

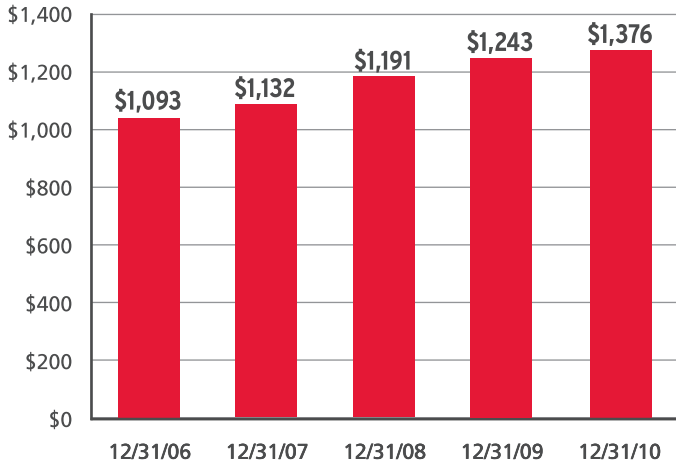
summary annual report *2010*

*Celebrating 100 years*  
1910 2010

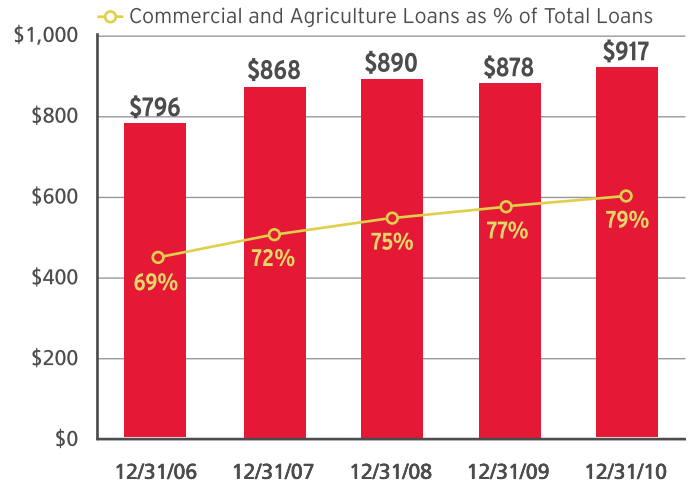


**German American**

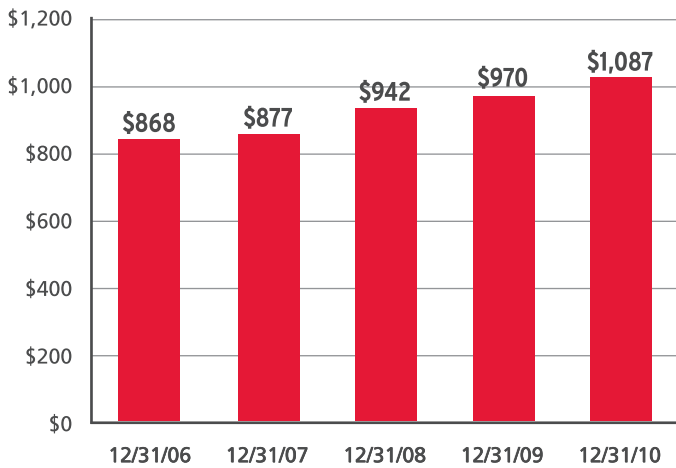
**Total Assets**  
(dollars in millions)



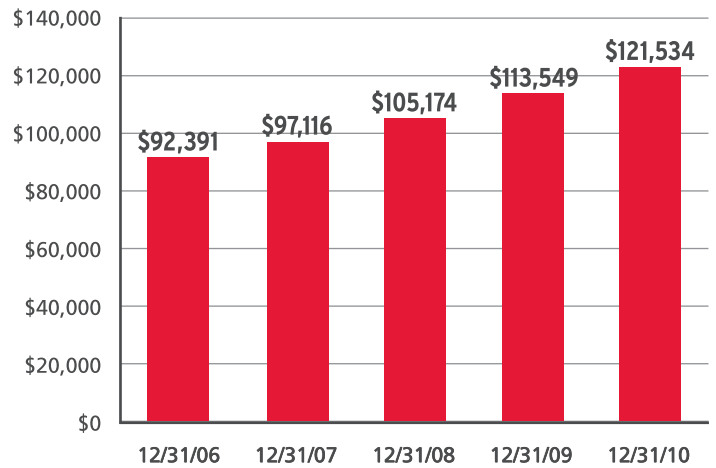
**Total Loans, Net of Unearned Income**  
(dollars in millions)



