



CONFIDENT. CAPABLE. COMMITTED.

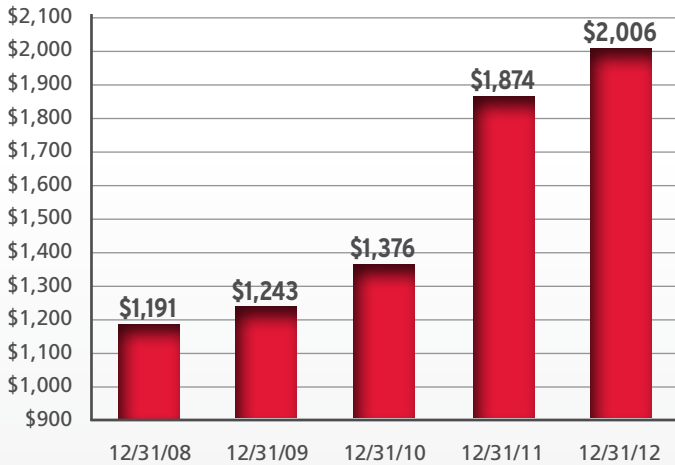
SUMMARY ANNUAL REPORT 2012



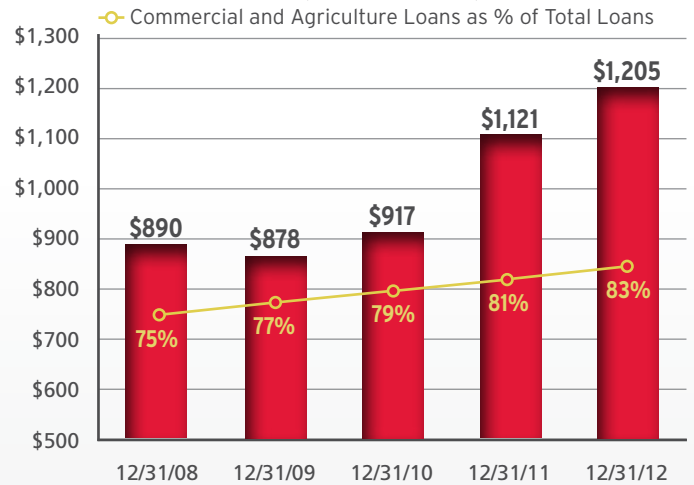
German American Bancorp, Inc.

THE NUMBERS

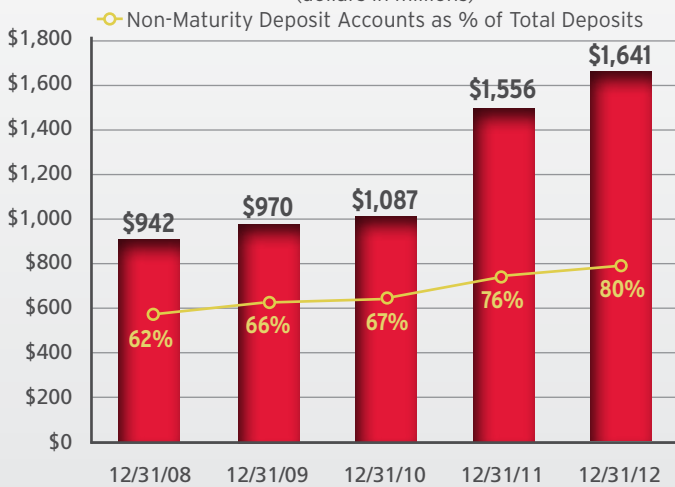
Total Assets
(dollars in millions)



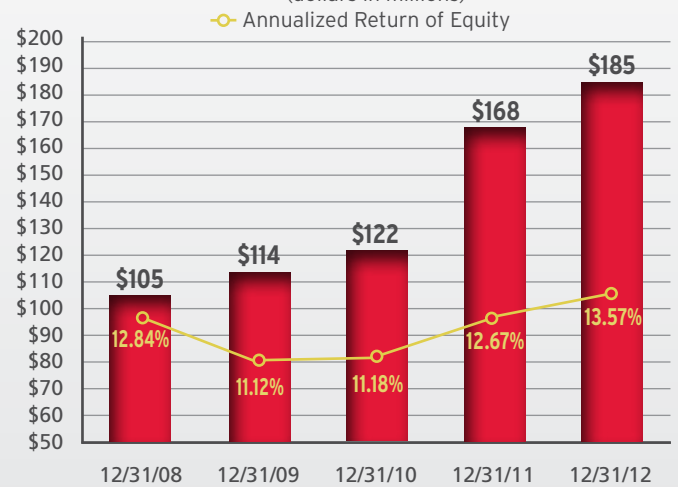
Total Loans, Net of Unearned Income
(dollars in millions)



