



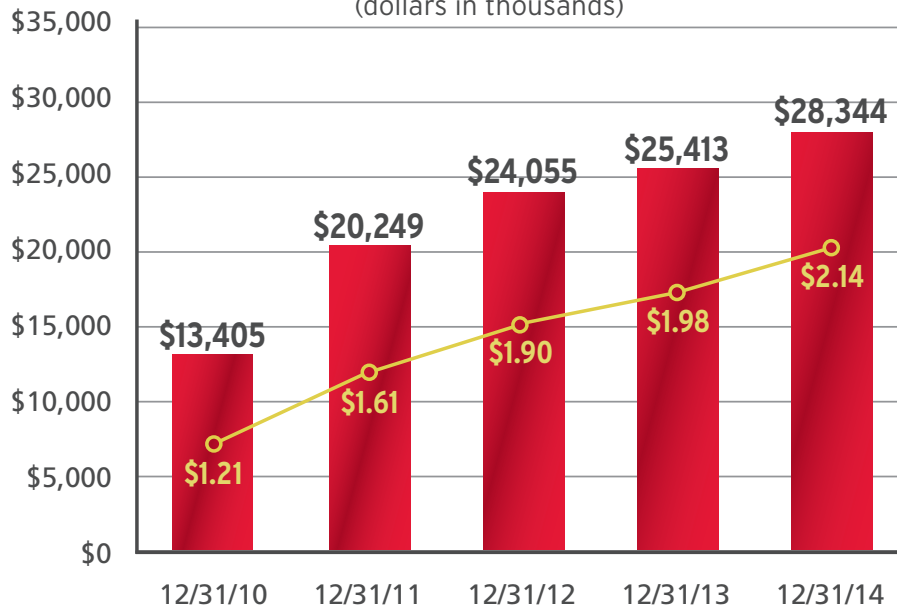
# Headed for the Future

2014 Summary Annual Report

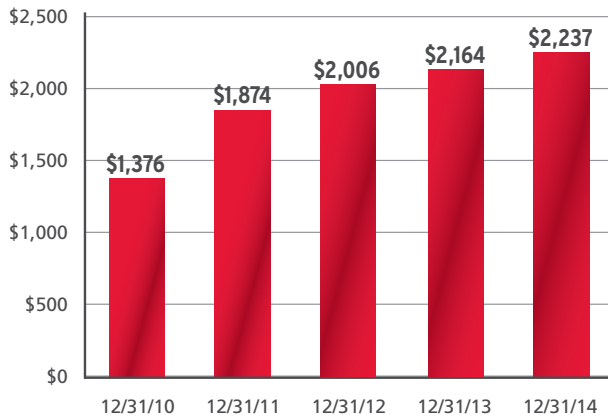


German American Bancorp, Inc.

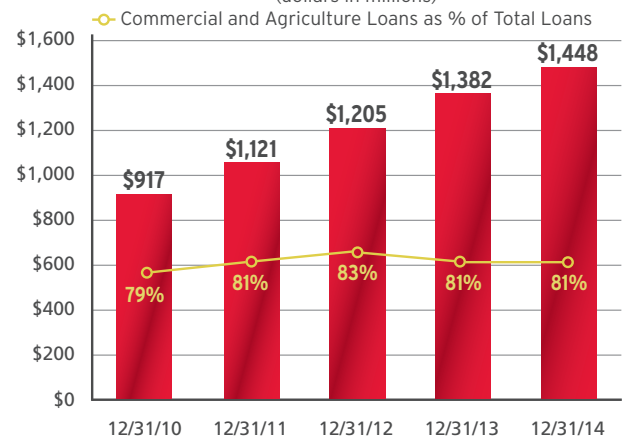
## Net Income & Diluted Earnings Per Share (dollars in thousands)