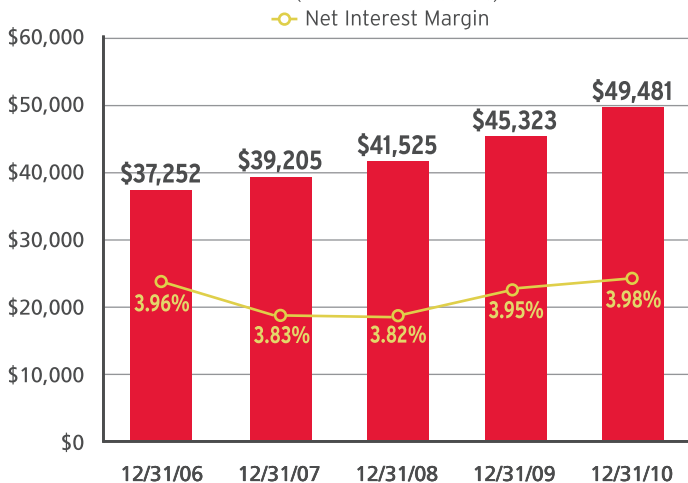
**Total Deposits**  
(dollars in millions)



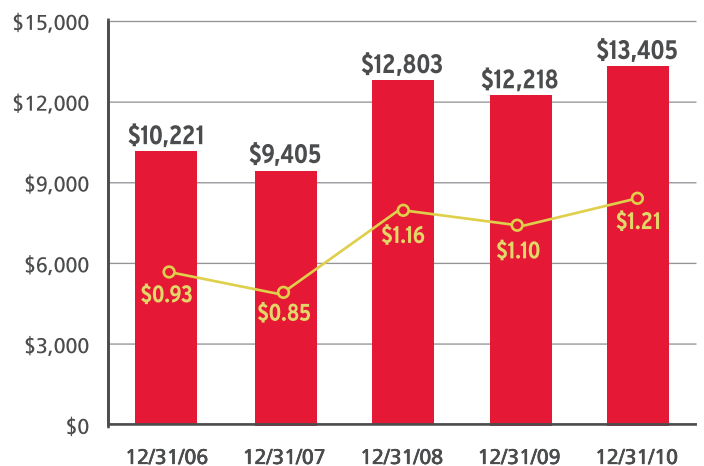
**Total Shareholders' Equity**  
(dollars in thousands)



**Net Interest Income (Tax-Equivalent)**  
(dollars in thousands)



**Net Income & Earnings Per Share**  
(dollars in thousands)





**Mark Schroeder**  
Chairman and CEO

Dear Shareholders:

The year 2010 was, on many fronts, a historic year for German American. First and foremost, the year marked the 100th anniversary of our Company's founding on November 2, 1910. For the past century, German American has served the businesses, citizens, and communities of southern Indiana by offering sound counsel and advice, by providing a full array of financial products and services, and by delivering those products and services to clients through financial professionals who know their customers and their local markets.

Our continuing commitment to follow the safe, sound, secure, and time-tested management philosophies of our founders allowed your Company to achieve a record level of financial performance in 2010. Being able to record the best year in our history in this our 100th anniversary year of service was particularly gratifying. In fact, the past three years have been the best three year period in our 100 year history, and we have achieved six consecutive years of double-digit returns on shareholders' equity. Obviously, this level of consistent, superior financial performance is truly a remarkable accomplishment in light of the economic challenges our nation has faced during these recent years.

The past year was historic for your Company as it marked the expansion of our footprint into the Evansville, Indiana, market area. In May, we acquired two branch offices on the east side of the city and followed upon the opening of those offices with the acquisition of the Bank of Evansville as of the beginning of this year. We now have 5 banking offices located throughout Evansville and Newburgh, and we look forward to further growth within this very important market area. In 2010, plans were made for further expansion within the Bloomington, Indiana, market. We are currently completing the development of a downtown financial center in Bloomington, from which we will offer our clients banking, insurance, and investment services, starting in the summer of 2011. We are very pleased about our prospects for continued future success across all three of our lines of business - banking, insurance, and investments - within both our new markets of Evansville and Bloomington and also within our legacy markets throughout southern Indiana.

Our past, present, and future success is attributable to our dedicated team of financial professionals, who truly exemplify what it means to be a community-oriented financial services company. These professionals assist their clients in the

achievement of their personal financial success and also give back to the communities they serve by collectively volunteering thousands of hours to help worthy civic and charitable causes. They give of their time, their money, and their heart and soul to better the communities we serve. To each of these individuals, I thank you for everything you do on a day-to-day basis to enhance the lives of your clients, your local communities, and the value of our shareholders' investment in German American.