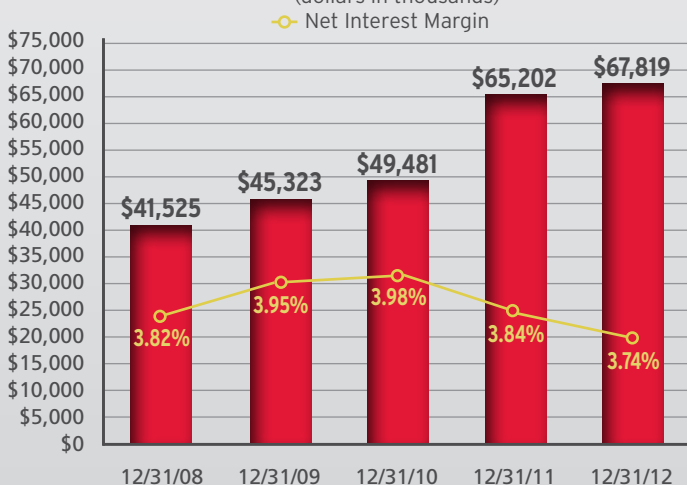
Total Deposits
(dollars in millions)



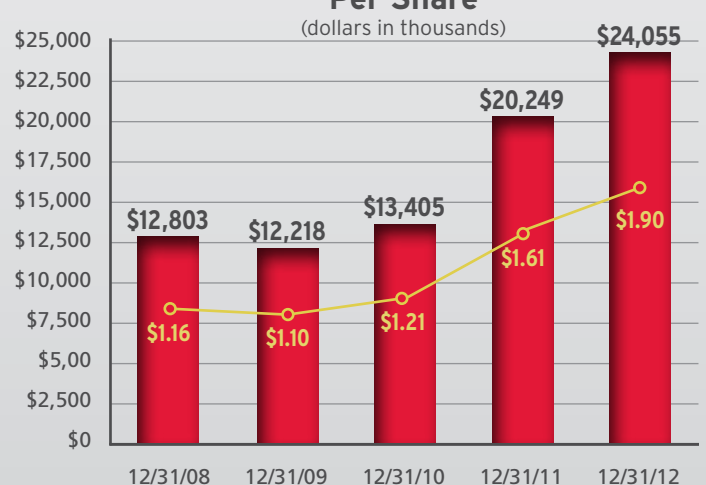
Total Shareholders' Equity
(dollars in millions)



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



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



A LETTER TO OUR SHAREHOLDERS



Mark A. Schroeder
Chairman and CEO

Dear Shareholders:

Confident. Capable. Committed. Those three words describe where German American, your company, stands today as we look to the future and the opportunities before us. We are **confident** in our ability to meet all the financial needs of our clients with sophisticated products and services backed by the strength and stability of our Company, upon which our reputation has been built over the course of a century of service to the southern Indiana market area. Our financial professionals have spent their careers serving these markets. It is this level of local market knowledge and understanding which makes German American uniquely **capable** of assisting our clients in achieving their financial goals. We take pride in the capabilities of our financial professionals and in their ability to serve as trusted advisors to our many clients located throughout southern Indiana. We are **committed** to our clients and the communities we serve throughout our footprint. With our sole focus on southern Indiana, we recognize that our past, present, and future success as an organization is explicitly linked to the financial well-being of our clients and to the prosperity of the communities in which we do business.

We are extremely pleased and proud to report that your Company has once again reported record earnings, with annual net income of \$24.1 million, or \$1.90 per fully diluted share, for the year ended on December 31, 2012. This level of earnings was an 18% increase on a per share basis over the prior year's record performance. The continued level of strong financial performance in 2012 follows upon a period of exceptional performance during the past five years. The period of 2008-2012 represents the best five years in our Company's history in terms of reported annual earnings. Our return on average shareholder equity of 13.57% in 2012 also was a record and represents the 8th consecutive year that German American has delivered double-digit returns on shareholders' equity.

