

**FOCUSED ON OUR
CORE STRENGTHS**

S U M M A R Y A N N U A L R E P O R T



German American Bancorp®

*Strong Ties.
Strong Solutions.*


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German American Bancorp[®]

*Strong Ties.
Strong Solutions.*



OUR MISSION

Building relationships that are mutually beneficial to our clients and our stakeholders.

OUR VISION

German American Bancorp will build a regional presence offering a full array of integrated financial products and services. We will always be mindful of our community roots and the importance of enhancing and growing the relationships we have with our shareholders, customers, employees and communities.





MARK A. SCHROEDER
President and CEO of
German American Bancorp

DEAR SHAREHOLDERS

As noted on the cover of this Summary Annual Report, the year of 2004 for German American Bancorp was one during which we remained Focused on our Core Strengths. By that, we mean that throughout 2004 we continued our steadfast commitment to the development of operating fundamentals which we believe will, over time, result in the optimum enhancement of long-term shareholder value. While the reported 2004 financial and stock performance results, as discussed in further detail in our SEC 10-K Report, didn't meet the levels to which we have become accustomed and upon which we constantly strive to improve, we nevertheless made substantial progress toward our goal of creating a preeminent financial enterprise capable of achieving sustainable, long-term superior financial performance – the ultimate driver of long-term shareholder value.

As is the case for many banking organizations, German American's largest source of revenue has historically been, and continues to be, derived from the spread earned between its interest income and interest expense. During the past year, market interest rates began a rebound from the historic lows experienced in recent years. As a result of these increasing market rates, coupled with the seventh consecutive year of growth within the Company's portfolio of commercial/agricultural loans, our levels of net interest margin and net interest income increased by approximately 6% in 2004, reversing a five-year decline.

The continued growth of average balances of commercial/agricultural loans in 2004 was the result of steps taken in recent years to expand the Company's offerings of loans and other products/services to business customers. Our heightened efforts to grow this component of the Company's customer base is directly attributable to our strong belief that business customers, particularly small business customers, will value our approach of providing access to highly qualified professional financial advisors, local decision-making, and customer-focused products/services, all delivered under a community-based approach. Our successes within business banking in recent years has validated our increased emphasis and customer-focused approach for this very important segment of our customer base.

During 2004, your Company also continued to benefit from the steps taken in recent years to enhance and grow sources of non-interest income, such as insurance, trust administration, securities brokerage, and financial advisory services. Through the operations of our two principal non-banking subsidiaries, German American Financial Advisors & Trust Company and German American Insurance, Inc., our trust/investment product fees and insurance revenue grew by 26% in 2004, building upon the double-digit growth experienced during the last several years within these two important components of non-interest income.

In addition to our continued focus on growing both net interest income and non-interest income, we also continued to endeavor to improve your Company's operating efficiency in 2004 through enhanced employee productivity and the control of operating expenses. Improvements in operating efficiency are evidenced by the three-year trend in the reduction in the number of full-time equivalent employees and reduced salary and employee benefit expense and occupancy expenses in 2004 compared to 2003.

During 2004, we purchased 9.9% of the outstanding common stock of Bank of Evansville, a community bank that serves the Evansville, Indiana market, and I have joined its Board of Directors as your Company's representative. We anticipate exploring similar minority investments in community banks within select metropolitan markets in the coming years as a means to garner access to local banking expertise and expanded lending opportunities within these larger markets. These minority investments in banks, which share our fundamental customer-focused business model but are located in larger metropolitan markets, will be in addition to our continued efforts to proactively seek partnerships with like-minded community-based financial institutions and insurance agencies located within and adjacent to our existing geographic footprint.

Following the Annual Meeting in April, Bob Ruckriegel will be retiring from the Company's Board of Directors. Bob, who has served as a member of the Board of Directors of German American since 1983, has been instrumental in the growth experienced by the Company over the course of the past 22 years. We thank Bob for his advice and counsel and wish him all the best.

In anticipation of the retirement of Mr. Ruckriegel, as well as the retirement of three other directors within the next two years, the Board of Directors in September 2004 elected Douglas A. Bawel, U. Butch Klem, and Christina M. Ernst to the Board. We are extremely pleased to have individuals of the caliber of Doug, Butch, and Chris as representatives of the shareholders of German American and look forward to their insightful guidance as we continue to focus on our core strengths, build upon the solid foundation of our past, and create the preeminent financial enterprise of our future.