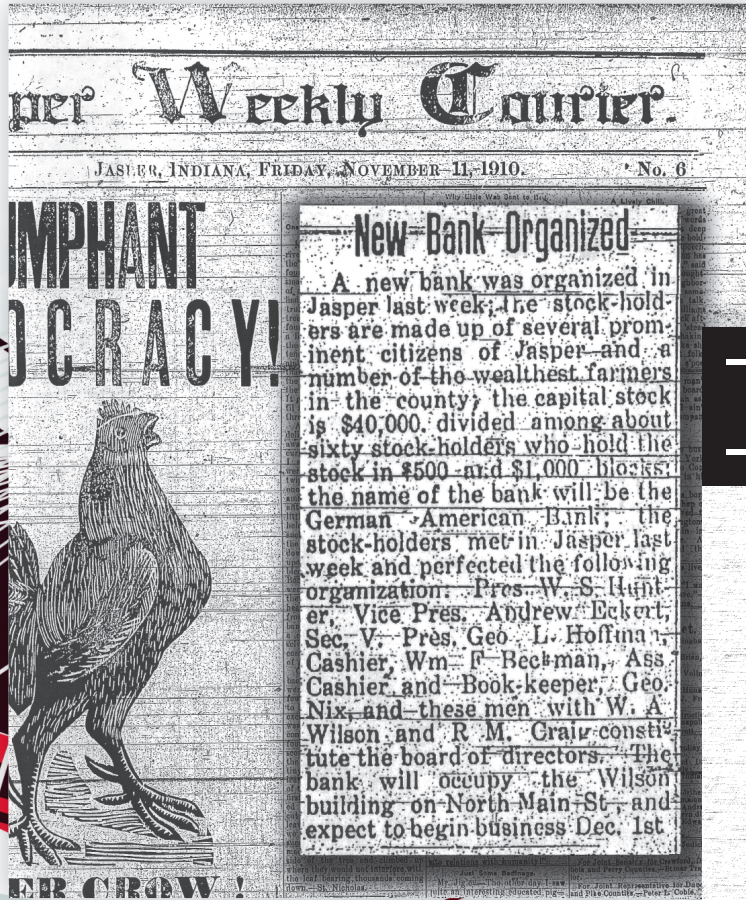
Our success over the past century would also not have been possible without you, our shareholders. Since 1910, dedicated shareholders have been a cornerstone of our strength and stability. From that small group of 57 founding shareholders in November 1910, German American's shareholder base has grown to over 5,500 shareholders, the majority of whom live and work in the southern Indiana communities we serve. Throughout our history, from the Great Depression of the 1930s up until the Great Recession of the past several years, our shareholders have remained steadfast in their commitment to our Company. In good times and in bad, we are grateful you have remained invested in and committed to our future success. Please know that your board of directors, officers, and staff work diligently every day to earn the trust you have placed in us and to enhance the value of your investment in German American.

As we enter our second century of service to our many customers and the communities throughout our southern Indiana market area, we are extremely pleased that German American is widely recognized as being one of the best banking and financial services companies in Indiana and in the Midwest. We pledge that we will strive to continue to build upon our past success by following the principles of our founders. Through hard work, prudence, and a commitment to provide the very best in financial products and services to the businesses, citizens and communities of southern Indiana, our objective of delivering superior financial performance and long-term value to you, our shareholders, will remain unchanged.

Sincerely,

Mark A. Schroeder  
Chairman & CEO

1910



2010

## PRESS RELEASE

### FOR IMMEDIATE RELEASE December 31, 2010

German American Bancorp, Inc. (NASDAQ: GABC) reported today that it had achieved 2010 net income at an all-time record level of \$13.4 million, or \$1.21 per share, a 10% increase over the Company's 2009 net income of \$12.2 million, or \$1.10 per share. The Company's return on average equity for 2010 was 11.18%, representing the 6th consecutive year the Company has achieved a double-digit return.

The Company released this information on February 1, 2011

From humble beginnings in 1910 in the heart of a southern Indiana town rich in German American heritage, your Company has stayed true to the values of hard work, prudence, and a commitment to provide strong financial products and services to customers for the past 100 years. Through our conservative, yet opportunistic growth, we have grown to be large enough to serve the most sophisticated client, yet remain small enough to provide service excellence with a personal touch.

Since 1910, German American has weathered depressions and recessions and enjoyed booming markets and sustaining economic climates. Through it all, the relationships our financial professionals forge with our valued customers and the hard working people in southern Indiana enable us to work together for the greater good of businesses, families, individuals, and communities.

