



**Part II** Organizational Action *(continued)*

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED STATEMENT

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**18** Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED STATEMENT

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

<b>Paid Preparer Use Only</b>	Print your name ▶ BRADLEY M. RUST	Title ▶ SENIOR EVP/COO/CFO			
	Print/Type preparer's name BRYAN CLEVINGER	Preparer's signature <i>Bryan Clevenger</i>	Date 02/14/2022	Check <input type="checkbox"/> if self-employed	PTIN P00436418
	Firm's name ▶ CROWE LLP	Firm's EIN ▶ 35-0921680		Phone no. 317-569-8989	
	Firm's address ▶ 3815 RIVER CROSSING PKWY, INDIANAPOLIS, IN 46240-0977				

**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**  
**German American Bancorp, Inc.**  
**FEIN: 35-1547518**

The information contained herein is being provided pursuant to the requirements of IRC Section 6045B and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the transaction described below on tax basis in shares.

The information and examples provided below are illustrative only and are being provided pursuant to IRC Section 6045B and as a convenience to shareholders and their tax advisors. Shareholders should consult their tax advisors regarding specific consequences of the transaction, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws.

**Part II, Question 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.**

*\*For purposes of this attachment, GABC refers to the issuer, German American Bancorp, Inc., and CUB refers to Citizens Union Bancorp of Shelbyville, Inc. (FEIN: 61-1016371).*

The organizational action was a reorganization for U.S. federal tax purposes in which CUB merged with and into GABC, with GABC surviving the merger and continuing under the name "German American Bancorp, Inc." The effective time of the merger was January 1, 2022 ("Merger Effective Time"). Shareholders of CUB common stock who held their shares of CUB common stock of record (directly or through their broker or nominee) as of the Merger Effective Time received a per share combination of cash and GABC common stock (plus cash in lieu of any fractional share created by the exchange rate).

**Part II, Question 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.**

Each CUB common shareholder of record as of the Merger Effective Time became entitled to receive from GABC a 0.7739 share of GABC common stock for each of their former shares of CUB common stock subject to surrender of the old CUB shares; plus a cash payment of \$13.44 per share; plus potentially a cash payment in lieu of the issuance of any fractional share of GABC common stock. The basis of GABC shares received in the merger will generally be determined in accordance with IRC Section 358(a), as follows:

- The basis of CUB shares surrendered
- Reduced by the amount of cash received in the merger (other than cash received in lieu of fractional shares)
- Increased by any gain recognized in the exchange, computed on a per share basis (other than with respect to cash received in lieu of fractional shares).

A holder of CUB common stock who receives cash in lieu of a fractional share of GABC common stock will generally be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by GABC. As a result, a holder of CUB common stock will generally recognize gain or loss equal to the difference between the amount of cash received in lieu of fractional shares and the tax basis allocated to such fractional share of GABC common stock.

A holder of CUB common stock generally will recognize gain (but not loss) in an amount equal to the lesser of: (1) the amount by which the sum of the fair market value of the GABC common stock and cash received exceeds such shareholder's basis in its CUB common stock, and (2) the amount of cash received by the CUB shareholder. CUB shareholders will not recognize gain (or loss) as a result of receiving shares of GABC common stock in the merger.

The following information is necessary to compute gain to be recognized in the exchange on a per share basis as to each share of CUB common stock that was held by a holder of record as of the Merger Effective Time:

- Cash consideration received per CUB common share: \$13.44 per share
- Fair market value of GABC shares received per CUB common share based on the Nasdaq closing price on December 31, 2021:  $\$38.98 \times 0.7739 \text{ shares} = \$30.17 \text{ per share}^1$
- Total consideration received per CUB common share:  $\$13.44 + \$30.17 = \$43.61 \text{ per share}$

The following scenarios, which assume a fair market value of \$38.98 per share for GABC common stock received, are illustrative only and are being provided to assist shareholders in determining the per share gain (if any) to be recognized by a holder of record of a share of CUB common stock as of the Merger Effective Time.