On behalf of the Board, I would like to thank our officers and staff for their commitment and dedication and to thank you, our shareholders, for your long-term perspective and your loyalty to German American Bancorp and our affiliated community-based banks, insurance agencies, and financial advisory companies. While the environment in recent years has not been conducive to the achievement of the level of financial and stock performance to which we strive, we continue to look to the future with pride and commitment, holding steadfast to our belief that the core strengths of German American's operating fundamentals will manifest themselves in superior financial and stock performance in the coming years.

Sincerely,



Mark A. Schroeder
President and Chief Executive Officer
March 15, 2005

"Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has."

- MARGARET MEAD

OUR EMPLOYEES

German American Bancorp and its family of financial services companies employ talented, caring people at all levels throughout the organization, truly making German American special. Our employees are empowered to make decisions for customers at the local level. We are large enough to serve the most sophisticated customer needs while being as customer-focused and agile as any small, locally owned organization. Truly we operate in the best of both worlds. Our employees bring relationship banking, with a community focus, to life each and every time they interact with customers. Whether we are helping a family plan for a comfortable retirement, or helping new parents add on a new baby's room to the house, we find great joy in serving our customers.

LOCAL LEADERSHIP

German American Bancorp's family of affiliated financial services companies each have local leadership in their respective markets. The local leadership allows our organization to make specific, timely decisions that benefit the customers and communities served in those markets. Plus, the local leadership has the resources of a holding company with over \$1 billion in assets under management supporting them. We are large enough to serve the most sophisticated clients, and small enough to do so very quickly with a personal touch. Our local leadership has proven especially powerful for commercial lending growth. Business and agriculture customers appreciate our responsive decision-making by people they know and trust.



OUR COMMUNITIES

Located in Southwestern Indiana, German American Bancorp's community banking roots are firmly planted throughout the communities we serve. We understand that our organization has a responsibility and an opportunity to help build a healthy regional economy. The markets served provide a diverse regional economy that supports manufacturing, farming, tourism, retail, and a variety of service industries. German American and its family of affiliated financial services companies provide the necessary funding and financial management for all types of local businesses. German American takes great pride in offering home ownership and financial planning for all types of families and individuals in the area as well.

"The key to successful leadership today is influence, not authority."

-KENNETH BLANCHARD

OUR BOARD OF DIRECTORS

German American Bancorp's Board of Directors, and those at our local, community banks, are very active, successful community leaders. Our directors take their role of corporate governance and oversight very seriously; and we feel that is a tremendous strength for our organization. The loyalty of our shareholders is frequently made apparent when we assist with shares that have been passed from generation to generation. This loyalty and allegiance to German American is greatly appreciated and recognized as something that must be earned. Our directors and management team take every step to ensure that we fully evaluate our opportunities to enhance shareholder value while maintaining a very prudent approach. In 2004, the Sarbanes Oxley Act brought many changes to publicly traded companies, and your directors and management team met those challenges with great resolve. In fact, many of the practices recommended by the Sarbanes Oxley Act were already in place prior to the new law.



DOUGLAS A. BAWEL

Doug is the President and CEO of Jasper Engines and Transmissions of Jasper, Indiana, a position that he has held since 1987. Doug, who is often asked to provide motivational speeches, is also the President and co-owner of the Penske Jasper Racing Team and the Patoka Valley Health Care Cooperative. He was named the Indiana Business Leader of the Year in 2003 and received the Indiana Entrepreneur of the Year Award for Manufacturing in 1997.



DAVID G. BUEHLER

Dave joined his parents in the family grocery business in 1957. Dave took over as President and CEO of the Buehler Foods in 1969. Under Dave's leadership, the business has grown into the largest, privately owned, grocery chain in Indiana. Dave has been recognized with numerous awards and honors for his leadership within the Jasper community and the State of Indiana. Dave continues to serve as Buehler's CEO today.



CHRISTINA M. ERNST

Chris is the President and Chairman of the Board for Miller Construction Company, Inc., a third generation family business based in Vincennes, Indiana, specializing in the building and maintenance of high voltage power lines for utility companies located throughout the Midwest. Chris holds a Bachelor of Science Degree and a Master of Science Degree from Indiana University. She also serves on the Knox County Community Foundation and the Vincennes University Foundation.



