763                                   |                                  |                              | \$ 522,994  |                                  |                              |
| IB Demand, Savings, and                   |   |                                  |                              |  |                                  |                              |   |                                  |                              |
| MMDA Accounts                             | \$ 1,447,693                                      | \$ 1,117                         | 0.31%                        | \$ 1,446,994                                 | \$ 939                           | 0.26%                        | \$ 1,363,654                                      | \$ 671                           | 0.20%                        |
| Time Deposits                             | 382,827   | 842                              | 0.87%                        | 360,938                                      | 687                              | 0.76%                        | 416,968   | 652                              | 0.62%                        |
| FHLB Advances and Other Borrowings        | 246,698   | 1,110                            | 1.79%                        | 233,197                                      | 962                              | 1.65%                        | 274,365   | 851                              | 1.23%                        |
| <b>Total Interest-Bearing Liabilities</b> | <b><u>\$ 2,077,218</u></b>                        | <b><u>\$ 3,069</u></b>           | <b><u>0.59%</u></b>          | <b><u>\$ 2,041,129</u></b>                   | <b><u>\$ 2,588</u></b>           | <b><u>0.51%</u></b>          | <b><u>\$ 2,054,987</u></b>                        | <b><u>\$ 2,174</u></b>           | <b><u>0.42%</u></b>          |
| Cost of Funds                             |   |                                  | 0.43%                        |  |                                  | 0.37%                        |   |                                  | 0.32%                        |
| Net Interest Income                       |   | \$ 26,207                        |                              |  | \$ 26,106                        |                              |   | \$ 25,752                        |                              |
| Net Interest Margin                       |   |                                  | 3.70%                        |  |                                  | 3.78%                        |   |                                  | 3.75%                        |

During the quarter ended September 30, 2017, net interest income totaled \$24,917,000, which represented an increase of \$104,000, or slightly under 1%, from the quarter ended June 30, 2017 net interest income of \$24,813,000 and an increase of \$357,000, or just over 1%, compared with the quarter ended September 30, 2016 net interest income of \$24,560,000.

## NEWS RELEASE

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The tax equivalent net interest margin for the quarter ended September 30, 2017 was 3.70% compared with 3.78% in the second quarter of 2017 and 3.75% in the third quarter of 2016. The decline in the stated net interest margin was largely attributable to a decline in the accretion of loan discounts on acquired loans and to an increase in Company's cost of funds. Accretion of loan discounts on acquired loans contributed approximately 5 basis points to the net interest margin on an annualized basis in the third quarter of 2017, 10 basis points in the second quarter of 2017, and 9 basis points in the third quarter of 2016. The Company's cost of funds increased approximately 6 basis points in the third quarter of 2017 compared with the second quarter of 2017 and 11 basis points compared with the third quarter of 2016. The higher cost of funds was largely attributable to an increase in short-term market interest rates over the past several quarters.

During the quarter ended September 30, 2017, the Company recorded a provision for loan loss of \$250,000 compared with a provision for loan loss of \$350,000 during the second quarter of 2017 and no provision for loan loss in the third quarter of 2016. The provision during all periods was done in accordance with the Company's standard methodology for determining the adequacy of its allowance for loan loss.

During the quarter ended September 30, 2017, non-interest income totaled \$8,275,000, an increase of \$478,000, or 6%, compared with the quarter ended June 30, 2017, and a decline of \$109,000, or 1%, compared with the third quarter of 2016.

| <u>Non-interest Income</u><br>(dollars in thousands) | <u>Quarter Ended</u><br><u>9/30/2017</u> | <u>Quarter Ended</u><br><u>6/30/2017</u> | <u>Quarter Ended</u><br><u>9/30/2016</u> |
|--|--|--|--|
| Trust and Investment Product Fees                    | \$ 1,301                                 | \$ 1,350                                 | \$ 1,191                                 |
| Service Charges on Deposit Accounts                  | 1,608                                    | 1,478                                    | 1,612                                    |
| Insurance Revenues                                   | 1,728                                    | 1,744                                    | 1,661                                    |
| Company Owned Life Insurance                         | 317                                      | 480                                      | 247                                      |
| Interchange Fee Income                               | 1,186                                    | 1,156                                    | 965                                      |
| Other Operating Income                               | 608                                      | 630                                      | 1,246                                    |
| Subtotal   | <u>6,748</u>                             | <u>6,838</u>                             | <u>6,922</u>                             |
| Net Gains on Loans                                   | 952                                      | 959                                      | 1,004                                    |
| Net Gains on Securities                              | 575                                      | —  | 458                                      |
| <b>Total Non-interest Income</b>                     | <u><u>\$ 8,275</u></u>                   | <u><u>\$ 7,797</u></u>                   | <u><u>\$ 8,384</u></u>                   |

