

Shield of **Strength**

Summary Annual Report 2011

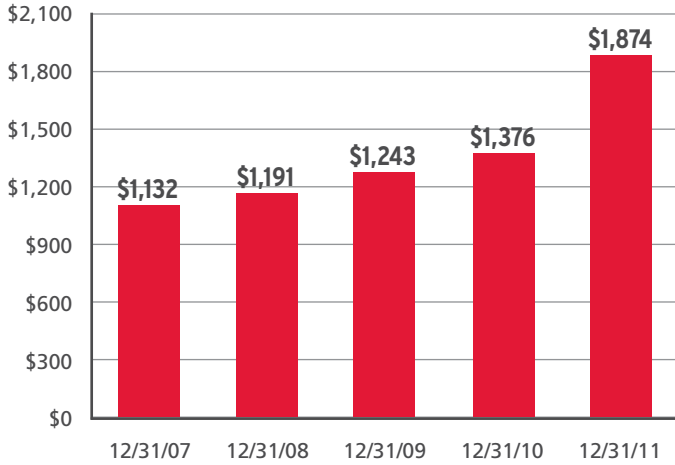


German American Bancorp, Inc.

THE Numbers

Total Assets

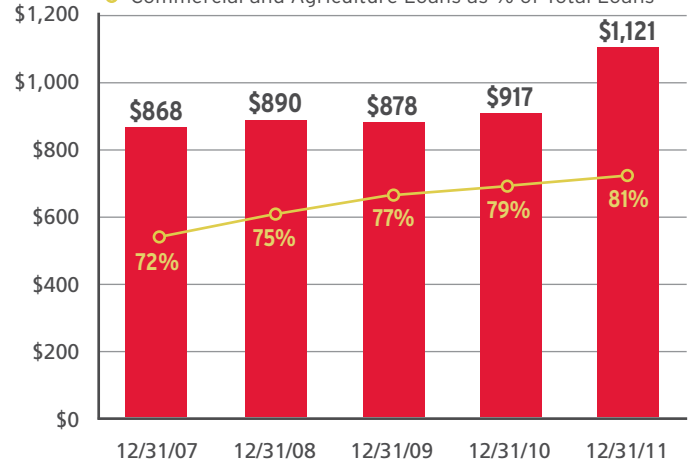
(dollars in millions)



Total Loans, Net of Unearned Income

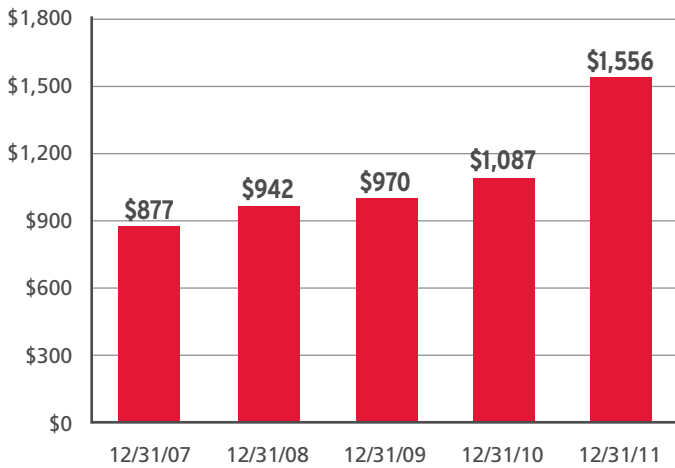
(dollars in millions)

○ Commercial and Agriculture Loans as % of Total Loans



Total Deposits

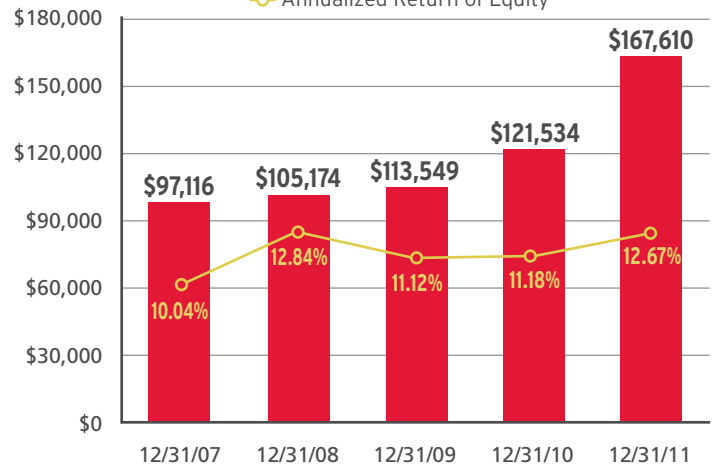
(dollars in millions)