During this past year, we also successfully continued our plan of disciplined growth by means of our initial presence in the Columbus, Indiana market with the opening of a commercial banking office in April. As we have in each of our new market entries in the past several years, we started in Columbus by partnering with a team of seasoned financial professionals who have served that market for a number of years and who are extremely well connected and well positioned within the community. This combination of local market knowledge, local market focus, and exceptional financial strength and stability has proven to be a winning combination for German American in the Evansville and Bloomington, Indiana markets, just as it has been for over a century in each of the other southern Indiana markets we serve. We are confident we will see a similar level of acceptance and success in the Columbus market.

We also enjoyed in 2012 a continuation of the strong balance sheet growth we have experienced in recent years, as evidenced by the fact that our total assets, as of year-end 2012, eclipsed the \$2 billion mark for the first time in our history. With the continued strengthening of the economic environment, our level of organic loan growth reached levels not seen since the economic downturn. Total loans outstanding increased \$84.4 million, or 8%, during 2012, with approximately \$33.5 million of this growth generated from our expansion into the Columbus market. This 2012 loan growth was spread over many categories with

commercial and industrial loans increasing by 14%, commercial real estate loans by 8%, agricultural loans by 7%, and residential mortgage loans by 3%. Further, our historic level of strong asset quality improved even further in 2012, as our ratio of net charge-offs to average loans outstanding and our ratio of non-performing loans to total loans at year-end were at pre-recessionary levels.

Additionally, year-end total deposits increased \$84.7 million, or 5%, and this growth was also spread over numerous deposit categories, with non-interest bearing demand deposits increasing by 24%, savings deposits growing by 17%, and money market deposits and interest-bearing demand deposits expanding by 6%. 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 87% of average total funding sources derived from core deposits during 2012. A further indication of the strengthening economic environment and our expanding client base was evidenced by the growth of our wealth management fee revenue during 2012. During the year, our trust and investment product fees increased by 24%, while our insurance revenue, exclusive of contingency revenue, increased by 10%, primarily driven by a 17% increase in commercial insurance revenues.

From a shareholder perspective, in recognition of the strength of German American's earnings and capital position, your Board of Directors earlier this year announced an increase in the level of your quarterly cash dividend to \$0.15 per share, representing approximately a 7% increase of the quarterly cash dividend paid to shareholders. Additionally, we also announced the redemption of all \$19.25 million of the outstanding 8% Redeemable Subordinated Debentures as of April 1, 2013. These Debentures, which constituted supplemental regulatory capital for the Company, were issued in April 2009 as a precautionary measure in the face of the looming economic crisis. Given the Company's strong financial performance throughout the economic downturn and the stabilization and strengthening of the current economic environment, the Board of Directors determined this supplemental regulatory capital was no longer needed, and therefore, elected to invoke the early redemption feature of the debenture issue.

Confident. Capable. Committed. This intersection of our exceptional financial performance and strength, our outstanding team of locally-focused, savvy financial professionals, and our proven plan of disciplined market expansion and organic growth, allows us to look to the future of German American. We are **confident** in our ability to build upon our past success with the knowledge that we are uniquely **capable** of assisting our clients in achieving their financial goals, while honoring our pledge to always be **committed** to our clients, the communities we serve, and to you, our shareholders.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Schroeder".

Mark A. Schroeder
Chairman & CEO

CONFIDENT



THE STRENGTH AND STABILITY
OF OUR COMPANY ENABLES US TO
SERVE OUR CUSTOMERS WITH
CONFIDENCE.

OUR EXECUTIVE MANAGEMENT TEAM

Clay W. Ewing
President, Commercial
and Retail Banking

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

Mark A. Schroeder
Chairman and
Chief Executive Officer





Tom Acton



Randy Braun



Laura Bogard

Founded in 1910 in the heart of a southern Indiana community rich in German heritage, German American has grown to serve customers throughout southern Indiana with premier financial products and services. Our reputation for excellence is recognized within the financial services industry, and we work diligently to continue to meet high standards in banking, insurance, investments and trust.

The success of our customers is what drives us. Helping families buy and build homes, send children to college, retire comfortably, transfer wealth from one generation to another, and protect their hard-earned assets are the reasons we exist.

Confidence is rooted in respect. To earn the respect of our customers and stakeholders, we manage our company the same way we recommend our customers manage their financial picture - with discipline and an eye on opportunities. Every opportunity provides us with potential to expand our customer base and work deeper into our vision of building a regional presence offering a full array of financial products and services. We will always be mindful of our community banking roots and the importance of enhancing and growing the relationships we have with our shareholders, customers, employees and communities.