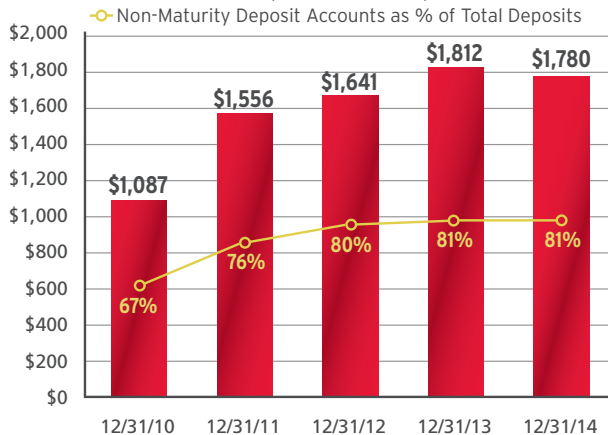
## Total Assets (dollars in millions)



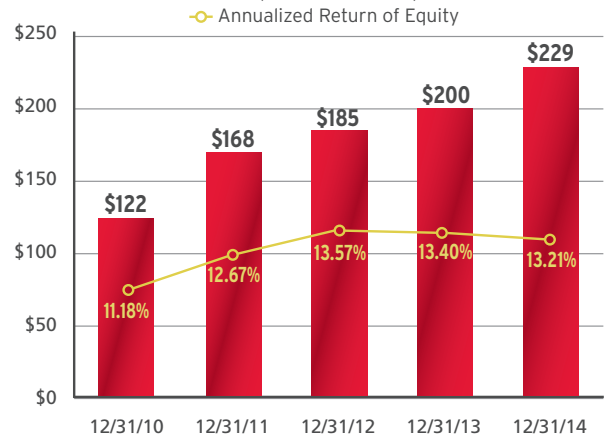
## Total Loans, Net of Unearned Income (dollars in millions)



## Total Deposits (dollars in millions)



## Total Shareholders' Equity (dollars in millions)



## A LETTER TO OUR Shareholders

**Mark A. Schroeder**  
Chairman and CEO



Dear Shareholders:

For the 5th consecutive year, your Company posted record earnings by reporting annual net income of \$28.3 million, or \$2.14 per share in 2014. This record level of performance in 2014 was an improvement, on a per share basis, of approximately 8% over the previous record earnings level of \$25.4 million, or \$1.98 per share, achieved in 2013. The continued strong earnings performance in 2014 also resulted in a 13.21% return on shareholders' equity, which represents the 10th consecutive year in which German American has delivered a double-digit return on shareholders' equity.

In 2014, we experienced strong growth across all four of our lines of business - banking, insurance, investment, and trust - as we saw a continued resurgence of the economic strength within our markets throughout Southern Indiana. This marked economic strength and stability was reflected in our ability, as a banking organization, to generate continued growth within our loan portfolio in 2014 while maintaining the level of superb asset quality that has been German American's hallmark.

The combination of a compound annual growth rate of earnings per share in excess of 14% over the course of the past seven years and a double-digit return on shareholders' equity for the past decade has also resulted in a period of strong market performance for your Company's stock. Our share price appreciation, measured as of year-end 2014 on a compound annual growth rate basis, was in excess of 13% over the course of both the past five and seven year periods.

We recognize, however, that the future value of your investment in German American will not be determined by our past performance, but rather will be based on our ability to sustain a strong level of performance going forward. This is why we chose the theme of **Headed for the Future** for this year's Summary Annual Report.

Looking to the future, it is obvious that the world is going to be a very different place. We all understand that technology is expected to radically change how the financial services industry will deliver products and services to clients. It is for this reason that, during 2014, German American took some very important steps forward to position your Company to continue to grow and prosper in the future in the face of a rapidly changing landscape relative to the delivery of financial products and services.

During this past year, we completed an extensive upgrade to our commercial and retail digital banking offerings, including the launch of mobile banking and mobile deposit for consumers.