Total Shareholders' Equity

(dollars in thousands)

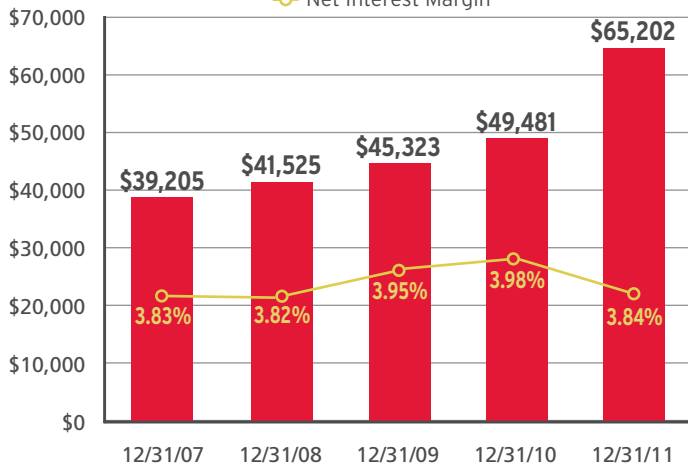
○ Annualized Return of Equity



Net Interest Income (Tax-Equivalent)

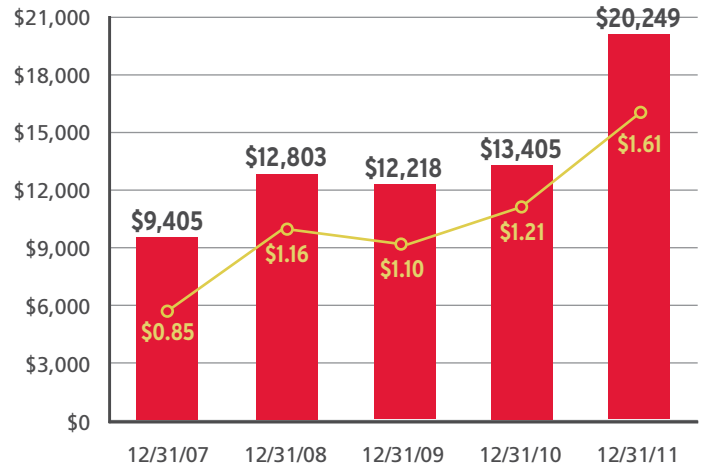
(dollars in thousands)

○ Net Interest Margin



Net Income & Earnings Per Share

(dollars in thousands)





Mark Schroeder
Chairman and CEO

Dear Shareholders:

The theme of this year's Summary Annual Report, **Shield of Strength**, supports German American's continued efforts to enhance the strength and stability upon which our reputation has been built over the course of a century of service to our Southern Indiana market area. During 2011, German American once again delivered superior performance in terms of improved financial results, market expansion, and balance sheet growth.

Financially, we achieved a milestone of successive record quarters in each of the four quarters of 2011, which on a combined basis, resulted in extremely strong record financial performance for the year. Our reported net income for 2011 of \$20.3 million, or \$1.61 per share, represents a 33.1% increase in earnings per share above the previous record annual earnings of \$13.4 million, or \$1.21 per share, recorded in 2010. A further indication of the continuing trend of your Company's strong financial performance is the achievement, during the past four years, of the best four year period, in terms of reported annual earnings, in the Company's 101 year history. Additionally, the Company's return on average shareholder equity of 12.67% in 2011 represents the 7th consecutive year that German American has delivered double-digit returns on shareholders' equity.