2008, 2009, 2010, 2011, and 2012 have been the best 5 years in our company's history.

CAPABLE

OUR FINANCIAL PROFESSIONALS ARE
CAPABLE OF SERVING THE MOST
SOPHISTICATED CLIENTS WITH STRONG
FINANCIAL SOLUTIONS.

Our financial professionals know the pulse of the communities and businesses in southern Indiana. They respect the hard working individuals in our region and consider it an honor to help the financial future of families, businesses, non-profits and municipalities. We believe in investing in our people through training, higher education opportunities, health and wellness benefits and opportunities to engage in the communities we serve.

Technology continues to create new tools and resources for our customers to do business with us. We are investing in new technology that will give our customers enhanced capabilities and services, including a robust business online banking system, mobile banking, and enhanced personal online banking.

German American is recognized as one of the strongest and most financially sound financial institutions and has been listed on the KBW Honor Roll in 2010 and 2011 and named as a Sandler O'Neill Small Bank All Star in 2012. With our significant resources including strong earnings, significant capital, and considerable talent, we are well-positioned for growth. We are confident and capable in serving the financial needs of southern Indiana.

Mike Hayes



Melissa Miller



BANKING

German American has served the banking needs of southern Indiana for 103 years. We have helped our customers weather depressions and recessions and thrive in strong economic times. Our banking professionals are proficient in offering our customers products and services that fit the unique needs of individuals and businesses. Our products and services include checking and savings accounts, check cards, home loans, home equity loans, consumer loans, commercial loans, personal and business online banking, treasury management services, merchant services, credit cards, and health saving accounts. Our customers enjoy the convenience of our 35 banking offices and 37 ATMs located throughout southern Indiana and our banking professionals stay true to our community banking roots by being highly engaged in the communities we serve.

INSURANCE

Our insurance professionals realize that insuring you and your assets is much more than merely 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. Our insurance professionals are dedicated to our philosophy of careful analysis, cost-effective protection, thorough risk management, and personal service.

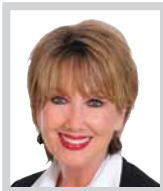
INVESTMENTS AND TRUST

We believe that creating a sound wealth management strategy for our clients is a process that takes a very comprehensive approach to understanding their goals and objectives. Personal and business clients appreciate our clear vision to help them develop effective financial plans to achieve retiring comfortably, sending children to college, transferring wealth from one generation to the next, and making sound financial decisions.