WILLIAM R. HOFFMAN

Bill is a retired farmer and a director of Patoka Valley Feeds, Inc. Bill was a director for Ireland State Bank, which happened to be German American Bancorp's first bank merger. Bill and his wife, Jean, live in Jasper, Indiana. He has held numerous positions within his church and other civic clubs and organizations throughout the years.

**OUR CORPORATE
BOARD OF DIRECTORS**



U. BUTCH KLEM

Butch is president and CEO of U.B. Klem Furniture Company located southeast of Jasper, IN. Butch founded the company in 1973, which specializes in restaurant furniture manufacturing for a variety of national franchisors. He was awarded the Indiana Entrepreneur of the Year Award for Manufacturing in 1995.



J. DAVID LETT

As a partner with Lett and Jones Attorneys at Law, Dave serves Logoootee and Martin County with his law practice. Dave received his Bachelor of Arts Degree from Franklin College and his Juris Doctor Degree from Thomas M. Cooley School of Law.



GENE C. MEHNE

Gene holds an Associates Degree from Vincennes University and graduated with distinction with a Bachelor of Science Degree from Purdue University. Gene is President and Manager of Mehne Farms, Inc., which operates in Jasper, Indiana.



ROBERT L. RUCKRIEGEL

Bob is the President of BR Associates, Inc., a restaurant company operating 150+ restaurants in four states with headquarters in Jasper, Indiana. Bob was the recipient of the 1997 Indiana Entrepreneur of the Year Award for Retail and the 2003 Indiana Children's Wish Fund Meagan Skinner Award. Bob continues to serve on many local and national advisory boards.

OUR CORPORATE BOARD OF DIRECTORS



MARK A. SCHROEDER

Mark Schroeder is the President and CEO of German American Bancorp. Mark earned an Associate of Science Degree in Banking and Finance from Vincennes University, a Bachelor of Science Degree in Financial Management from University of Evansville, and holds a Certified Public Accountant license from the State of Indiana. Mark is also a graduate of the ABA Commercial Lending Graduate School and the ABA Stonier Graduate School of Banking. Mark is a past chairman and a current member of the Board of Directors of the Community Bankers Association of Indiana. Mark also serves on the Board of Directors of the Independent Community Bankers of America, the national trade association for community banking.



LARRY J. SEGER

Larry holds his Bachelor of Science Degree in Business Marketing from Indiana University. As the President of Wabash Valley Produce, Larry oversees sales exceeding \$200 million with 800 employees in 7 locations. Larry also serves as the U. S. Egg Marketers President and Chairman.



JOSEPH F. STEURER

Joe serves as the Chairman of JOFCO, Inc., a furniture manufacturing company located in Jasper, Indiana. Joe earned his Bachelor of Science Degree in Industrial Engineering from St. Louis University.



CHET L. THOMPSON

Chet Thompson serves as the President of Thompson Insurance and Thompson Farms, both located in Daviess County, Indiana. Chet attended University of Evansville and Garrett Theology Seminary. He has held numerous positions within his church and other civic clubs and organizations throughout the years.



MICHAEL J. VOYLES

Mike was awarded the Petersburg Pride Good Neighbor Business Award in 2005 for his efforts in giving back to the Petersburg community. Mike is the President of Voyles Supermarket. He earned his Bachelor of Science Degree in Electrical Engineering from Purdue University.

GERMAN AMERICAN BANCORP**Directors:**

Douglas A. Bawel
 David G. Buehler
 Christina M. Ernst
 William R. Hoffman
 U. Butch Klem
 J. David Lett
 Gene C. Mehne
 Robert L. Ruckriegel
 Mark A. Schroeder
 Larry J. Seger
 Joseph F. Steurer
 Chet L. Thompson
 Michael J. Voyles

Senior Officers:

Mark A. Schroeder
President and Chief Executive Officer

Stan J. Ruhe
*Executive Vice President
 Credit Administration*

Clay W. Ewing
*Executive Vice President
 Banking*

Kenneth L. Sendelweck
Secretary and Treasurer

Tonya J. Brothers-Bridge
*Senior Vice President
 Retail Sales, Marketing and Training*

Diane S. Hasenour
*Senior Vice President
 Technology and Operations*

Bradley M. Rust
*Senior Vice President
 Accounting and Finance*

Gene L. Thewes
*Senior Vice President
 Branch Administration*

GERMAN AMERICAN INSURANCE, INC.