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Company owned life insurance income decreased \$163,000, or 34%, during the quarter ended September 30, 2017, compared with the second quarter of 2017 and increased \$70,000, or 28%, compared with the third quarter of 2016. The increase or decrease in company owned life insurance income, as the case may be, was attributable to corresponding changes in the level of death benefits received from policies during the comparative periods.

Interchange fee income increased \$30,000, or 3%, during the third quarter of 2017 compared with the second quarter of 2017 and \$221,000, or 23%, compared with the third quarter of 2016. The increase during the third quarter of 2017 compared with the third quarter of 2016 was largely attributable to increased card utilization by customers.

Other operating income decreased \$22,000, or 3%, during the quarter ended September 30, 2017 compared with the second quarter of 2017 and decreased \$638,000, or 51%, compared with the third quarter of 2016. The decline in the third quarter of 2017 compared with the third quarter of 2016 was largely attributable to decreased fees associated with swap transactions with loan customers.

While the overall variance in other operating income for the third quarter of 2017 compared with the second quarter of 2017 was minimal, non-interest income was impacted by the disposal of two former branch facilities that were closed during 2017. The net loss on the disposition of these branches totaled approximately \$86,000. The loss was derived from the write-off of leasehold improvements of \$553,000 on one of the branches, which was partially mitigated by the donation of another branch facility to a municipality in one of the Company's market areas that resulted in a net gain on the disposition of fixed assets of approximately \$467,000. This donated branch had a book value of \$306,000 and a fair value of \$773,000 at the time of disposition. A corresponding contribution expense of \$773,000 was recognized in advertising and promotion expense of the Company's income statement for the former branch facility that was donated.

The Company realized \$575,000 in gains on sales of securities during the third quarter of 2017 compared with no gains during the second quarter of 2017 and gains of \$458,000 in the third quarter of 2016.

During the quarter ended September 30, 2017, non-interest expense totaled \$19,771,000, an increase of \$775,000, or 4%, compared with the quarter ended June 30, 2017, and an increase of \$1,118,000, or 6%, compared with the third quarter of 2016.

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| <u>Non-interest Expense</u><br>(dollars in thousands) | <u>Quarter Ended</u><br><u>9/30/2017</u> | <u>Quarter Ended</u><br><u>6/30/2017</u> | <u>Quarter Ended</u><br><u>9/30/2016</u> |
|---|--|--|--|
| Salaries and Employee Benefits                        | \$ 11,570                                | \$ 11,460                                | \$ 10,572                                |
| Occupancy, Furniture and Equipment Expense            | 2,372                                    | 2,224                                    | 2,224                                    |
| FDIC Premiums   | 241                                      | 232                                      | 373                                      |
| Data Processing Fees                                  | 1,067                                    | 1,044                                    | 1,261                                    |
| Professional Fees                                     | 551                                      | 913                                      | 777                                      |
| Advertising and Promotion                             | 1,315                                    | 630                                      | 687                                      |
| Intangible Amortization                               | 230                                      | 242                                      | 280                                      |
| Other Operating Expenses                              | 2,425                                    | 2,251                                    | 2,479                                    |
| <b>Total Non-interest Expense</b>                     | <u>\$ 19,771</u>                         | <u>\$ 18,996</u>                         | <u>\$ 18,653</u>                         |

Salaries and benefits increased \$110,000, or 1%, during the quarter ended September 30, 2017 compared with the second quarter of 2017 and increased \$998,000, or 9%, compared with the third quarter of 2016. The increase in salaries and benefits during the third quarter of 2017 compared with the third quarter of 2016 was primarily attributable to an increased number of full-time equivalent employees and higher levels of employee benefit costs including incentive compensation plan costs and health insurance costs.