Your Company also made significant strides in 2011 relative to our continued expansion within the Evansville and Bloomington, Indiana, markets. In January, we finalized the acquisition of the Bank of Evansville which added three more locations to our existing Evansville branch banking network. In April, we expanded our trust operations by recruiting an experienced Evansville-based trust team to manage and grow our trust client base in that market. Additionally, in July, we opened a new downtown financial center in Bloomington allowing us to build upon the significant growth we've experienced within that market in recent years. We now offer banking, insurance, investment, and trust services to our growing client base in both the Evansville and Bloomington markets and continue to develop plans for further branch expansions and additional product offerings within both of these important new markets.

In terms of balance sheet growth, we experienced dramatic growth within average core deposits, as this important component of our funding base grew by over \$450 million, or by nearly 50%, during 2011. Approximately \$150 million of the core deposit growth was generated from within our legacy

markets, while our expansion into the Evansville, Indiana, market contributed approximately another \$300 million in average core deposits. Core deposits, which are widely recognized as the most stable funding source for community banking organizations, continue to represent a significant source of funding for German American with approximately 86% of average total funding sources derived from core deposits during 2011.

Our sole focus is our clients located throughout Southern Indiana, and we recognize that our past, present, and future success as an organization is explicitly linked to the financial well-being of those clients and to the prosperity of the Southern Indiana communities in which we do business. We are extremely grateful for the economic strength and stability of the Southern Indiana market area, and we are very pleased with the growing acceptance of German American by the businesses and consumers throughout our footprint. More and more, clients throughout our market area are coming to recognize the benefits of working with German American for the fulfillment of all their financial needs. They value the safety, soundness, and protection afforded them by German American's **Shield of Strength**.

The achievement of our record level of performance over the course of the past four years, during an extremely difficult economic period, places German American among a very elite group of financial institutions nationwide. This combination of strong financial performance, important new market expansion, and significant balance sheet growth positions German American very well for continued future success within both our legacy markets and expansion markets and across all of our lines of business – banking, insurance, investment, and trust.

We are extremely pleased to be able to once again deliver upon our commitment to our customers to offer the very best in financial products and services throughout our Southern Indiana footprint in a safe, sound, and secure manner. We are equally as pleased to once again deliver upon our commitment to you, our shareholders, to enhance the long-term value of your investment in German American by means of the achievement of consistent, superior financial performance.