Jay Baker



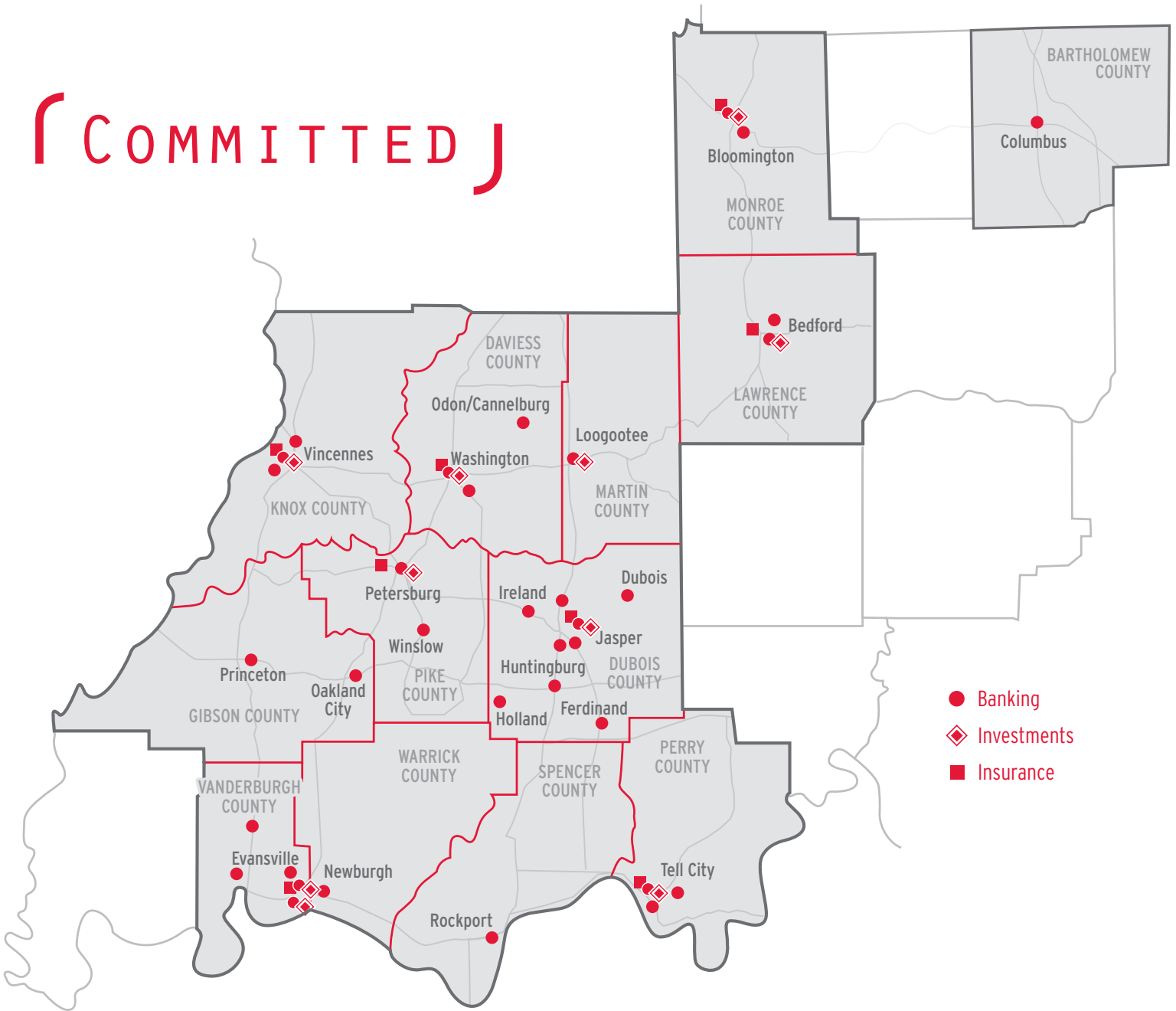
Bev Herron



Alvin Basham



COMMITTED



- Banking
- ◆ Investments
- Insurance

- | | | | |
|---|---|--|--|
| <p>Bedford
1502 I Street
2606 16th Street
1410 L Street</p> | <p>Ferdinand
1020 Main Street</p> | <p>Newburgh
3933 Venetian Drive</p> | <p>Tell City
645 Main Street
1508 12th Street
208 E. Highway 66</p> |
| <p>Bloomington
2614 E. 3rd Street
504 N. College Avenue</p> | <p>Holland
405 N. Meridian</p> | <p>Oakland City
1100 W. Morton Street</p> | <p>Vincennes
101 N. 3rd Street
2814 N. 6th Street
1700 Willow Street</p> |
| <p>Columbus
445 5th Street, Suite B</p> | <p>Ireland
5138 W. State Road 56</p> | <p>Petersburg
305 E. Main Street
518 E. Main Street</p> | <p>Washington
201 E. Main Street
205 E. Main Street
Cherry Tree Plaza</p> |
| <p>Dubois
4541 N. 4th Street</p> | <p>Jasper
711 Main Street
209 3rd Avenue
Highway 231 & 2nd Street
3585 Newton Street</p> | <p>Princeton
231 W. Broadway</p> | <p>Winslow
300 Main Street</p> |
| <p>Evansville
4424 Vogel Road
3150 Lynch Road
530 N. St. Joseph Avenue
515 Dixie Lane
961 S. Hebron Avenue</p> | <p>Logoootee
100 Charles Street</p> | <p>Rockport
704 N. 5th Street</p> | |

WE HAVE EVERY CONFIDENCE IN THE STRENGTH
OF OUR COMPANY, THE CAPABILITIES OF OUR TEAM
AND OUR **COMMITMENT** TO SOUTHERN INDIANA.

Engrained in our culture is a commitment to giving back to the communities we serve. You'll find our financial professionals leading financial literacy classes in community schools and volunteering to enhance the arts, education, economic development and overall community enrichment in our footprint. We have a long history of community involvement, from both a contributory standpoint and a dedication to hands-on volunteer efforts.

Rodney Russell



We are committed to listening to our customers and accept challenges as growth opportunities. We empower our team to discover process improvements that help us work more efficiently. As we expand in our current footprint and grow into new markets, we are always mindful of our community banking roots and our commitment that we are people helping people throughout southern Indiana grow and thrive.