Professional fees decreased \$362,000, or 40%, during the quarter ended September 30, 2017 compared with the second quarter of 2017 and \$226,000, or 29%, compared with the third quarter of 2016. The decline in the third quarter of 2017 compared with the second quarter of 2017 was primarily attributable to costs incurred during the second quarter of 2017 associated with the three-for-two stock split completed during the second quarter of 2017.

Advertising and promotion increased \$685,000 during the quarter ended September 30, 2017 compared with the second quarter of 2017 and increased \$628,000 compared with the third quarter of 2016. The primary driver of the increase in advertising and promotion was the aforementioned recognition of a contribution expense of \$773,000 related to the donation of a former branch facility to a municipality in one of the Company's market areas.

The income tax provision during third quarter of 2017 was impacted by approximately \$476,000 related to the previously discussed donation of a former branch facility and previously discussed write-off of leasehold improvements of an additional branch location that were both closed during 2017.

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### About German American

German American Bancorp, Inc., is a NASDAQ-traded (symbol: GABC) bank holding company based in Jasper, Indiana. German American, through its banking subsidiary German American Bancorp, operates 53 banking offices in 19 contiguous southern Indiana counties and one northern Kentucky county. The Company also owns an investment brokerage subsidiary (German American Investment Services, Inc.) and a full line property and casualty insurance agency (German American Insurance, Inc.).

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### Cautionary Note Regarding Forward-Looking Statements

Certain statements in this press release may be deemed “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that, by their nature, forward-looking statements are based on assumptions and are subject to risks, uncertainties, and other factors. Actual results and experience could differ materially from the anticipated results or other expectations expressed or implied by these forward-looking statements as a result of a number of factors, including but not limited to, those discussed in this press release. Factors that could cause actual experience to differ from the expectations expressed or implied in this press release include the unknown future direction of interest rates and the timing and magnitude of any changes in interest rates; changes in competitive conditions; the introduction, withdrawal, success and timing of asset/liability management strategies or of mergers and acquisitions and other business initiatives and strategies; changes in customer borrowing, repayment, investment and deposit practices; changes in fiscal, monetary and tax policies; changes in financial and capital markets; potential deterioration in general economic conditions, either nationally or locally, resulting in, among other things, credit quality deterioration; capital management activities, including possible future sales of new securities, or possible repurchases or redemptions by the Company of outstanding debt or equity securities; risks of expansion through acquisitions and mergers, such as unexpected credit quality problems of the acquired loans or other assets, unexpected attrition of the customer base of the acquired institution or branches, and difficulties in integration of the acquired operations; factors driving impairment charges on investments; the impact, extent and timing of technological changes; potential cyber-attacks, information security breaches and other criminal activities; litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future; actions of the Federal Reserve Board; changes in accounting principles and interpretations; potential increases of federal deposit insurance premium expense, and possible future special assessments of FDIC premiums, either industry wide or specific to the Company’s banking subsidiary; actions of the regulatory authorities under the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Federal Deposit Insurance Act and other possible legislative and regulatory actions and reforms; the continued availability of earnings and excess capital sufficient for the lawful and prudent declaration and payment of cash dividends; and other risk factors expressly identified in the Company’s filings with the United States Securities and Exchange Commission. Such statements reflect our views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements. It is intended that these forward-looking statements speak only as of the date they are made. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