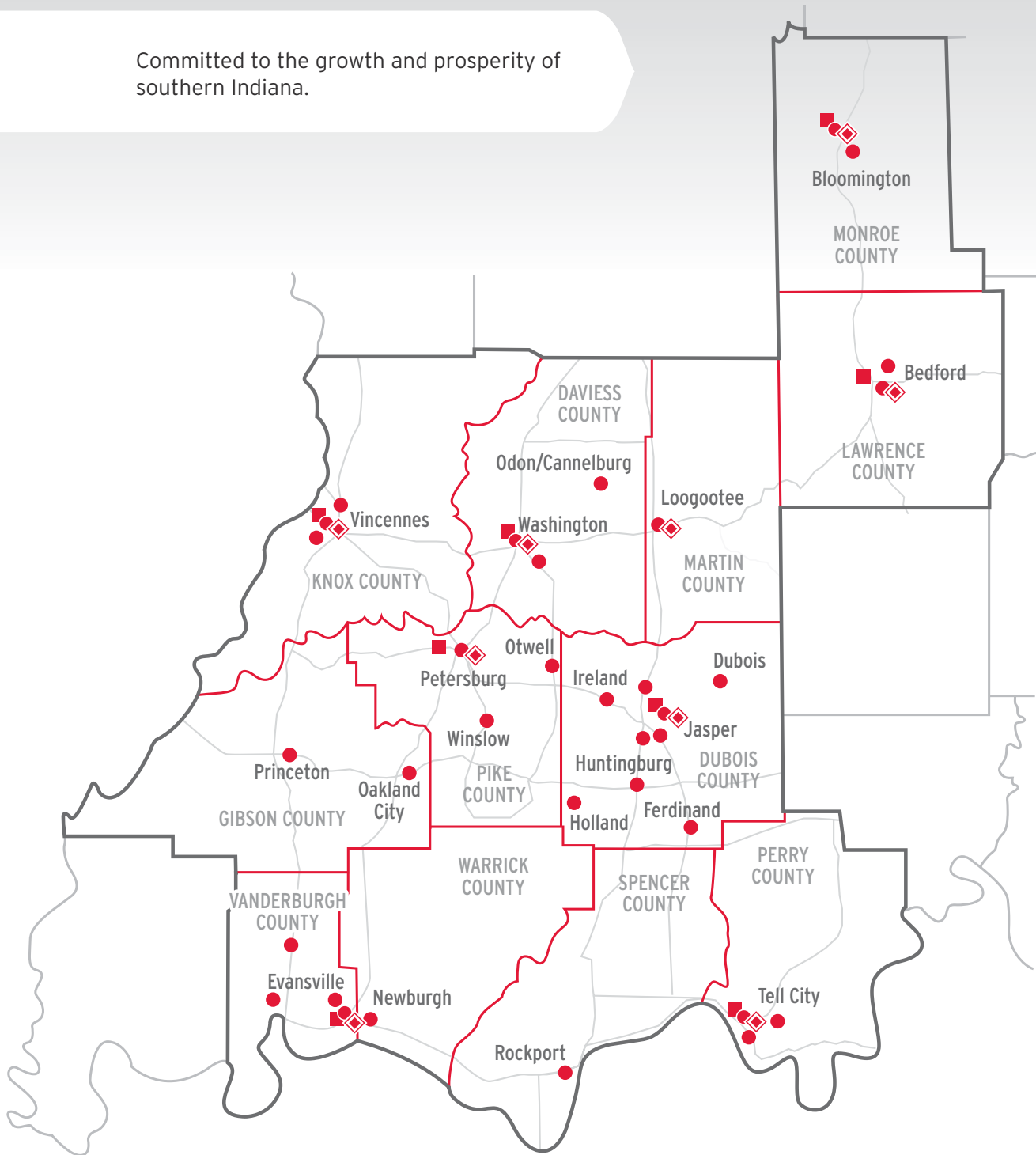
Sincerely,

A handwritten signature in cursive script that reads "Mark A. Schroeder".

Mark A. Schroeder
Chairman & CEO

OUR Commitment

Committed to the growth and prosperity of southern Indiana.



● Banking ◆ Investments ■ Insurance

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

Montgomery

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

New Offices Opened in 2011



Bloomington **9 North**



Evansville **Vogel Road**



Evansville **St. Joseph Avenue**



Evansville **Highway 41 North**

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.

OUR MISSION

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

Our Shield of Strength is defined quite simply. It's the loyalty of our customers. The welcoming of new customers as we grow. Engaging in our communities and giving back. The commitment of our shareholders. The dedication of our strong team of banking, insurance, and investment professionals.

The years 2008, 2009, 2010, and 2011 have been the best 4 years in our company's history with record earnings recorded in each of the past two years.



Mark A. Schroeder
Chairman and CEO

Bradley M. Rust
Executive Vice President,
and Chief Financial Officer

Clay W. Ewing
President, Commercial
and Retail Banking

Kenneth L. Sendelweck
President, Private Banking
and Wealth Management

Banking

Since 1910 our customers have partnered with German American for their banking needs. We have helped our customers open and grow businesses, buy and build new homes, send children to college, retire comfortably, and manage the day to day financial needs of individuals, families, and businesses. We offer the convenience of banking in any of our 34 offices throughout southern Indiana or online with our suite of personal and business online banking products. Our business bankers are connected to the financial climate of southern Indiana and design financial packages that help clients thrive.

Insurance

Our insurance professionals realize that insuring you and your assets is much more than replacing material items. It's peace of mind knowing that all of your hard work and dreams can continue even in unfortunate circumstances. We represent a variety of excellent insurance carriers, which helps our personal and commercial agents find the best coverage for each particular client at the most affordable price. We are dedicated to our philosophy of careful analysis, cost-effective protection, thorough risk management, and personal service.

Investments

We believe that a sound investment strategy is a process that takes a very comprehensive approach to understanding the clients' goals and objectives. Personal and business clients appreciate our clear vision to help them develop effective financial plans to help them retire comfortably, send children to college, transfer wealth from one generation to the next, and make sound financial decisions.