Tony Loudermilk



Tracey Gutsell



Jon Merkel

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, Inc. as of December 31, 2012 and 2011, 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, 2012, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated March 18, 2013, 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 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 18, 2013



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 2012.

	2012	2011	2010	2009	2008
SUMMARY OF OPERATIONS:					
Interest Income	\$ 77,160	\$ 80,161	\$ 64,193	\$ 63,736	\$ 67,845
Interest Expense	10,912	16,180	15,522	19,223	26,908
Net Interest Income	66,248	63,981	48,671	44,513	40,937
Provision for Loan Losses	2,412	6,800	5,225	3,750	3,990
Net Interest Income after Provision for Loan Losses	63,836	57,181	43,446	40,763	36,947
Non-interest Income	21,811	21,576	16,943	15,859	18,210
Non-interest Expense	50,923	50,782	41,361	40,391	36,716
Income before Income Taxes	34,724	27,975	19,028	16,231	18,441
Income Tax Expense	10,669	7,726	5,623	4,013	5,638
Net Income	\$ 24,055	\$ 20,249	\$ 13,405	\$ 12,218	\$ 12,803
YEAR-END BALANCES:					
Total Assets	\$ 2,006,300	\$ 1,873,767	\$ 1,375,888	\$ 1,242,965	\$ 1,190,828
Total Loans, Net of Unearned Income	1,204,866	1,120,993	917,236	877,822	890,436
Total Deposits	1,640,931	1,556,198	1,087,286	969,643	941,750
Total Long-term Debt	89,472	90,974	81,016	113,320	105,608
Total Shareholders' Equity	185,026	167,610	121,534	113,549	105,174
AVERAGE BALANCES:					
Total Assets	\$ 1,934,123	\$ 1,823,703	\$ 1,330,540	\$ 1,230,596	\$ 1,174,583
Total Loans, Net of Unearned Income	1,147,891	1,114,181	906,127	891,322	880,630
Total Deposits	1,618,712	1,521,204	1,046,295	963,928	922,137
Total Shareholders' Equity	177,207	159,765	119,867	109,887	99,711
PER SHARE DATA⁽¹⁾:					
Net Income	\$ 1.91	\$ 1.61	\$ 1.21	\$ 1.10	\$ 1.16
Cash Dividends	0.56	0.56	0.56	0.56	0.56
Book Value at Year-end	14.64	13.31	10.94	10.25	9.54
OTHER DATA AT YEAR-END:					
Number of Shareholders	3,105	3,221	3,194	3,364	3,684
Number of Employees	439	417	359	332	348
Weighted Average Number of Shares ⁽¹⁾	12,622,049	12,581,646	11,098,836	11,065,917	11,029,519
SELECTED PERFORMANCE RATIOS:					
Return on Assets	1.24 %	1.11 %	1.01 %	0.99 %	1.09 %
Return on Equity	13.57 %	12.67 %	11.18 %	11.12 %	12.84 %
Equity to Assets	9.22 %	8.95 %	8.83 %	9.14 %	8.83 %
Dividend Payout	29.38 %	34.80 %	46.36 %	50.71 %	48.25 %
Net Charge-offs to Average Loans	0.19 %	0.43 %	0.32 %	0.25 %	0.29 %
Allowance for Loan Losses to Loans	1.29 %	1.37 %	1.45 %	1.25 %	1.07 %
Net Interest Margin	3.74 %	3.84 %	3.98 %	3.95 %	3.82 %