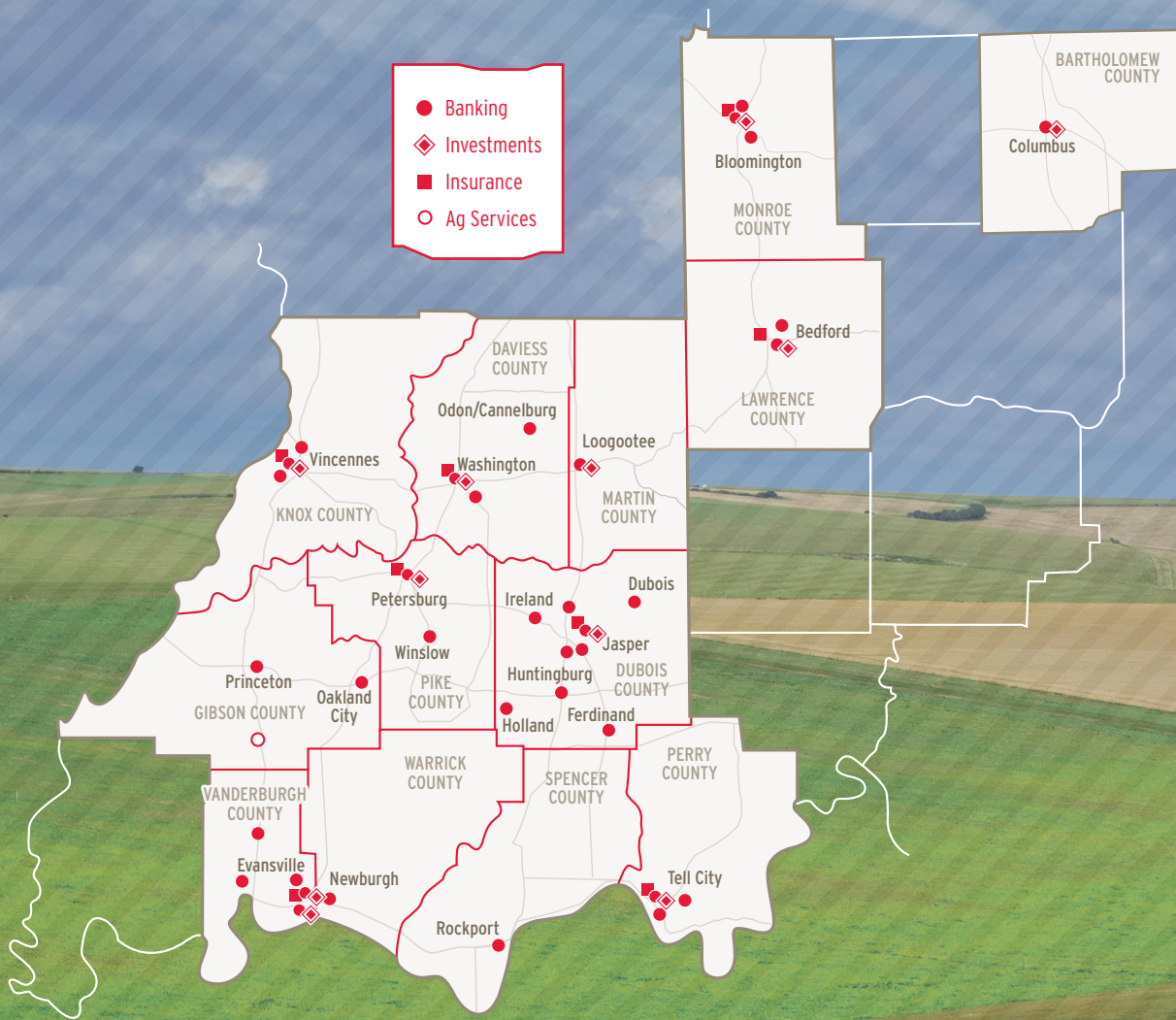
Staying current on the latest technology-based delivery channels will be critical to our ability to stay relevant in the coming years when we will be facing a fundamental change, driven by the millennial generation, in terms of how our clients will expect to access their financial assets.