**GERMAN AMERICAN BANCORP, INC.**  
(unaudited, dollars in thousands except per share data)

**Consolidated Balance Sheets**

|   | <u>September 30, 2017</u>  | <u>June 30, 2017</u>       | <u>September 30, 2016</u>  |
|---|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>   |                            |                            |                            |
| Cash and Due from Banks                                     | \$ 44,804                  | \$ 36,833                  | \$ 38,329                  |
| Short-term Investments                                      | 9,758                      | 7,204                      | 16,455                     |
| Interest-bearing Time Deposits with Banks                   | —                          | —                          | 744                        |
| Investment Securities                                       | 741,710                    | 740,578                    | 732,911                    |
| Loans Held-for-Sale   | 8,484                      | 9,844                      | 12,967                     |
| Loans, Net of Unearned Income                               | 2,086,325                  | 2,031,743                  | 2,002,380                  |
| Allowance for Loan Losses                                   | (15,321)                   | (15,320)                   | (15,154)                   |
| Net Loans   | <u>2,071,004</u>           | <u>2,016,423</u>           | <u>1,987,226</u>           |
| Stock in FHLB and Other Restricted Stock                    | 13,048                     | 13,048                     | 13,048                     |
| Premises and Equipment                                      | 51,355                     | 49,249                     | 48,074                     |
| Goodwill and Other Intangible Assets                        | 56,378                     | 56,607                     | 56,767                     |
| Other Assets  | 76,348                     | 75,017                     | 73,019                     |
| <b>TOTAL ASSETS</b>   | <u><u>\$ 3,072,889</u></u> | <u><u>\$ 3,004,803</u></u> | <u><u>\$ 2,979,540</u></u> |
| <b>LIABILITIES</b>  |                            |                            |                            |
| Non-interest-bearing Demand Deposits                        | \$ 589,315                 | \$ 557,535                 | \$ 534,620                 |
| Interest-bearing Demand, Savings, and Money Market Accounts | 1,454,073                  | 1,453,512                  | 1,361,522                  |
| Time Deposits   | 381,184                    | 352,274                    | 433,521                    |
| Total Deposits  | <u>2,424,572</u>           | <u>2,363,321</u>           | <u>2,329,663</u>           |
| Borrowings  | 261,941                    | 263,469                    | 279,110                    |
| Other Liabilities   | 25,751                     | 23,059                     | 29,776                     |
| <b>TOTAL LIABILITIES</b>                                    | <u>2,712,264</u>           | <u>2,649,849</u>           | <u>2,638,549</u>           |
| <b>SHAREHOLDERS' EQUITY</b>                                 |                            |                            |                            |
| Common Stock and Surplus                                    | 187,917                    | 187,613                    | 186,519                    |
| Retained Earnings   | 169,859                    | 163,181                    | 142,347                    |
| Accumulated Other Comprehensive Income                      | 2,849                      | 4,160                      | 12,125                     |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                           | <u>360,625</u>             | <u>354,954</u>             | <u>340,991</u>             |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>           | <u><u>\$ 3,072,889</u></u> | <u><u>\$ 3,004,803</u></u> | <u><u>\$ 2,979,540</u></u> |
| <b>END OF PERIOD SHARES OUTSTANDING <sup>(1)</sup></b>      | <b>22,930,017</b>          | <b>22,929,627</b>          | <b>22,900,575</b>          |
| <b>TANGIBLE BOOK VALUE PER SHARE <sup>(1)(2)</sup></b>      | <b>\$ 13.27</b>            | <b>\$ 13.01</b>            | <b>\$ 12.41</b>            |

<sup>(1)</sup> As Adjusted for the 3 for 2 Stock Split distributed on April 21, 2017.

<sup>(2)</sup> Tangible Book Value per Share is defined as Total Shareholders' Equity less Goodwill and Other Intangible Assets divided by End of Period Shares Outstanding.