Main Office
 518 East Main Street
 Petersburg, IN 47567
 812.354.8888
www.germanamericaninsurance.com

Directors:

Terry W. Hoke
 Mark A. Schroeder
 Stan J. Ruhe
 Clay W. Ewing

Senior Officer:

Terry W. Hoke
President and Chief Executive Officer

GERMAN AMERICAN BANK

Main Office
 711 Main Street
 Jasper, IN 47546
 812.482.1314
www.germanamericanbank.com

Directors:

David G. Buehler
 William R. Hoffman
 Gene C. Mehne
 Robert L. Ruckriegel
 Mark A. Schroeder
 Kenneth L. Sendelweck
 Larry J. Seger
 Joseph F. Steurer

Senior Officers:

Kenneth L. Sendelweck
President and Chief Executive Officer

Charles L. Fleck
*Executive Vice President
 Commercial Banking*

Keith A. Leinenbach
*Senior Vice President
 Commercial Banking*

CITIZENS STATE BANK

Main Office
 305 East Main Street
 Petersburg, IN 47567
 812.354.8471
www.citizensstatebankcsb.com

Directors:

Joe A. Dedman
 Delbert Himsel, Jr.
 Robert C. Klipsch
 Michael B. McConnell
 W. Wyatt Rauch
 Stan J. Ruhe
 Mark A. Schroeder
 Wayne L. Stone
 Michael J. Voyles
 Gregory K. Willis

Senior Officers:

Joe A. Dedman
President and Chief Executive Officer

Floyd W. Alzman
*Senior Vice President
 Credit Administration*

FIRST STATE BANK

Main Office
 645 Main Street
 Tell City, IN 47586
 812.547.7025
www.firststatebankfsb.com

Directors:

Clay W. Ewing
Chairman
 D. Neil Dauby
 Gary D. Butler
 Michael E. Hammack
 John A. Hargis
 Joseph E. LeClere
 Mark A. Schroeder

Senior Officer:

D. Neil Dauby
President and Chief Executive Officer

PEOPLES BANK

Main Office
 201 East Main Street
 Washington, IN 47501
 812.254.4630
www.peoplesbankpb.com

Directors:

Joseph A. Wellman
 Bryan S. Bullock
 David F. Crane
 Dan J. Gregory
 J. David Lett
 Michael B. Lett
 Mark A. Schroeder
 Chet L. Thompson
 David Waller

Senior Officers:

Joseph A. Wellman
President and Chief Executive Officer

Kenneth H. Frye
*Senior Vice President,
 Retail Banking & Community President*

John N. Clausu
*Senior Vice President
 Commercial Banking*

FIRST AMERICAN BANK

Main Office
 Third and Busseron Streets
 Vincennes, IN 47591
 812.882.4528
www.firstamericanbankfab.com

Directors:

James W. Bobe
 Christina M. Ernst
 Clay W. Ewing
 Mark A. Schroeder
 Daniel L. Schuckman
 Joel B. Smith
 James W. Zeigler

Senior Officers:

James W. Bobe
President and Chief Executive Officer

Joel B. Smith
Executive Vice President

GERMAN AMERICAN FINANCIAL ADVISORS & TRUST COMPANY

Main Office
 711 Main Street
 Jasper, IN 47546
 812.482.5808
www.germanamericanbancorp.com