As we are **Headed for the Future**, we are also focused on how to continue to hold fast to the core principles that have been the secret to our success, both over the course of the last decade and the last century. Central to this strategy is our ability to always provide exceptional, personalized customer service to our clients regardless of whether they are accessing us through our branch network, by phone or computer, or through their tablet or smartphone. For German American, that means continuing our philosophy of developing and recruiting teams of the very best local financial professionals, who are fully committed to and exceedingly knowledgeable about their clients and local communities. We believe this strategy of holding fast to our core principles, while providing leading edge technology to our clients, will be a winning combination going forward for both our clients and our shareholders.

We are obviously very proud of the level of long-term financial performance German American has attained, which has, in turn, resulted in German American being nationally recognized as one of the premier publicly-traded financial companies in the U.S. While honored to have received this level of national recognition, we fully acknowledge that this degree of long-term success was only possible because of our clients' continued acceptance of our offerings of financial products and services, our staff's dedication toward making good on our pledge of exceptional customer service, and, because of your, our shareholders', unwavering willingness to invest in our Company. We sincerely thank you for your continued investment in German American, not only in the past but also as we are **Headed for the Future!**

Sincerely,

Mark A. Schroeder  
Chairman & CEO



A genuine desire to provide financial solutions that help individuals, families and businesses thrive and prosper is key to our success. Our financial professionals are involved in the communities we serve. We engage in community conversations with key government and business leaders to ensure we understand the strengths and challenges facing our communities now and in the future. Clients value us as a confident and capable trusted financial advisor based on knowledge, expertise and being a true community partner.

**5 years of record earnings**

**7 year compound annual growth rate in earnings per share of 14%**

**Decade of double digit return on shareholders' equity**

# CUSTOMER Solutions

Technology has changed and will continue to change the delivery of financial services at a rapid pace. To keep our German American brand and the products and services we offer relevant, we remain focused on our customers. The financial solutions we offer our customers must be of the highest security, offer the best functionality with a superior user experience, and be capable of being supported by the German American team.

Anticipating change keeps us focused on the future. In the past few years, German American has allocated financial and human resources to help us research and implement the latest technology solutions. The importance of creating a team environment of keen eyes for opportunity while providing every day customer service excellence is crucial to our success. We are committed to responsive, timely decision making to meet and exceed our customers' expectations every day . . . now and in the future.

Our customers' success is what we care about. Providing strong financial solutions, based on a deep understanding of the needs of our customers, supports greater prosperity and quality of life for our shareholders, our customers, our communities and our team members.



Pictured: Terri Eckerle, Gaven Oexmann, Zach Sibrel, Rodney Russell, Jane Thoma, Jeff Cash, Gene Mattingly, Joel Smith, Tracey Gutgsell

## BANKING

An investment into new platforms for both our retail and business digital banking systems enables us to offer our customers the most up-to-date online experiences available in today's environment. Our consumer customers also have access to mobile banking, mobile bill pay, mobile deposit, Popmoney®, online home loan application, and sophisticated online and mobile financial calculators. Businesses throughout southern Indiana turn to German American for solid financial guidance and robust online solutions. From checking and savings accounts, check cards, home loans, home equity loans, credit cards, consumer loans, commercial loans, and more, the German American Banking Team is proficient in offering strong financial products and services.