- If the adjusted basis in an individual share of CUB stock is greater than or equal to \$43.61, recognized gain should be \$0.
- If the adjusted basis in an individual share of CUB stock is greater than \$30.17 but less than \$43.61, recognized gain should equal the excess of \$43.61 over the CUB stock basis.
- If the adjusted basis in an individual share of CUB stock is less than or equal to \$30.17, recognized gain should equal \$13.44.

CUB shareholders should note that cash payments received in lieu of fractional shares are expressly not considered in the scenarios described above.

*\*Shareholders should consult with their tax advisors regarding calculation of gain/loss, treatment of the deemed redemption for cash received in lieu of fractional shares, and to determine the methodology for valuing the shares received for purposes of determining specific tax basis impacts.*

**Part II, Question 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.**

The GABC Market Price per share was equal to the closing price per share of GABC Common, rounded to the nearest cent, as of the business day preceding the Merger Effective Time, as reported by Nasdaq.<sup>2</sup>

The basis of GABC shares received, once computed as per above, must be allocated to the individual GABC shares received in accordance with Treasury Regulation §1.358-2(a). See also Treasury Regulation §1.358-2(b). Because fewer shares of GABC common stock were received than shares of CUB common stock surrendered, the basis of the CUB shares surrendered must be allocated to the shares of GABC stock received in a manner that reflects, to the greatest extent possible, that a share of GABC stock received is received in respect of CUB shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of the CUB shares surrendered must be allocated to the shares of GABC stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular GABC share received. This could result in a single share of GABC stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle.

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<sup>1</sup> As noted in the response to Question 16, the GABC Market Price per share was equal to the closing price per share of GABC Common, rounded to the nearest cent, as of the business day preceding the Merger Effective Time, as reported by Nasdaq. There may be reasonable alternative share valuation methodologies, and we cannot provide any assurance that the Internal Revenue Service will agree with any particular valuation methodology.

<sup>2</sup> The merger became effective on January 1, 2022 (New Year's Day). Therefore, there is no trading activity available on the effective date of the merger. Other per-share market data (e.g., open, high, low, weighted average) for December 31, 2021 (the day preceding the Merger Effective Time) and January 3, 2022 (the first business day following the Merger Effective Time) is publicly available information and can be determined based on review of historical market data.

**Part II, Question 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

Tax treatment of the merger is based on the following Internal Revenue Code (IRC) sections and subsections: 302(b), 318, 354, 356, 358(a), 368(a), 1001, 1221, and 1223. See also Treasury Regulation §1.358-2(a), (b) and (c).

**Part II, Question 18: Can any resulting loss be recognized?**

In most situations, losses realized as a result of this transaction are not currently recognized and are deferred until the ultimate disposition of the GABC common shares received in the transaction.

**Part II, Question 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The reportable tax year of the adjustment to the basis of the securities as a result of the organizational action is the tax year including January 1, 2022 (i.e., the taxable year ending December 31, 2022 for calendar year taxpayers). Further information is available in the following documents prepared as a result of this organizational action:

- Prospectus of GABC, dated November 3, 2021, for the GABC common stock issued in the merger to the former CUB stockholders;
- GABC's Registration Statement on Form S-4 filed by GABC with the Securities and Exchange Commission (File No. 333-260386, effective October 20, 2021) in connection with this organizational action;
- GABC's Registration Statement Amendment on Form S-4/A filed by GABC with the Securities and Exchange Commission (File No. 333-260386, filed October 29, 2021) in connection with this organizational action; and
- GABC's Registration Statement Amendment on Form S-4/A filed by GABC with the Securities and Exchange Commission (File No. 333-260386, filed November 1, 2021) in connection with this organizational action.

This information does not constitute tax advice. This form provides a description of common tax consequences but does not purport to describe all tax consequences that may apply to all types of shareholders. Shareholders should consult a qualified tax advisor for any specific questions related to their specific tax treatment.