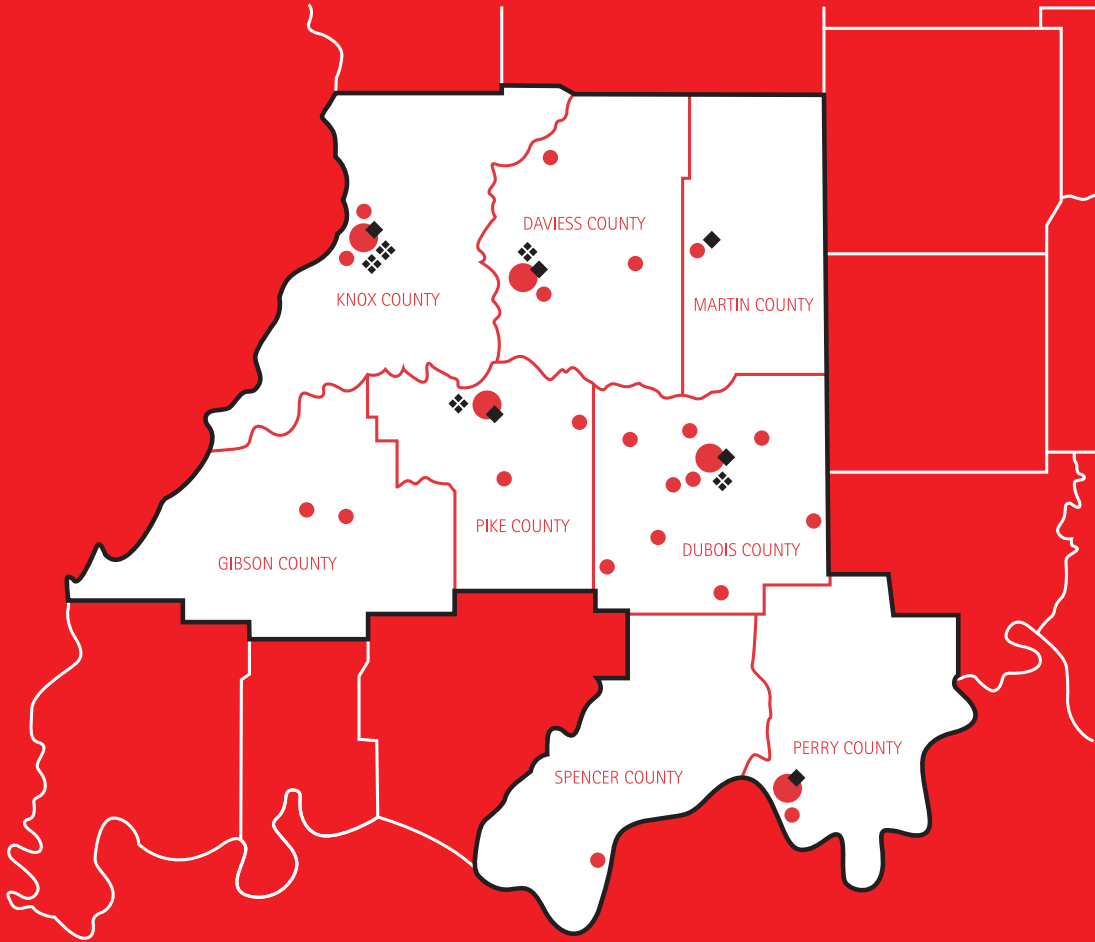
Directors:

Kenneth L. Sendelweck
Chairman
 David G. Buehler
 James W. Bobe
 D. Neil Dauby
 Joe A. Dedman
 J. David Lett
 Mark A. Schroeder
 Mark A. Stieve
 Joseph A. Wellman

Senior Officer:

Mark A. Stieve
President and Chief Executive Officer

- 1 BANK LOCATIONS
- ∇ INSURANCE LOCATIONS
- u FINANCIAL ADVISORS LOCATIONS



LOCATIONS

"You have to have confidence in your ability, and then be tough enough to follow through."

- ROSALYNN SMITH CARTER

**REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

We have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) the consolidated balance sheets of German American Bancorp as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated February 28, 2005, also appearing in the Annual Report on Form 10-K, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the condensed consolidated financial statements presented on pages 14 and 15 is fairly stated in all material respects in relation to consolidated financial statements from which they have been derived.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC
Indianapolis, Indiana
February 28, 2005

The following selected data should be read in conjunction with the Company's Annual Report on Form 10-K for 2004.