## INSURANCE

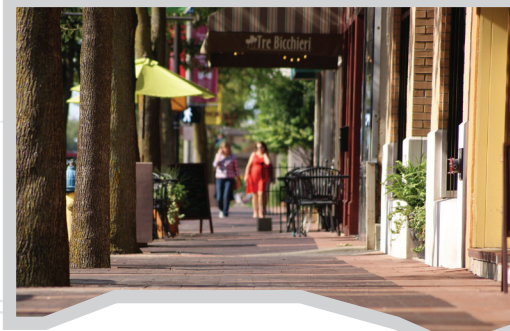
Our Insurance Team is dedicated to risk management expertise backed by a philosophy of careful analysis and personal service. We represent a variety of excellent insurance carriers, which helps our personal and commercial agents offer our clients cost-effective protection.

## INVESTMENTS

Our experienced Investment Team is skilled in addressing the unique complexities and concerns individuals and business owners face. Having managed assets through a wide range of market cycles, we understand the importance of adopting a long-term perspective and maintaining a consistent approach. Our client relationships start with gaining a deep understanding of our clients' values and unique perspective on finances before we design a customized investment and risk-management solution based upon the importance of prudent diversification and the central role of asset allocation in managing risk.

## TRUST

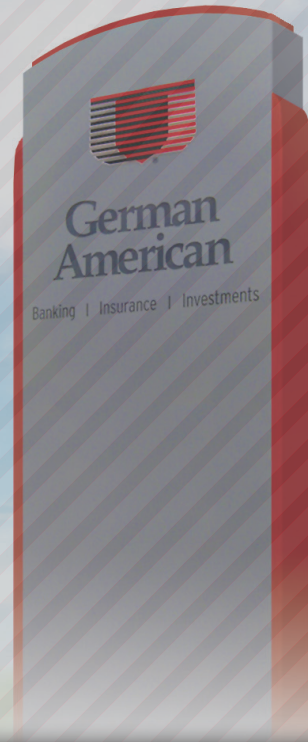
Our Trust Team has a high level of expertise to help clients who have accumulated significant wealth manage and grow their assets. We determine clients' goals, tolerance for risk, and financial vision before we invest any money, which keeps our clients as the top priority in our Trust relationship.



Pictured: Rhonda Hopf, Michael Gerth, David Pleiss, Jean Emery, Alex Knepp, Mike Hayes, Tom Acton, Sherri Alley, Jay Baker, Jeremy Foster, Peggy Merkel



Pictured: Alvin Basham, Lisa Matheis, David Henson, Jake Memmer, Donna Sholtis, Michael Kern



**Randall L. Braun**  
Senior Vice President,  
Retail Banking

**Clay W. Ewing**  
President

**Mark A. Schroeder**  
Chairman and  
Chief Executive Officer

**Keith A. Leinenbach**  
Senior Vice President,  
and Chief Credit Officer

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





Since 1910 the people of southern Indiana have trusted German American to help purchase homes, protect, save, and manage their money, grow businesses and farm operations, pass wealth from one generation to the next, retire comfortably, and send children to college. What has remained from the beginning is the underlying understanding that we are in a people business. We are people helping people in the communities we serve to financially grow, prosper and thrive. We are a team of financial professionals who are available when our clients have questions. Our more experienced team members are working with our younger team members to mentor, teach and coach.

Our team members live right here in southern Indiana. We empower our German American team to not only engage in conversations about challenges that face our communities, but to take action. You will find us teaching financial literacy, serving on non-profit boards, coaching youth sports, arts, and academic teams, running 5ks and mini marathons, participating in chamber events, and more.

## OUR **Mission**

We build relationships mutually beneficial to our clients and our shareholders.

- We create custom financial solutions that help businesses and retail customers reach their financial goals.
- We develop lifelong relationships that are based on mutual respect and supported by the strength and community ties of German American.
- We support our customers and shareholders on their quest to greater prosperity and quality of life.

## OUR **Vision**

German American Bancorp, Inc. will build a regional presence offering a full array of integrated 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.

We are deeply rooted and engaged within the communities we serve. The German American professionals build strong relationships that are based on a winning combination of discipline and conservative management with a keen eye for arising opportunities.