COMMUNITY INVOLVEMENT

Giving back to the communities we serve in southern Indiana is ingrained in our culture.

Throughout our 100 plus year history, we have supported many important and valued projects undertaken by both charitable organizations and civic institutions. We have a long history of community involvement, both from a contributory standpoint, as well as a dedication to hands-on volunteer efforts.

It has long been a focus of German American to support and sustain organized efforts in our communities which serve and promote areas of education, the arts, economic development, and community enrichment.



Douglas A. Bawel

Doug is the Chairman and CEO of Jasper Engines and Transmissions in Jasper, Indiana. Other business interests include Realty Inc. LLC, Air, LLC, and BAM Leasing. 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 a private manufacturing company in Georgia 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 also 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.

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, 2011 and 2010, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2011, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated March 9, 2012, 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 consolidated balance sheets and consolidated statements of income and comprehensive 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

Indianapolis, Indiana

March 9, 2012



FIVE YEAR Summary

Dollars in thousands, except per share data

The following selected data should be read in conjunction with the Company's Annual Report on Form 10-K for 2011.

	2011	2010	2009	2008	2007
Summary of Operations:					
Interest Income	\$ 80,161	\$ 64,193	\$ 63,736	\$ 67,845	\$ 72,261
Interest Expense	16,180	15,522	19,223	26,908	33,646
Net Interest Income	63,981	48,671	44,513	40,937	38,615
Provision for Loan Losses	6,800	5,225	3,750	3,990	3,591
Net Interest Income after Provision for Loan Losses	57,181	43,446	40,763	36,947	35,024
Non-interest Income	21,576	16,943	15,859	18,210	15,704
Non-interest Expense	50,782	41,361	40,391	36,716	37,221
Income before Income Taxes	27,975	19,028	16,231	18,441	13,507
Income Tax Expense	7,726	5,623	4,013	5,638	4,102
Net Income	\$ 20,249	\$ 13,405	\$ 12,218	\$ 12,803	\$ 9,405
Year-end Balances:					
Total Assets	\$ 1,873,767	\$ 1,375,888	\$ 1,242,965	\$ 1,190,828	\$ 1,131,710
Total Loans, Net of Unearned Income	1,120,993	917,236	877,822	890,436	867,721
Total Deposits	1,556,198	1,087,286	969,643	941,750	877,421
Total Long-term Debt	90,974	81,016	113,320	105,608	86,786
Total Shareholders' Equity	167,610	121,534	113,549	105,174	97,116
Average Balances:					
Total Assets	\$ 1,823,703	\$ 1,330,540	\$ 1,230,596	\$ 1,174,583	\$ 1,114,140
Total Loans, Net of Unearned Income	1,114,181	906,127	891,322	880,630	840,849
Total Deposits	1,521,204	1,046,295	963,928	922,137	889,736
Total Shareholders' Equity	159,765	119,867	109,887	99,711	93,677
Per Share Data⁽¹⁾:					
Net Income	\$ 1.61	\$ 1.21	\$ 1.10	\$ 1.16	\$ 0.85
Cash Dividends	0.56	0.56	0.56	0.56	0.56
Book Value at Year-end	13.31	10.94	10.25	9.54	8.81
Other Data at Year-end:					
Number of Employees	417	359	332	348	371
Weighted Average Number of Shares ⁽¹⁾	12,581,646	11,098,836	11,065,917	11,029,519	11,009,536
Selected Performance Ratios:					
Return on Assets	1.11%	1.01 %	0.99 %	1.09 %	0.84 %
Return on Equity	12.67%	11.18 %	11.12 %	12.84 %	10.04 %
Equity to Assets	8.95%	8.83 %	9.14 %	8.83 %	8.58 %
Dividend Payout	34.80%	46.36 %	50.71 %	48.25 %	65.65 %
Net Charge-offs to Average Loans	0.43%	0.32 %	0.25 %	0.29 %	0.32 %
Allowance for Loan Losses to Loans	1.37%	1.45 %	1.25 %	1.07 %	0.93 %
Net Interest Margin	3.84%	3.98 %	3.95 %	3.82 %	3.83 %

⁽¹⁾ Share and Per Share Data excludes the dilutive effect of stock options.