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|--------------------|-------------------------|--------------|--------------|----------------------|
| Summary of Operations: | | | | | |
| Interest Income | \$ 47,710 | \$ 50,619 | \$ 60,494 | \$ 71,069 | \$ 79,319 |
| Interest Expense | 16,471 | 21,084 | 28,492 | 38,917 | 45,646 |
| Net Interest Income | 31,239 | 29,535 | 32,002 | 32,152 | 33,673 |
| Provision for Loan Losses | 2,015 | 811 | 1,115 | 660 | 2,231 |
| Net Interest Income after Provision | | | | | |
| For Loan Losses | 29,224 | 28,724 | 30,887 | 31,492 | 31,442 |
| Non-interest Income | 9,620 ¹ | 12,934 | 9,509 | 9,772 | 2,543 ⁴ |
| Non-interest Expense | 30,609 | 32,219 ² | 28,967 | 29,308 | 28,238 |
| Income before Income Taxes | 8,235 | 9,439 | 11,429 | 11,956 | 5,747 |
| Income Tax Expense | 996 | 1,271 | 1,987 | 2,763 | 459 |
| Net Income | \$ 7,239 | \$ 8,168 | \$ 9,442 | \$ 9,193 | \$ 5,288 |
| Year-end Balances: | | | | | |
| Total Assets | \$ 942,094 | \$ 925,946 | \$ 957,005 | \$ 1,015,111 | \$ 1,079,808 |
| Total Loans, Net of Unearned Income | 629,793 | 611,866 | 610,741 | 657,166 | 709,744 ⁴ |
| Total Deposits | 750,383 | 717,133 | 707,194 | 726,874 | 735,570 |
| Total Long-term Debt | 69,941 | 76,880 ² | 121,687 | 156,726 | 182,370 |
| Total Shareholders' Equity | 83,669 | 83,126 ³ | 104,519 | 102,209 | 97,260 |
| Average Balances: | | | | | |
| Total Assets | \$ 927,528 | \$ 938,992 | \$ 1,000,167 | \$ 1,014,917 | \$ 1,070,093 |
| Total Loans, Net of Unearned Income | 622,240 | 618,340 | 644,990 | 704,562 | 766,533 ⁴ |
| Total Deposits | 731,467 | 711,310 | 718,763 | 718,160 | 749,235 |
| Total Shareholders' Equity | 82,558 | 87,703 ³ | 103,301 | 100,232 | 95,788 |
| Per Share Data⁵: | | | | | |
| Net Income | \$ 0.66 | \$ 0.73 ³ | \$ 0.79 | \$ 0.76 | \$ 0.44 |
| Cash Dividends | 0.56 | 0.53 | 0.51 | 0.48 | 0.45 |
| Book Value at Year-end | 7.68 | 7.60 ³ | 8.72 | 8.44 | 8.05 |
| Other Data at Year-end: | | | | | |
| Number of Shareholders | 3,219 | 3,198 | 3,299 | 3,314 | 3,208 |
| Number of Employees | 372 | 383 | 390 | 422 | 405 |
| Weighted Average Number of Shares ⁵ | 10,914,622 | 11,176,766 ³ | 12,007,009 | 12,093,160 | 12,074,628 |
| Selected Performance Ratios: | | | | | |
| Return on Assets | 0.78% | 0.87% | 0.94% | 0.91% | 0.49% |
| Return on Equity | 8.77% | 9.31% ³ | 9.14% | 9.17% | 5.52% |
| Equity to Assets | 8.88% | 8.98% ³ | 10.92% | 10.07% | 9.01% |
| Dividend Payout | 84.46% | 73.26% | 64.99% | 63.98% | 98.54% |
| Net Charge-offs to Average Loans | 0.24% | 0.14% | 0.19% | 0.22% | 0.27% |
| Allowance for Loan Losses to Loans | 1.40% | 1.35% | 1.36% | 1.27% | 1.31% |
| Net Interest Margin | 3.86% | 3.61% | 3.67% | 3.61% | 3.57% |

(1) In 2004, the Company recognized a \$3.7 million non-cash pre-tax charge (which reduced Non-interest Income) for the other-than-temporary decline in value of its FHLMC and FNMA preferred stock portfolio.

(2) In 2003, the Company prepaid \$40.0 million of FHLB borrowings within its mortgage banking segment. The prepayment fees associated with the extinguishment of these borrowings totaled \$1.9 million.

(3) In March 2003, the Company purchased 1,110,444 (approximately 9% of the number of shares that were then outstanding) of its common shares at \$19.05 per share pursuant to a self tender offer at a total cost, including fees and expenses incurred in connection with the offer, of approximately \$21.4 million.