## REPORT OF INDEPENDENT REGISTERED PUBLIC **Accounting Firm**

Board of Directors and Shareholders  
German American Bancorp, Inc.  
Jasper, Indiana

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, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated March 9, 2015, 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 9, 2015

# 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 2014.

	2014	2013	2012	2011	2010
<b>Summary of Operations:</b>					
Interest Income	\$ 80,386	\$ 75,672	\$ 77,160	\$ 80,161	\$ 64,193
Interest Expense	6,047	7,155	10,912	16,180	15,522
Net Interest Income	74,339	68,517	66,248	63,981	48,671
Provision for Loan Losses	150	350	2,412	6,800	5,225
Net Interest Income after Provision for Loan Losses	74,189	68,167	63,836	57,181	43,446
Non-interest Income	23,937	23,615	21,811	21,576	16,943
Non-interest Expense	57,713	54,905	50,923	50,782	41,361
Income before Income Taxes	40,413	36,877	34,724	27,975	19,028
Income Tax Expense	12,069	11,464	10,669	7,726	5,623
Net Income	\$ 28,344	\$ 25,413	\$ 24,055	\$ 20,249	\$ 13,405
<b>Year-end Balances:</b>					
Total Assets	\$ 2,237,099	\$ 2,163,827	\$ 2,006,300	\$ 1,873,767	\$ 1,375,888
Total Loans, Net of Unearned Income	1,447,982	1,382,382	1,204,866	1,120,993	917,236
Total Deposits	1,779,761	1,812,156	1,640,931	1,556,198	1,087,286
Total Long-term Debt	64,591	87,237	89,472	90,974	81,016
Total Shareholders' Equity	228,824	200,097	185,026	167,610	121,534
<b>Average Balances:</b>					
Total Assets	\$ 2,170,761	\$ 2,037,236	\$ 1,934,123	\$ 1,823,703	\$ 1,330,540
Total Loans, Net of Unearned Income	1,406,000	1,272,055	1,147,891	1,114,181	906,127
Total Deposits	1,783,348	1,695,796	1,618,712	1,521,204	1,046,295
Total Shareholders' Equity	214,496	189,689	177,207	159,765	119,867
<b>Per Share Data:</b>					
Net Income <sup>(1)</sup>	\$ 2.14	\$ 1.98	\$ 1.90	\$ 1.61	\$ 1.21
Cash Dividends	0.64	0.60	0.56	0.56	0.56
Book Value at Year-end	17.31	15.19	14.64	13.31	10.94
<b>Other Data at Year-end:</b>					
Number of Shareholders	3,398	3,444	3,105	3,221	3,194
Number of Employees	473	478	439	417	359
Weighted Average Number of Shares <sup>(1)</sup>	13,223,178	12,807,678	12,637,743	12,587,748	11,104,887
<b>Selected Performance Ratios:</b>					
Return on Assets	1.31 %	1.25 %	1.24 %	1.11 %	1.01 %
Return on Equity	13.21 %	13.40 %	13.57 %	12.67 %	11.18 %
Equity to Assets	10.23 %	9.25 %	9.22 %	8.95 %	8.83 %
Dividend Payout	29.81 %	30.18 %	29.38 %	34.80 %	46.36 %
Net Charge-offs (Recoveries) to Average Loans	(0.01) %	0.10 %	0.19 %	0.43 %	0.32 %
Allowance for Loan Losses to Loans	1.03 %	1.05 %	1.29 %	1.37 %	1.45 %
Net Interest Margin	3.76 %	3.67 %	3.74 %	3.84 %	3.98 %