**Bedford**

1502 I Street  
2606 16th Street  
1410 L Street

**Bloomington**

2614 E. 3rd Street  
★ 504 N. College Avenue

**Dubois**

4541 N. 4th Street

**Evansville**

4424 Vogel Road  
3150 Lynch Road  
530 N. St. Joseph Avenue  
515 Dixie Lane

**Ferdinand**

1020 Main Street

**Holland**

405 N. Meridian

**Huntingburg**

309 E. 13th Street

**Ireland**

5138 W. State Road 56

**Jasper**

711 Main Street  
209 3rd Avenue  
Highway 231 & 2nd Street  
3585 Newton Street

**Loogootee**

100 Charles Street

**Newburgh**

3933 Venetian Drive

**Oakland City**

1100 W. Morton Street

**Odon-Cannelburg**

7721 N. CR 900 E.

**Otwell**

1665 N. State Road 257

**Petersburg**

305 E. Main Street  
518 E. Main Street

**Princeton**

231 W. Broadway

**Rockport**

704 N. 5th Street

**Tell City**

645 Main Street  
1508 12th Street  
208 E. Highway 66

**Vincennes**

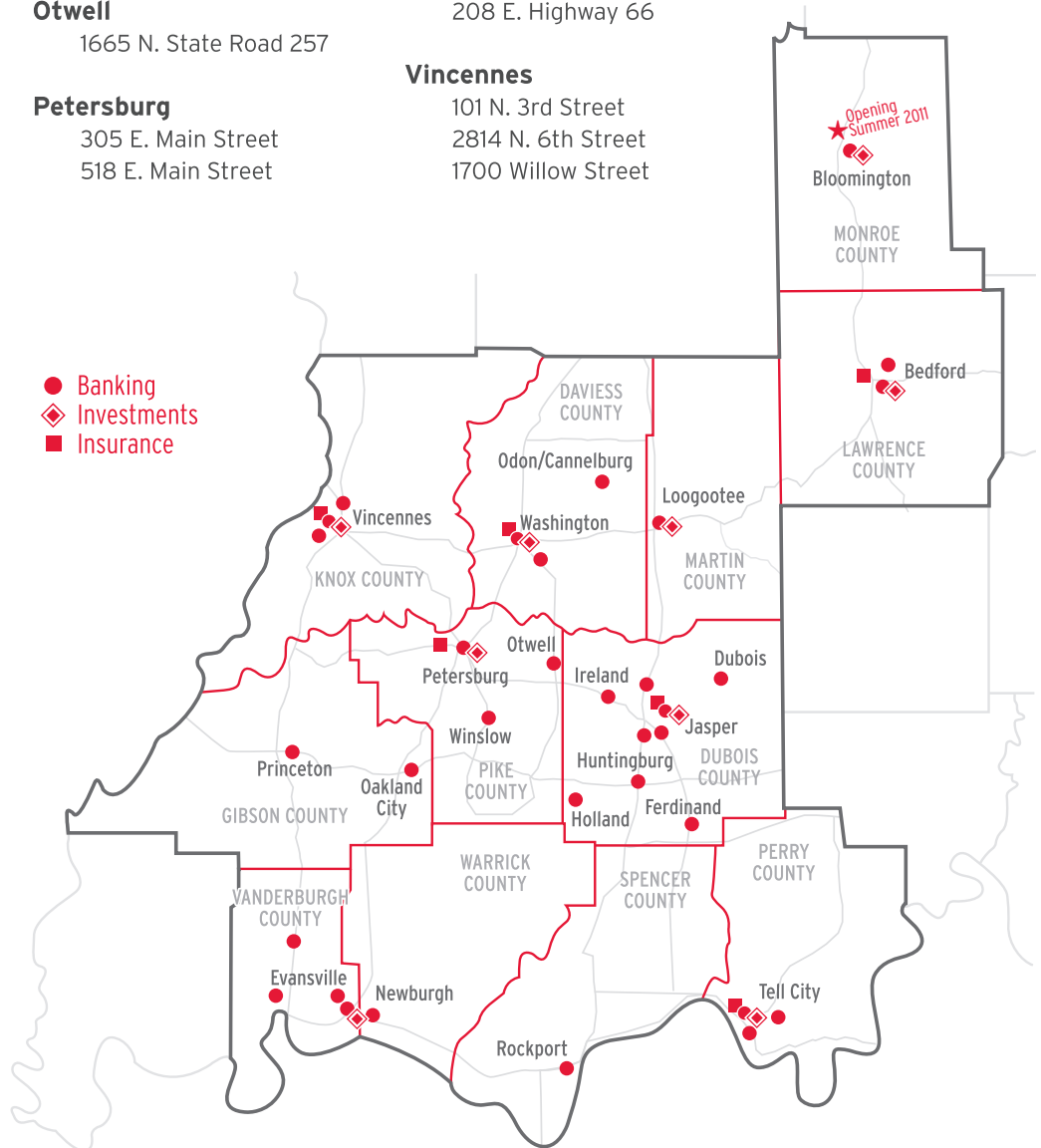
101 N. 3rd Street  
2814 N. 6th Street  
1700 Willow Street