**GERMAN AMERICAN BANCORP, INC.**  
(unaudited, dollars in thousands except per share data)

**Consolidated Statements of Income**

|   | Three Months Ended    |                   |                       | Nine Months Ended     |                       |
|---|-----------------------|-------------------|-----------------------|-----------------------|-----------------------|
|   | September<br>30, 2017 | June 30,<br>2017  | September<br>30, 2016 | September<br>30, 2017 | September 30,<br>2016 |
| <b>INTEREST INCOME</b>  |                       |                   |                       |                       |                       |
| Interest and Fees on Loans  | \$ 23,182             | \$ 22,602         | \$ 22,311             | \$ 68,046             | \$ 63,645             |
| Interest on Short-term Investments and Time Deposits              | 46                    | 27                | 25                    | 100                   | 62                    |
| Interest and Dividends on Investment Securities                   | 4,758                 | 4,772             | 4,398                 | 14,274                | 12,557                |
| <b>TOTAL INTEREST INCOME</b>                                      | <b>27,986</b>         | <b>27,401</b>     | <b>26,734</b>         | <b>82,420</b>         | <b>76,264</b>         |
| <b>INTEREST EXPENSE</b>   |                       |                   |                       |                       |                       |
| Interest on Deposits  | 1,959                 | 1,626             | 1,323                 | 5,028                 | 3,804                 |
| Interest on Borrowings  | 1,110                 | 962               | 851                   | 2,937                 | 2,445                 |
| <b>TOTAL INTEREST EXPENSE</b>                                     | <b>3,069</b>          | <b>2,588</b>      | <b>2,174</b>          | <b>7,965</b>          | <b>6,249</b>          |
| <b>NET INTEREST INCOME</b>  | <b>24,917</b>         | <b>24,813</b>     | <b>24,560</b>         | <b>74,455</b>         | <b>70,015</b>         |
| Provision for Loan Losses   | 250                   | 350               | —                     | 1,100                 | 1,200                 |
| <b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>        | <b>24,667</b>         | <b>24,463</b>     | <b>24,560</b>         | <b>73,355</b>         | <b>68,815</b>         |
| <b>NON-INTEREST INCOME</b>  |                       |                   |                       |                       |                       |
| Net Gain on Sales of Loans  | 952                   | 959               | 1,004                 | 2,598                 | 2,607                 |
| Net Gain on Securities  | 575                   | —                 | 458                   | 575                   | 1,426                 |
| Other Non-interest Income   | 6,748                 | 6,838             | 6,922                 | 21,087                | 19,623                |
| <b>TOTAL NON-INTEREST INCOME</b>                                  | <b>8,275</b>          | <b>7,797</b>      | <b>8,384</b>          | <b>24,260</b>         | <b>23,656</b>         |
| <b>NON-INTEREST EXPENSE</b>                                       |                       |                   |                       |                       |                       |
| Salaries and Benefits   | 11,570                | 11,460            | 10,572                | 34,474                | 32,357                |
| Other Non-interest Expenses                                       | 8,201                 | 7,536             | 8,081                 | 23,329                | 24,875                |
| <b>TOTAL NON-INTEREST EXPENSE</b>                                 | <b>19,771</b>         | <b>18,996</b>     | <b>18,653</b>         | <b>57,803</b>         | <b>57,232</b>         |
| Income before Income Taxes  | 13,171                | 13,264            | 14,291                | 39,812                | 35,239                |
| Income Tax Expense  | 3,511                 | 3,425             | 4,106                 | 10,757                | 10,120                |
| <b>NET INCOME</b>   | <b>\$ 9,660</b>       | <b>\$ 9,839</b>   | <b>\$ 10,185</b>      | <b>\$ 29,055</b>      | <b>\$ 25,119</b>      |
| <b>BASIC EARNINGS PER SHARE <sup>(1)</sup></b>                    | <b>\$ 0.42</b>        | <b>\$ 0.43</b>    | <b>\$ 0.45</b>        | <b>\$ 1.27</b>        | <b>\$ 1.13</b>        |
| <b>DILUTED EARNINGS PER SHARE <sup>(1)</sup></b>                  | <b>\$ 0.42</b>        | <b>\$ 0.43</b>    | <b>\$ 0.45</b>        | <b>\$ 1.27</b>        | <b>\$ 1.13</b>        |
| <b>WEIGHTED AVERAGE SHARES OUTSTANDING <sup>(1)</sup></b>         | <b>22,929,864</b>     | <b>22,929,426</b> | <b>22,886,721</b>     | <b>22,922,724</b>     | <b>22,221,780</b>     |
| <b>DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING <sup>(1)</sup></b> | <b>22,929,864</b>     | <b>22,929,426</b> | <b>22,886,721</b>     | <b>22,922,724</b>     | <b>22,224,419</b>     |

<sup>(1)</sup> As Adjusted for the 3 for 2 Stock Split distributed on April 21, 2017.