(4) In 2000, the Company reclassified \$69.8 million of sub-prime, out-of-market residential mortgage loans as held-for-sale. The difference between book value and market value resulted in a \$5.2 million allowance for market loss on loans held-for-sale.

(5) Share and Per Share Data has been retroactively adjusted to give effect for stock dividends and excludes the dilutive effect of stock options.

| | December 31, | |
|--|--------------------------|--------------------------|
| | 2004 | 2003 |
| ASSETS | | |
| Cash and Due from Banks | \$ 23,312 | \$ 28,729 |
| Federal Funds Sold and Other Short-term Investments | 24,354 | 3,804 |
| Cash and Cash Equivalents | <u>47,666</u> | <u>32,533</u> |
| Securities Available-for-Sale, at Fair Value | 181,676 | 195,793 |
| Securities Held-to-Maturity, at Cost (Fair value of \$13,636 and \$17,964 on December 31, 2004 and 2003, respectively) | 13,318 | 17,417 |
| Loans Held-for-Sale | 3,122 | 1,416 |
| Loans | 631,043 | 613,255 |
| Less: Unearned Income | (1,250) | (1,389) |
| Allowance for Loan Losses | <u>(8,801)</u> | <u>(8,265)</u> |
| Loans, Net | 620,992 | 603,601 |
| Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost | 13,542 | 12,944 |
| Premises, Furniture and Equipment, Net | 20,231 | 21,605 |
| Other Real Estate | 213 | 749 |
| Goodwill | 1,794 | 1,794 |
| Intangible Assets | 2,378 | 2,804 |
| Company Owned Life Insurance | 18,540 | 17,831 |
| Accrued Interest Receivable and Other Assets | <u>18,622</u> | <u>17,459</u> |
| TOTAL ASSETS | <u>\$ 942,094</u> | <u>\$ 925,946</u> |
| LIABILITIES | | |
| Non-interest-bearing Demand Deposits | \$ 123,127 | \$ 112,689 |
| Interest-bearing Demand, Savings, and Money Market Accounts | 305,341 | 266,652 |
| Time Deposits under \$100,000 | 252,332 | 283,959 |
| Time Deposits \$100,000 or more and Brokered Deposits | 69,583 | 53,833 |
| Total Deposits | <u>750,383</u> | <u>717,133</u> |
| FHLB Advances and Other Borrowings | 95,614 | 112,559 |
| Accrued Interest Payable and Other Liabilities | <u>12,428</u> | <u>13,128</u> |
| TOTAL LIABILITIES | 858,425 | 842,820 |
| SHAREHOLDERS' EQUITY | | |
| Preferred Stock, \$10 par value; 500,000 shares authorized, no shares issued | - | - |
| Common Stock, no par value, \$1 stated value; 20,000,000 shares authorized | 10,898 | 10,933 |
| Additional Paid-in Capital | 66,817 | 67,532 |
| Retained Earnings | 5,778 | 4,653 |
| Accumulated Other Comprehensive Income | <u>176</u> | <u>8</u> |
| TOTAL SHAREHOLDERS' EQUITY | <u>83,669</u> | <u>83,126</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 942,094</u> | <u>\$ 925,946</u> |
| End of period shares issued and outstanding | <u>10,898,241</u> | <u>10,932,882</u> |

See Annual Report on Form 10-K.