**Washington**

201 E. Main Street  
205 E. Main Street  
Cherry Tree Plaza

**Winslow**

300 Main Street



our *Mission*

Our mission is to build relationships mutually beneficial to our clients and our shareholders.

our *Vision*

It is our vision to build a regional presence, offering a full array of financial products and services. We will always be mindful of community banking roots and the importance of enhancing and growing the relationships we have with our shareholders, customers, employees, and communities.



**Douglas A. Bawel**

Doug is the president and CEO of Jasper Engines and Transmissions in Jasper, Indiana, a position he has held since 1987. Other business interests include Realty Inc. LLC, Win Win Services LLC, and Life Inspirations. Doug supports various community organizations, including Patoka Valley Health Care Cooperative. He has received the Indiana Business Leader of the Year award and Indiana's Entrepreneur of the Year award in manufacturing.



**Christina M. Ernst**

Chris is the president and chairman of Miller Construction Company, Inc., a third generation family business in Vincennes, Indiana, specializing in the building and maintenance of high voltage power lines for midwestern utility companies. A founding member of Knox County Community Foundation, she serves as vice chairman of the Vincennes University Foundation Board of Directors and has received the Torchbearer award from the State of Indiana. Chris holds a Bachelor of Science degree and a Master of Science degree from Indiana University.



**Marc D. Fine**

Marc, who was a founding director of American Community Bancorp, Inc., has practiced law in Evansville, Indiana, since 1984 and is a founding member of the law firm of Rudolph, Fine, Porter & Johnson, LLP, in Evansville. Marc is active in many civic and community organizations in Evansville.



**Richard E. Forbes**

In January 2010, Rich retired from his position as President and CEO of Fortune Brands Home and Hardware, a Fortune 500 company. Certified as a public accountant in 1970, he became chief financial officer of MasterBrand Cabinets, Inc., a cabinet-manufacturing subsidiary of Fortune Brands, and later became that subsidiary's President and CEO. Rich currently serves on the board of the Memorial Hospital Foundation and is active on the Finance Committee of the Dubois County Community Foundation.



**U. Butch Klem**

Butch is president and CEO of U.B. Klem Furniture Company, located southeast of Jasper, Indiana. He founded the company, specializing in restaurant furniture manufacturing for a variety of national franchisors, in 1973. Butch has received Indiana's Entrepreneur of the Year award in manufacturing.



**J. David Lett**

As a partner of Lett and Jones Attorneys at Law, Dave serves Loogootee and Martin County, Indiana with his law practice while being involved in a variety of community groups. He serves as a part-time deputy prosecuting attorney for Daviess County, Indiana. Dave earned a Bachelor of Arts degree from Franklin College and a Juris Doctor degree from Thomas M. Cooley School of Law.



**Gene C. Mehne**

Gene is president and manager of Mehne Farms, Inc. in northern Dubois County, Indiana. Gene is involved in various farm organizations and serves as treasurer of St. Paul's Capital Stewardship Fund. He earned a Bachelor of Science degree from Purdue University.



**Chris A. Ramsey**

Chris, who is president of Ramsey Development Corporation of Tell City, Indiana, is the owner of several businesses in the construction and real estate industry. He has been engaged in real estate development for more than 25 years. Chris previously served on several other bank boards in southern Indiana, and is involved in various civic and professional organizations at the local, state, and national level.



**Mark A. Schroeder**

Mark is the Chairman and CEO of German American Bancorp, Inc., as well as the vice chairman of the board of members of the Indiana Department of Financial Institutions. He has also served on the board of directors of the Independent Community Bankers of America, the national trade association for community banking. He earned a Bachelor of Science degree in financial management from the University of Evansville and holds a Certified Public Accounting (CPA) license from the State of Indiana. Mark graduated from the ABA Commercial Lending Graduate School and the ABA Stonier Graduate School of Banking.



**Thomas W. Seger**

Tom is Vice President of Wabash Valley Produce and President of Simple Transportation, both located in Dubois, Indiana. He serves on the boards of Brown Produce Company in Farina, Illinois, and Ballas Egg Products in Zanesville, Ohio, and he shares ownership in Farbest Foods, Huntingburg, Indiana, and JFS Milling, Dubois, Indiana. Tom is also a board member and treasurer of Patoka Valley Health Care Cooperative.



