

RIVER VALLEY BANCORP

Form 425

October 26, 2015

Symbol: GABC

October 2015

Acquisition of River Valley Bancorp

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Subject Company: River Valley Bancorp
Commission Securities Exchange Act File No: 000-
21765

**CAUTIONARY NOTE REGARDING
FORWARD-LOOKING STATEMENTS**

This presentation contains 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*, *project*, *intend*, *anticipate*, *expect* and similar expressions or future or conditional verbs such as *will*, *would*, *can*, *may*, or similar expressions. These forward-looking statements include, but are not limited to, statements relating to the expected benefits of the proposed merger (the *Merger*) between German American Bancorp, Inc. (*German American*) and River Valley Bancorp, Inc. (*River Valley*).

Valley), including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of German American intentions and expectations; statements regarding German American's business plan and growth strategies; statements regarding German American's loan and investment portfolios; and estimates of German American's risks and future costs and benefits, the Merger or otherwise.

These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ from those set forth in forward-looking statements, including, among other things: the risk that the businesses of German American and River Valley integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies from the Merger may not be fully realized or realized within the expected time frame; revenues following the Merger may be lost due to customer and employee relationships and business operations may be disrupted by the Merger; the ability to obtain required regulatory and shareholder approvals, and the ability to complete the Merger on the expected timeframe; the costs and effects of litigation and other unexpected or adverse outcomes of such litigation; possible changes in economic and business conditions; the existence or exacerbation of geopolitical instability and uncertainty; the ability of German American to complete integration and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; other effects of legal and administrative cases; possible changes in the creditworthiness of customers and the possible impairment of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to bank holding companies and banks like German American's affiliate banks; the availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, liquidity, credit and interest rate risks associated with German American's business; and other risks and factors identified in German American and River Valley's filings with the Securities and Exchange Commission. Neither German American nor River Valley undertake any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation. In addition, German American and River Valley's past results of operations do not necessarily indicate either of their anticipated future results, whether the Merger

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Communications

in

this

presentation

do

not

constitute
an
offer
to
sell
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Relations,
German
American
Bancorp,
Inc.,
711
Main
Street,
Box
810,
Jasper,
Indiana
47546,
telephone
812-482-1314
or
Matthew
P.
Forrester,
President
&
CEO,
River
Valley
Bancorp,
430
Clifty
Drive,
Madison,
Indiana,
47520,
telephone
812-273-4949.
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2015.
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Transaction Highlights

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Meaningful addition to GABC franchise:

Further solidifies GABC's position as the premier Southern Indiana community banking franchise

Facilitates GABC's presence in three distinct markets located in the vibrant Southeast Indiana market area:

1. Adds 5 banking offices in the rapidly growing Indiana portion of the Louisville MSA (Floyd & Clark Counties)
2. Rounds out GABC's presence in markets adjacent to the Columbus, IN MSA (Jackson & Jennings Counties)
3. Provides a dominant share position in the Madison, IN market (Jefferson County)

Strong performer with similar culture and banking mentalities

Ability to cross-sell GABC products and services across RIVR customer base

Addition of Matt Forrester, President & CEO & Anthony Brandon, Executive Vice President as senior executives to help lead GABC's Southeast Indiana banking expansion

Financially Compelling:

Approximately 8.0% accretive to first full year EPS (1)

Approximately 4.3% dilutive to TBV at closing with an earn back

period
of
3.4
years
(2)

Pro forma tangible common equity / tangible assets >9% at close leaves GABC well positioned for continued organic growth and/or other acquisition opportunities

1)

Excludes one-time merger costs and projected interest rate mark amortization adjustments. Assumes 100% phase-in of project

2)

Tangible book value per share earn back period defined as the number of years for pro forma tangible book value per share to equal projected standalone tangible book value per share (crossover)

Transaction Overview

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GABC to acquire 100% of RIVR. River Valley Financial Bank will be merged with and into GABC's banking subsidiary, German American Bancorp

30% cash / 70% stock mix

RIVR pro forma ownership of approximately 13%

Each shareholder will receive \$9.90 in cash and 0.770 shares of GABC common stock

Structure /

Consideration

Purchase

Price

Board / Management

Other Terms

Approvals / Timing

\$83.5 million

(1)

Deal value / tangible book value of 151%

Deal value / LTM Earnings of 14.9x

GABC will add one RIVR Director to its Board of Directors & appoint the remaining independent RIVR directors to a regional advisory board

Matt Forrester & Anthony Brandon to continue employment with GABC

RIVR shall have a minimum net worth at closing with any shortfall deducted from the cash consideration

Termination fee of \$3.2 million (approximately 4% of deal value)

Customary regulatory approvals and shareholder approval by RIVR

Estimated close in early 2016

1)

Based on GABC's 20-day weighted average volume price of \$30.02 as of October 22, 2015

Overview of River Valley Bancorp

Financial Highlights (\$M)

Pro Forma Branch Map

Source: SNL Financial

(1)

RIVR footprint excludes administrative and facility offices located at 216 N State St., North Vernon, IN 47265 and 401 E Main St., Madison, IN 47250

6
2011
2012
2013
2014
YTD 9/30
CAGR
Balance Sheet (\$M)
Total Assets
407
473
483
509
514
6.4%
Total Net Loans
253
306
317
332
330
7.3%
Total Deposits
305
384
395
397
401
7.5%
Tang. Common Equity
28
30
29
52
55
20.0%
TCE / TA (%)
6.9
6.4
6.0
10.3
10.7
Profitability (%)
Net Income Avail. to Cmn.
1.4
3.7
4.1
4.4
4.3
45.3%

ROAA

0.45

0.96

0.92

0.96

1.11

ROAE

5.41

11.72

12.69

10.30

10.50

Efficiency Ratio

68.8

68.9

66.1

68.7

65.8

Per Share Data (\$)

Tang. Book Value Per Share

18.39

19.67

18.82

20.77

21.94

4.8%

Earnings Per Share

0.93

2.40

2.66

2.20

1.70

26.8%

Due Diligence Summary

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Comprehensive due diligence process

In-depth, three day review of credit files,
underwriting methodology and policy

\$168 million or approximately 50% of loan portfolio reviewed and 100% of all non performing assets reviewed

Detailed review of expenses on a line item basis

Modeling Assumptions

Estimated loan mark of \$8.7 million (\$4.9 million net of reserves)

Assumes 27% cost savings, 75% phased-in in 2016 and 100% thereafter

Pro forma earnings adjusted to reflect a moderate amount of net interest income compression

After-tax, one-time buyer and seller combined merger

charges

are

estimated

at

\$5.2

million

Due Diligence Highlights

Summary Highlights

Further solidifies GABC's position as the premier Southern Indiana community banking franchise

Facilitates GABC's presence in three distinct markets located in the vibrant Southeast Indiana market area:

1. Indiana portion of the Louisville MSA
2. Markets adjacent to the Columbus, IN MSA
3. Dominant market position in Madison, IN

Pro forma total assets of \$2.8 billion

Financially compelling:

Approximately

8.0%

accretive

to

EPS

in

the

first

full

year

(1)

Modest

TBV

dilution

with

a

3.4

year

earn

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(crossover

method)

(2)

Strong pro forma capital levels with flexibility to continue organic growth and future acquisitions

8

1)

Excludes one-time merger costs and projected interest rate mark amortization adjustments. Assumes 100% phase-in of project

2)

Tangible book value per share earn back period defined as the number of years for pro forma tangible book value per share to equal projected standalone tangible book value per share (crossover)