**GERMAN AMERICAN BANCORP, INC.**  
(unaudited, dollars in thousands except per share data)

|   | Three Months Ended    |                  |                       | Nine Months Ended     |                       |
|---|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|   | September 30,<br>2017 | June 30,<br>2017 | September 30,<br>2016 | September 30,<br>2017 | September 30,<br>2016 |
| <b>EARNINGS PERFORMANCE RATIOS</b>                            |                       |                  |                       |                       |                       |
| Annualized Return on Average Assets                           | 1.27%                 | 1.32%            | 1.38%                 | 1.30%                 | 1.20%                 |
| Annualized Return on Average Equity                           | 10.78%                | 11.34%           | 12.07%                | 11.16%                | 10.60%                |
| Net Interest Margin   | 3.70%                 | 3.78%            | 3.75%                 | 3.78%                 | 3.75%                 |
| Efficiency Ratio <sup>(1)</sup>                               | 57.34%                | 56.03%           | 54.64%                | 56.36%                | 59.00%                |
| Net Overhead Expense to Average Earning Assets <sup>(2)</sup> | 1.63%                 | 1.62%            | 1.50%                 | 1.61%                 | 1.71%                 |
| <b>ASSET QUALITY RATIOS</b>                                   |                       |                  |                       |                       |                       |
| Annualized Net Charge-offs to Average Loans                   | 0.05%                 | 0.04%            | 0.03%                 | 0.04%                 | 0.03%                 |
| Allowance for Loan Losses to Period End Loans                 | 0.73%                 | 0.75%            | 0.76%                 |                       |                       |
| Non-performing Assets to Period End Assets                    | 0.33%                 | 0.15%            | 0.18%                 |                       |                       |
| Non-performing Loans to Period End Loans                      | 0.46%                 | 0.16%            | 0.25%                 |                       |                       |
| Loans 30-89 Days Past Due to Period End Loans                 | 0.48%                 | 0.26%            | 0.39%                 |                       |                       |
| <b>SELECTED BALANCE SHEET &amp; OTHER FINANCIAL DATA</b>      |                       |                  |                       |                       |                       |
| Average Assets  | \$ 3,033,055          | \$ 2,970,745     | \$ 2,943,564          | \$ 2,977,023          | \$ 2,797,677          |
| Average Earning Assets  | \$ 2,820,750          | \$ 2,768,140     | \$ 2,739,869          | \$ 2,769,758          | \$ 2,612,284          |
| Average Total Loans   | \$ 2,058,453          | \$ 2,011,518     | \$ 1,982,291          | \$ 2,015,245          | \$ 1,871,134          |
| Average Demand Deposits                                       | \$ 572,204            | \$ 560,763       | \$ 522,994            | \$ 563,679            | \$ 497,620            |
| Average Interest Bearing Liabilities                          | \$ 2,077,218          | \$ 2,041,129     | \$ 2,054,987          | \$ 2,044,112          | \$ 1,958,222          |
| Average Equity  | \$ 358,299            | \$ 347,035       | \$ 337,449            | \$ 347,057            | \$ 315,895            |
| Period End Non-performing Assets <sup>(3)</sup>               | \$ 10,219             | \$ 4,448         | \$ 5,452              |                       |                       |
| Period End Non-performing Loans <sup>(4)</sup>                | \$ 9,651              | \$ 3,159         | \$ 5,097              |                       |                       |
| Period End Loans 30-89 Days Past Due <sup>(5)</sup>           | \$ 10,089             | \$ 5,238         | \$ 7,776              |                       |                       |
| Tax Equivalent Net Interest Income                            | \$ 26,207             | \$ 26,106        | \$ 25,752             | \$ 78,306             | \$ 73,354             |
| Net Charge-offs during Period                                 | \$ 249                | \$ 196           | \$ 150                | \$ 587                | \$ 484                |

<sup>(1)</sup> Efficiency Ratio is defined as Non-interest Expense divided by the sum of Net Interest Income, on a tax equivalent basis, and Non-interest Income.

<sup>(2)</sup> Net Overhead Expense is defined as Total Non-interest Expense less Total Non-interest Income.

<sup>(3)</sup> Non-performing assets are defined as Non-accrual Loans, Loans Past Due 90 days or more, Restructured Loans, and Other Real Estate Owned.

<sup>(4)</sup> Non-performing loans are defined as Non-accrual Loans, Loans Past Due 90 days or more, and Restructured Loans.

<sup>(5)</sup> Loans 30-89 days past due and still accruing.

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