CONSOLIDATED Balance Sheets

Dollars in thousands, except per share data

10

	December 31,	
	2011	2010
Assets		
Cash and Due from Banks	\$ 28,366	\$ 15,021
Federal Funds Sold and Other Short-term Investments	32,737	4,250
Cash and Cash Equivalents	61,103	19,271
Interest-bearing Time Deposits with Banks	5,986	-
Securities Available-for-Sale, at Fair Value	516,844	346,747
Securities Held-to-Maturity, at Cost (Fair value of \$697 and \$1,613 on December 31, 2011 and 2010, respectively)	690	1,604
Loans Held-for-Sale, at Fair Value	21,485	11,850
Loans	1,123,549	918,718
Less: Unearned Income	(2,556)	(1,482)
Allowance for Loan Losses	(15,312)	(13,317)
Loans, Net	1,105,681	903,919
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	8,340	9,207
Premises, Furniture and Equipment, Net	37,706	25,974
Other Real Estate	2,343	2,095
Goodwill	18,865	9,835
Intangible Assets	4,346	2,624
Company Owned Life Insurance	29,263	24,822
Accrued Interest Receivable and Other Assets	61,115	17,940
TOTAL ASSETS	\$ 1,873,767	\$ 1,375,888
Liabilities		
Non-interest-bearing Demand Deposits	\$ 282,335	\$ 184,204
Interest-bearing Demand, Savings, and Money Market Accounts	899,584	541,532
Time Deposits	374,279	361,550
Total Deposits	1,556,198	1,087,286
FHLB Advances and Other Borrowings	130,993	153,717
Accrued Interest Payable and Other Liabilities	18,966	13,351
TOTAL LIABILITIES	1,706,157	1,254,354
Shareholders' Equity		
Preferred Stock, no par value; 500,000 shares authorized, no shares issued	-	-
Common Stock, no par value, \$1 stated value; 30,000,000 shares authorized	12,594	11,105
Additional Paid-in Capital	95,039	69,297
Retained Earnings	49,434	36,232
Accumulated Other Comprehensive Income	10,543	4,900
TOTAL SHAREHOLDERS' EQUITY	167,610	121,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,873,767	\$ 1,375,888
End of period shares issued and outstanding	12,594,258	11,105,583

CONSOLIDATED Statements of Income and Comprehensive Income

Dollars in thousands, except per share data

	Years Ended December 31,		
	2011	2010	2009
Interest Income			
Interest and Fees on Loans	\$ 64,445	\$ 53,266	\$ 53,905
Interest on Federal Funds Sold and Other Short-term Investments	216	76	106
Interest and Dividends on Securities:			
Taxable	13,677	9,812	8,660
Non-taxable	1,823	1,039	1,065
TOTAL INTEREST INCOME	80,161	64,193	63,736
Interest Expense			
Interest on Deposits	11,986	10,561	13,495
Interest on FHLB Advances and Other Borrowings	4,194	4,961	5,728
TOTAL INTEREST EXPENSE	16,180	15,522	19,223
NET INTEREST INCOME	63,981	48,671	44,513
Provision for Loan Losses	6,800	5,225	3,750
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	57,181	43,446	40,763
Non-Interest Income			
Trust and Investment Product Fees	2,145	1,582	1,617
Service Charges on Deposit Accounts	4,154	4,065	4,395
Insurance Revenues	5,819	5,347	5,296
Company Owned Life Insurance	1,100	806	1,104
Interchange Fee Income	1,501	1,243	969
Other Operating Income	1,452	1,740	1,141
Net Gains on Sales of Loans	2,381	2,160	1,760
Net Gain (Loss) on Securities	3,024	-	(423)
TOTAL NON-INTEREST INCOME	21,576	16,943	15,859
Non-Interest Expense			
Salaries and Employee Benefits	27,992	22,070	21,961
Occupancy Expense	4,264	3,492	3,382
Furniture and Equipment Expense	2,934	2,591	2,653
FDIC Premiums	1,473	1,455	1,863
Data Processing Fees	2,092	1,411	1,368
Professional Fees	2,056	2,285	1,740
Advertising and Promotion	1,525	1,255	993
Supplies	688	755	528
Intangible Amortization	1,956	898	909
Other Operating Expenses	5,802	5,149	4,994
TOTAL NON-INTEREST EXPENSE	50,782	41,361	40,391
Income before Income Taxes	27,975	19,028	16,231
Income Tax Expense	7,726	5,623	4,013
NET INCOME	\$ 20,249	\$ 13,405	\$ 12,218
Other Comprehensive Income:			
Changes in Unrealized Gain (Loss) on Securities Available-for-Sale, Net	5,677	474	1,908
Change in Unrecognized Loss on Postretirement Benefit Obligation	(38)	(176)	-
Change In Unrecognized Amounts in Pension	4	\$ (13)	(47)
Total Other Comprehensive Income	\$ 5,643	\$ 285	\$ 1,861
COMPREHENSIVE INCOME	\$ 25,892	\$ 13,690	\$ 14,079
Basic Earnings per Share	\$ 1.61	\$ 1.21	\$ 1.10
Diluted Earnings per Share	\$ 1.61	\$ 1.21	\$ 1.10