**Michael J. Voyles**

Mike is the president of M.J.V., Inc. and received the Petersburg Pride Good Neighbor Business award in 2005 for his efforts in giving back to the Petersburg community. He earned a Bachelor of Science degree in Electrical Engineering from Purdue University.



German American  
opened in 1910 with 2 employees.  
Currently, German American has over  
430 team members...  
*and continues to grow.*



**German American**

Banking | Insurance | Investments

*Celebrating 100 years*  
1910 2010







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, Inc. as of December 31, 2010 and 2009, 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, 2010, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated March 9, 2011, 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 balance sheets and statements of income presented on pages 10 and 11 is fairly stated, in all material respects, in relation to the consolidated financial statements from which they have been derived.

*Crowe Horwath LLP*  
Crowe Horwath LLP  
Louisville, Kentucky  
March 9, 2011

The following selected data should be read in conjunction with the Company's Annual Report on Form 10-K for 2010.

	2010	2009	2008	2007	2006
<b>Summary of Operations:</b>					
Interest Income	\$ 64,193	\$ 63,736	\$ 67,845	\$ 72,261	\$ 63,594
Interest Expense	15,522	19,223	26,908	33,646	27,398
Net Interest Income	48,671	44,513	40,937	38,615	36,196
Provision for Loan Losses	5,225	3,750	3,990	3,591	925
Net Interest Income after Provision for Loan Losses	43,446	40,763	36,947	35,024	35,271
Non-interest Income	16,943	15,859	18,210	15,704	15,993
Non-interest Expense	41,361	40,391	36,716	37,221	37,059
Income before Income Taxes	19,028	16,231	18,441	13,507	14,205
Income Tax Expense	5,623	4,013	5,638	4,102	3,984
Net Income	\$ 13,405	\$ 12,218	\$ 12,803	\$ 9,405	\$ 10,221
<b>Year-end Balances:</b>					
Total Assets	\$ 1,375,888	\$ 1,242,965	\$ 1,190,828	\$ 1,131,710	\$ 1,093,424
Total Loans, Net of Unearned Income	917,236	877,822	890,436	867,721	796,259
Total Deposits	1,087,286	969,643	941,750	877,421	867,618
Total Long-term Debt	81,016	113,320	105,608	86,786	68,333
Total Shareholders' Equity	121,534	113,549	105,174	97,116	92,391
<b>Average Balances:</b>					
Total Assets	\$ 1,330,540	\$ 1,230,596	\$ 1,174,583	\$ 1,114,140	\$ 1,029,838
Total Loans, Net of Unearned Income	906,127	891,322	880,630	840,849	715,260
Total Deposits	1,046,295	963,928	922,137	889,736	814,440
Total Shareholders' Equity	119,867	109,887	99,711	93,677	88,451
<b>Per Share Data<sup>(1)</sup>:</b>					
Net Income	\$ 1.21	\$ 1.10	\$ 1.16	\$ 0.85	\$ 0.93
Cash Dividends	0.56	0.56	0.56	0.56	0.56
Book Value at Year-end	10.94	10.25	9.54	8.81	8.39
<b>Other Data at Year-end:</b>					
Number of Shareholders	3,194	3,364	3,684	3,647	3,438
Number of Employees	359	332	348	371	397
Weighted Average Number of Shares <sup>(1)</sup>	11,098,836	11,065,917	11,029,519	11,009,536	10,994,739
<b>Selected Performance Ratios:</b>					
Return on Assets	1.01 %	0.99 %	1.09 %	0.84 %	0.99 %
Return on Equity	11.18 %	11.12 %	12.84 %	10.04 %	11.56 %
Equity to Assets	8.83 %	9.14 %	8.83 %	8.58 %	8.45 %
Dividend Payout	46.36 %	50.71 %	48.25 %	65.65 %	60.29 %
Net Charge-offs to Average Loans	0.32 %	0.25 %	0.29 %	0.32 %	0.50 %
Allowance for Loan Losses to Loans	1.45 %	1.25 %	1.07 %	0.93 %	0.90 %
Net Interest Margin	3.98 %	3.95 %	3.82 %	3.83 %	3.96 %

<sup>(1)</sup> Share and Per Share Data excludes the dilutive effect of stock options.