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

CONSOLIDATED BALANCE SHEETS

Dollars in thousands, except per share data

	December 31,	
	2012	2011
ASSETS		
Cash and Due from Banks	\$ 41,624	\$ 28,366
Federal Funds Sold and Other Short-term Investments	7,463	32,737
Cash and Cash Equivalents	49,087	61,103
Interest-bearing Time Deposits with Banks	2,707	5,986
Securities Available-for-Sale, at Fair Value	587,602	516,844
Securities Held-to-Maturity, at Cost (Fair value of \$351 and \$697 on December 31, 2012 and 2011, respectively)	346	690
Loans Held-for-Sale, at Fair Value	16,641	21,485
Loans	1,207,901	1,123,549
Less: Unearned Income	(3,035)	(2,556)
Allowance for Loan Losses	(15,520)	(15,312)
Loans, Net	1,189,346	1,105,681
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	8,340	8,340
Premises, Furniture and Equipment, Net	36,554	37,706
Other Real Estate	1,645	2,343
Goodwill	18,865	18,865
Intangible Assets	2,692	4,346
Company Owned Life Insurance	30,223	29,263
Accrued Interest Receivable and Other Assets	62,252	61,115
TOTAL ASSETS	\$ 2,006,300	\$ 1,873,767
LIABILITIES		
Non-interest-bearing Demand Deposits	\$ 349,174	\$ 282,335
Interest-bearing Demand, Savings, and Money Market Accounts	962,574	899,584
Time Deposits	329,183	374,279
Total Deposits	1,640,931	1,556,198
FHLB Advances and Other Borrowings	161,006	130,993
Accrued Interest Payable and Other Liabilities	19,337	18,966
TOTAL LIABILITIES	1,821,274	1,706,157
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	12,637	12,594
Additional Paid-in Capital	95,617	95,039
Retained Earnings	66,421	49,434
Accumulated Other Comprehensive Income	10,351	10,543
TOTAL SHAREHOLDERS' EQUITY	185,026	167,610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,006,300	\$ 1,873,767
End of period shares issued and outstanding	12,636,656	12,594,258

CONSOLIDATED STATEMENTS OF INCOME

Dollars in thousands, except per share data

	Years Ended December 31,		
	2012	2011	2010
INTEREST INCOME			
Interest and Fees on Loans	\$ 61,691	\$ 64,445	\$ 53,266
Interest on Federal Funds Sold and Other Short-term Investments	91	216	76
Interest and Dividends on Securities:			
Taxable	12,946	13,677	9,812
Non-taxable	2,432	1,823	1,039
TOTAL INTEREST INCOME	77,160	80,161	64,193
INTEREST EXPENSE			
Interest on Deposits	6,958	11,986	10,561
Interest on FHLB Advances and Other Borrowings	3,954	4,194	4,961
TOTAL INTEREST EXPENSE	10,912	16,180	15,522
NET INTEREST INCOME	66,248	63,981	48,671
Provision for Loan Losses	2,412	6,800	5,225
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	63,836	57,181	43,446
NON-INTEREST INCOME			
Trust and Investment Product Fees	2,657	2,145	1,582
Service Charges on Deposit Accounts	4,076	4,154	4,065
Insurance Revenues	5,524	5,819	5,347
Company Owned Life Insurance	974	1,100	806
Interchange Fee Income	1,724	1,501	1,243
Other Operating Income	1,955	1,452	1,740
Net Gains on Sales of Loans	3,234	2,381	2,160
Net Gain on Securities	1,667	3,024	-
TOTAL NON-INTEREST INCOME	21,811	21,576	16,943
NON-INTEREST EXPENSE			
Salaries and Employee Benefits	29,086	27,992	22,070
Occupancy Expense	4,277	4,264	3,492
Furniture and Equipment Expense	2,787	2,934	2,591
FDIC Premiums	1,116	1,473	1,455
Data Processing Fees	1,071	2,092	1,411
Professional Fees	2,247	2,056	2,285
Advertising and Promotion	1,714	1,525	1,255
Intangible Amortization	1,655	1,956	898
Other Operating Expenses	6,970	6,490	5,904
TOTAL NON-INTEREST EXPENSE	50,923	50,782	41,361
Income before Income Taxes	34,724	27,975	19,028
Income Tax Expense	10,669	7,726	5,623
NET INCOME	\$ 24,055	\$ 20,249	\$ 13,405
Basic Earnings per Share	\$ 1.91	\$ 1.61	\$ 1.21
Diluted Earnings per Share	\$ 1.90	\$ 1.61	\$ 1.21

See Annual Report on Form 10-K.

BOARD OF DIRECTORS



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 Investor Relations section of our website, www.germanamerican.com. This report speaks only as of March 18, 2013, and we do not promise anyone that it will be updated for changes or events after that date.





Back to Front, Left to Right: Keith Leinenbach, Sarah Chinn, Chris LeBeau, Chad Deckard, Gene Mattingly, Joe Dedman, Doug Lee, Vicki Schuler, Dave Mitchell, David Pleiss, Joel Smith, Gene Thewes, Dawn Andrews, David Henson, Sherri Alley, Zach Sibrel, Neil Dauby, Jane Thoma, Jeremy Foster, John Lamb



German American Bancorp, Inc.