CONSOLIDATED BALANCE SHEETS

DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA

| | Years ended December 31, | | |
|---|--------------------------|-----------------|-----------------|
| | 2004 | 2003 | 2002 |
| INTEREST INCOME | | | |
| Interest and Fees on Loans | \$ 39,257 | \$ 41,781 | \$ 48,471 |
| Interest on Federal Funds Sold and Other Short-term Investments | 129 | 270 | 754 |
| Interest and Dividends on Securities: | | | |
| Taxable | 5,455 | 5,023 | 7,144 |
| Non-taxable | 2,869 | 3,545 | 4,125 |
| TOTAL INTEREST INCOME | <u>47,710</u> | <u>50,619</u> | <u>60,494</u> |
| INTEREST EXPENSE | | | |
| Interest on Deposits | 11,747 | 13,997 | 18,676 |
| Interest on FHLB Advances and Other Borrowings | 4,724 | 7,087 | 9,816 |
| TOTAL INTEREST EXPENSE | <u>16,471</u> | <u>21,084</u> | <u>28,492</u> |
| NET INTEREST INCOME | <u>31,239</u> | <u>29,535</u> | <u>32,002</u> |
| Provision for Loan Losses | 2,015 | 811 | 1,115 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | <u>29,224</u> | <u>28,724</u> | <u>30,887</u> |
| NON-INTEREST INCOME | | | |
| Trust and Investment Product Fees | 2,046 | 1,627 | 1,419 |
| Service Charges on Deposit Accounts | 3,537 | 3,391 | 2,574 |
| Insurance Revenues | 4,666 | 3,692 | 2,818 |
| Other Operating Income | 2,074 | 1,556 | 1,056 |
| Net Gains on Sales of Loans and Related Assets | 975 | 2,588 | 1,625 |
| Net Gain / (Loss) on Securities | (3,678) | 80 | 17 |
| TOTAL NON-INTEREST INCOME | <u>9,620</u> | <u>12,934</u> | <u>9,509</u> |
| NON-INTEREST EXPENSE | | | |
| Salaries and Employee Benefits | 17,814 | 18,062 | 17,443 |
| Occupancy Expense | 2,121 | 2,354 | 2,184 |
| Furniture and Equipment Expense | 2,171 | 2,220 | 1,866 |
| Data Processing Fees | 1,186 | 1,126 | 1,098 |
| Professional Fees | 1,690 | 1,227 | 1,170 |
| Advertising and Promotion | 888 | 853 | 738 |
| Supplies | 527 | 633 | 660 |
| Net Loss on Extinguishment of Borrowings | - | 1,898 | 66 |
| Other Operating Expenses | 4,212 | 3,846 | 3,742 |
| TOTAL NON-INTEREST EXPENSE | <u>30,609</u> | <u>32,219</u> | <u>28,967</u> |
| Income before Income Taxes | 8,235 | 9,439 | 11,429 |
| Income Tax Expense | 996 | 1,271 | 1,987 |
| NET INCOME | <u>\$ 7,239</u> | <u>\$ 8,168</u> | <u>\$ 9,442</u> |
| Earnings per Share | \$ 0.66 | \$ 0.73 | \$ 0.79 |
| Diluted Earnings per Share | \$ 0.66 | \$ 0.73 | \$ 0.78 |

See Annual Report on Form 10-K.

CONSOLIDATED STATEMENTS OF INCOME

DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA

"The secret of joy in work is contained in one word - excellence. To know how to do something well is to enjoy it."

- PEARL S. BUCK

STRONG TIES, STRONG SOLUTIONS

German American consists of five community banks, a property and casualty insurance operation with five agencies, and a trust and investment advisory firm. Our approach to offering clients complete financial solutions has proven very successful for your Company. Our core banking group continues to expand our offerings of loans and other products and services to businesses and other customers in our communities, and we enjoy solid revenue growth from our financial advisory and insurance operations. We invite you to afford us the opportunity to both serve you as a customer and increase the value of your investment by allowing us to provide all your banking, insurance, and investment needs. Know that you can expect excellence, in all areas of financial services, where you see our Shield of Excellence.

CAUTIONARY NOTE RE: FORWARD-LOOKING STATEMENTS

This Summary Annual Report, including our President's letter to our Shareholders on pages 2 and 3, includes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, relating to our expectations for financial and stock market performance in the coming years. Readers are cautioned that these forward-looking statements are inherently uncertain and involve risks and uncertainties. Our actual results may differ materially from any of our present expectations that are expressed or implied by any forward-looking statement, due to risks, uncertainties and other factors, such as those that are described in Item 1, "Business – Forward Looking Statements and Associated Risks" in our accompanying Annual Report on Form 10-K for 2004. If you did not receive a copy of the Form 10-K Annual Report with this Summary Annual Report, you may review that document (and our other SEC filings) via the Internet through the Investors section of our website, www.germanamericanbancorp.com. The President's letter speaks as of March 15, 2004, and we assume no duty to update the information included in that letter or elsewhere in this Summary Annual Report on account of subsequent events or developments.



711 Main Street | Post Office Box 810 | Jasper, IN 47547-0810
812.482.1314 | www.germanamericanbankcorp.com