# consolidated *Balance Sheets*

10 Dollars in thousands, except per share data

	December 31,	
	2010	2009
<b>Assets</b>		
Cash and Due from Banks	\$ 15,021	\$ 16,052
Federal Funds Sold and Other Short-term Investments	4,250	12,002
Cash and Cash Equivalents	19,271	28,054
Securities Available-for-Sale, at Fair Value	346,747	250,940
Securities Held-to-Maturity, at Cost (Fair value of \$1,613 and \$2,801 on December 31, 2010 and 2009, respectively)	1,604	2,774
Loans Held-for-Sale	11,850	5,706
Loans	918,718	879,475
Less: Unearned Income	(1,482)	(1,653)
Allowance for Loan Losses	(13,317)	(11,016)
Loans, Net	903,919	866,806
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	9,207	10,621
Premises, Furniture and Equipment, Net	25,974	22,153
Other Real Estate	2,095	2,363
Goodwill	9,835	9,655
Intangible Assets	2,624	2,618
Company Owned Life Insurance	24,822	24,008
Accrued Interest Receivable and Other Assets	17,940	17,267
<b>TOTAL ASSETS</b>	<b>\$ 1,375,888</b>	<b>\$ 1,242,965</b>
<b>Liabilities</b>		
Non-interest-bearing Demand Deposits	\$ 184,204	\$ 155,268
Interest-bearing Demand, Savings, and Money Market Accounts	541,532	484,699
Time Deposits	361,550	329,676
Total Deposits	1,087,286	969,643
FHLB Advances and Other Borrowings	153,717	148,121
Accrued Interest Payable and Other Liabilities	13,351	11,652
<b>TOTAL LIABILITIES</b>	<b>1,254,354</b>	<b>1,129,416</b>
<b>Shareholders' Equity</b>		
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	11,105	11,077
Additional Paid-in Capital	69,297	68,816
Retained Earnings	36,232	29,041
Accumulated Other Comprehensive Income	4,900	4,615
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>121,534</b>	<b>113,549</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,375,888</b>	<b>\$ 1,242,965</b>
End of period shares issued and outstanding	11,105,583	11,077,382