See Annual Report on Form 10-K.



The counties we have served the longest - Dubois, Martin, Pike, Perry, Spencer, Daviess, Gibson, Knox, Lawrence - are the backbone of our strength and stability as they continue to trust us for their financial needs.

We are humbled and honored by the overwhelming acceptance and support we have received from our recent entry in the Evansville-area market and expansion in the Bloomington market. Our disciplined approach to managing our financial services company along with our strong German American team, who work hard everyday, offer our clients higher standards in banking, insurance, and investments.



David Pleiss

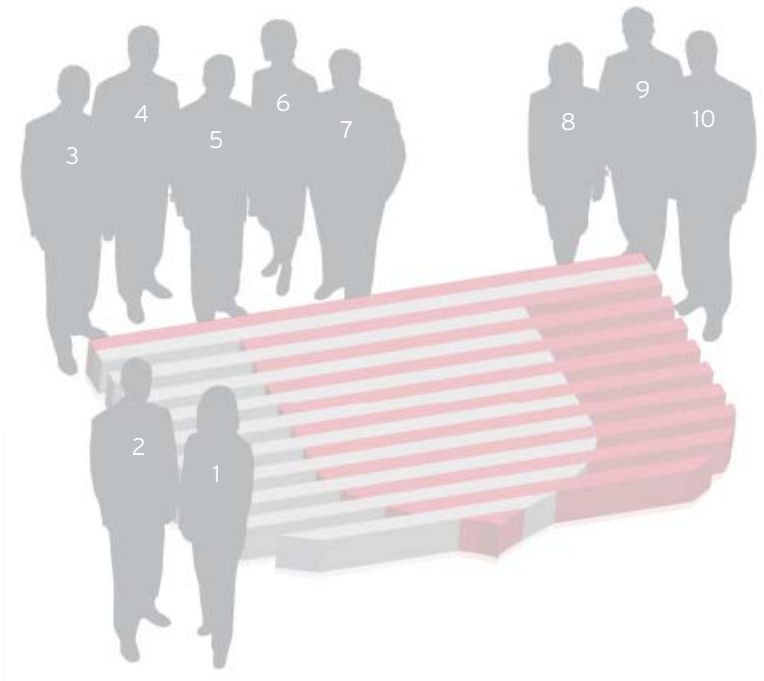
Tony Loudermilk

Randy Braun

Chris LeBeau

Jay Baker

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. This report speaks only as of March 9, 2012, and we do not promise anyone that it will be updated for changes or events after that date.



1. Laura Bogard 2. Neil Dauby 3. John Lamb 4. David Henson 5. Keith Leinenbach
6. Sherri Alley 7. Joe Dedman 8. Donna Sholtis 9. Joel Smith 10. Gaven Oexmann



German American Bancorp, Inc.

Moving Forward **Together**

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germanamerican.com