# consolidated *Statements of Income*

Dollars in thousands, except per share data

11

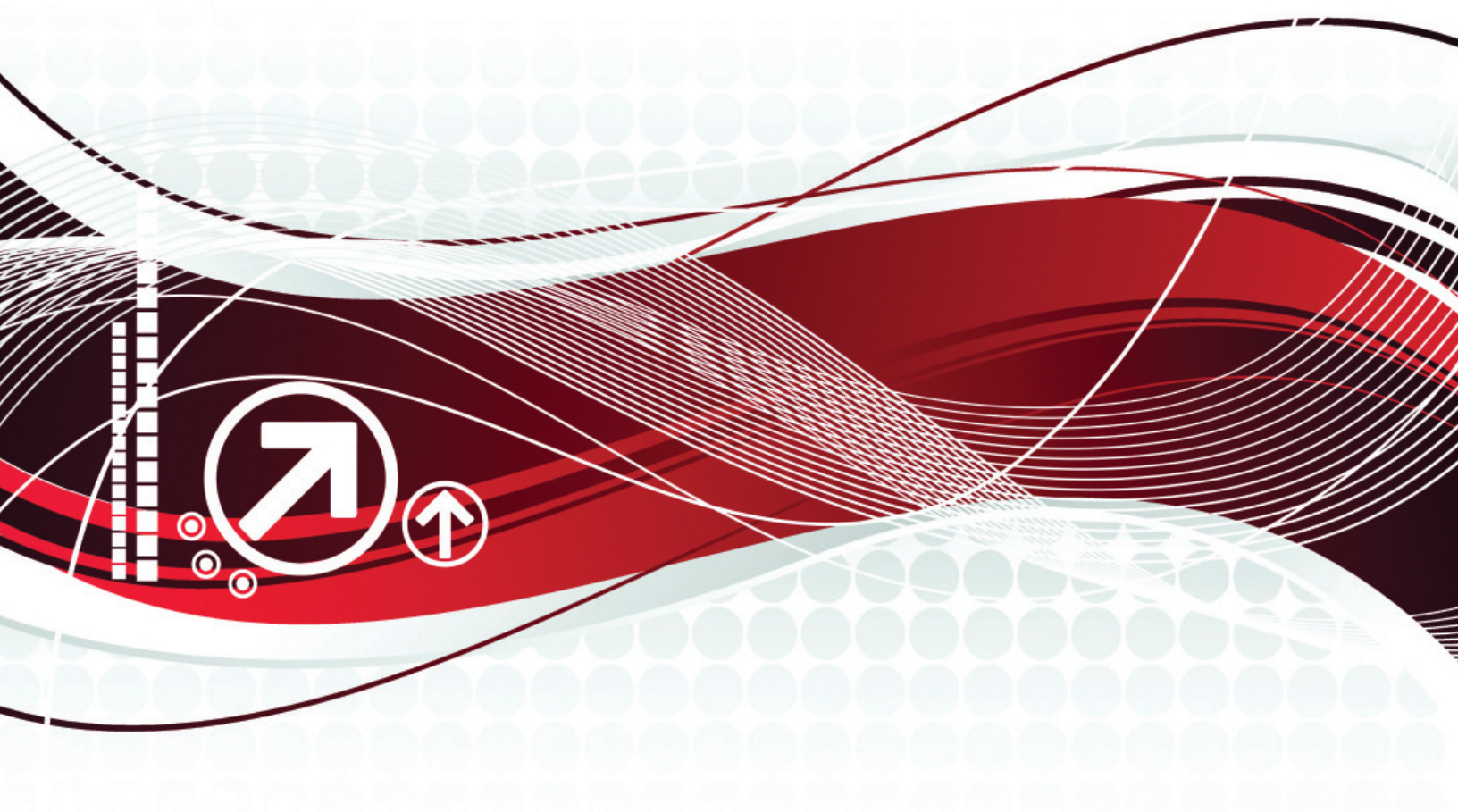
	<b>Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Interest Income</b>			
Interest and Fees on Loans	\$ 53,266	\$ 53,905	\$ 58,477
Interest on Federal Funds Sold and Other Short-term Investments	76	106	593
Interest and Dividends on Securities:			
Taxable	9,812	8,660	8,007
Non-taxable	1,039	1,065	768
TOTAL INTEREST INCOME	64,193	63,736	67,845
<b>Interest Expense</b>			
Interest on Deposits	10,561	13,495	21,212
Interest on FHLB Advances and Other Borrowings	4,961	5,728	5,696
TOTAL INTEREST EXPENSE	15,522	19,223	26,908
NET INTEREST INCOME	48,671	44,513	40,937
Provision for Loan Losses	5,225	3,750	3,990
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	43,446	40,763	36,947
<b>Non-Interest Income</b>			
Trust and Investment Product Fees	1,582	1,617	2,288
Service Charges on Deposit Accounts	4,065	4,395	4,920
Insurance Revenues	5,347	5,296	6,306
Company Owned Life Insurance	806	1,104	791
Interchange Fee Income	1,243	969	909
Other Operating Income	1,740	1,141	1,503
Net Gains on Sales of Loans	2,160	1,760	1,399
Net Gain (Loss) on Securities	-	(423)	94
TOTAL NON-INTEREST INCOME	16,943	15,859	18,210
<b>Non-Interest Expense</b>			
Salaries and Employee Benefits	22,070	21,961	20,786
Occupancy Expense	3,492	3,382	3,249
Furniture and Equipment Expense	2,591	2,653	2,428
FDIC Premiums	1,455	1,863	209
Data Processing Fees	1,411	1,368	1,493
Professional Fees	2,285	1,740	1,670
Advertising and Promotion	1,255	993	1,078
Supplies	755	528	570
Intangible Amortization	898	909	889
Other Operating Expenses	5,149	4,994	4,344
TOTAL NON-INTEREST EXPENSE	41,361	40,391	36,716
Income before Income Taxes	19,028	16,231	18,441
Income Tax Expense	5,623	4,013	5,638
NET INCOME	\$ 13,405	\$ 12,218	\$ 12,803
Earnings per Share	\$ 1.21	\$ 1.10	\$ 1.16
Diluted Earnings per Share	\$ 1.21	\$ 1.10	\$ 1.16

Enabling customers to make sound financial decisions is the main objective of German American.

Gaining a clear understanding of customer needs by truly listening to the customer, results in solutions that work.

**The German American team is setting higher standards in banking, insurance, and investments.**

**Moving Forward Together**



cautionary note regarding *Forward-Looking Statements*

This Summary Annual Report, including our CEO's letter to our Shareholders on Page 1, includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, relating to our expectations concerning our opportunities for future growth and expansion, financial performance, and other matters. Readers are cautioned that actual results and performance may differ materially from any of our present expectations that are expressed or implied by any forward-looking statement due to the inherent uncertainties in predicting the future, and risks affecting German American and its stock, including those that are described in Item 1, "Business - Forward Looking Statements and Associated Risks" and in Item 1A, "Risk Factors," in our accompanying Annual Report on Form 10-K. You may review that document (and our other SEC filings) via the internet through the Shareholder Information section of our website, [www.germanamerican.com](http://www.germanamerican.com). This report speaks only as of March 9, 2011, and we do not promise anyone that it will be updated for changes or events after that date.

Front cover:  
Depicts the original 1910 German American Bank building and transitions to the 2010 building, still located at 711 Main Street in Jasper, Indiana.



**German American Bancorp, Inc.**

711 Main Street • PO Box 810 • Jasper, IN 47547-0810 • (812)482-1314 • [germanamerican.com](http://germanamerican.com)