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

# CONSOLIDATED Balance Sheets

Dollars in thousands, except per share data

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Cash and Due from Banks	\$ 33,481	\$ 37,370
Federal Funds Sold and Other Short-term Investments	8,965	22,762
Cash and Cash Equivalents	42,446	60,132
Interest-bearing Time Deposits with Banks	100	100
Securities Available-for-Sale, at Fair Value	630,995	606,032
Securities Held-to-Maturity, at Cost (Fair value of \$186 and \$271 on December 31, 2014 and 2013, respectively)	184	268
Loans Held-for-Sale, at Fair Value	6,311	9,265
Loans	1,451,990	1,385,212
Less: Unearned Income	(4,008)	(2,830)
Allowance for Loan Losses	(14,929)	(14,584)
Loans, Net	1,433,053	1,367,798
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	7,040	9,004
Premises, Furniture and Equipment, Net	39,930	40,430
Other Real Estate	356	1,029
Goodwill	20,536	20,536
Intangible Assets	2,074	3,328
Company Owned Life Insurance	32,043	31,178
Accrued Interest Receivable and Other Assets	22,031	14,727
<b>TOTAL ASSETS</b>	<b>\$ 2,237,099</b>	<b>\$ 2,163,827</b>
<b>Liabilities</b>		
Non-interest-bearing Demand Deposits	\$ 428,016	\$ 400,024
Interest-bearing Demand, Savings, and Money Market Accounts	1,018,320	1,063,098
Time Deposits	333,425	349,034
Total Deposits	1,779,761	1,812,156
FHLB Advances and Other Borrowings	206,064	140,770
Accrued Interest Payable and Other Liabilities	22,450	10,804
<b>TOTAL LIABILITIES</b>	<b>2,008,275</b>	<b>1,963,730</b>
<b>Shareholders' Equity</b>		
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	13,216	13,174
Additional Paid-in Capital	108,660	108,022
Retained Earnings	104,058	84,164
Accumulated Other Comprehensive Income (Loss)	2,890	(5,263)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>228,824</b>	<b>200,097</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 2,237,099</b>	<b>\$ 2,163,827</b>
End of period shares issued and outstanding	13,215,800	13,173,793

See Annual Report on Form 10-K.

# CONSOLIDATED Statements of Income

Dollars in thousands, except per share data

	Years Ended December 31,		
	2014	2013	2012
<b>Interest Income</b>			
Interest and Fees on Loans	\$ 65,597	\$ 61,632	\$ 61,691
Interest on Federal Funds Sold and Other Short-term Investments	12	30	91
Interest and Dividends on Securities:			
Taxable	10,409	11,091	12,946
Non-taxable	4,368	2,919	2,432
TOTAL INTEREST INCOME	80,386	75,672	77,160
<b>Interest Expense</b>			
Interest on Deposits	4,128	4,697	6,958
Interest on FHLB Advances and Other Borrowings	1,919	2,458	3,954
TOTAL INTEREST EXPENSE	6,047	7,155	10,912
NET INTEREST INCOME	74,339	68,517	66,248
Provision for Loan Losses	150	350	2,412
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	74,189	68,167	63,836
<b>Non-Interest Income</b>			
Trust and Investment Product Fees	3,675	3,358	2,657
Service Charges on Deposit Accounts	4,829	4,144	4,076
Insurance Revenues	7,255	6,217	5,524
Company Owned Life Insurance	826	965	974
Interchange Fee Income	1,961	1,854	1,724
Other Operating Income	2,018	2,003	1,955
Net Gains on Sales of Loans	1,892	2,645	3,234
Net Gains on Securities	1,481	2,429	1,667
TOTAL NON-INTEREST INCOME	23,937	23,615	21,811
<b>Non-Interest Expense</b>			
Salaries and Employee Benefits	32,710	31,482	29,086
Occupancy Expense	5,094	4,545	4,277
Furniture and Equipment Expense	1,953	1,898	1,979
FDIC Premiums	1,113	1,050	1,116
Data Processing Fees	3,675	3,133	1,879
Professional Fees	2,294	2,577	2,247
Advertising and Promotion	1,977	1,863	1,714
Intangible Amortization	1,254	1,416	1,655
Other Operating Expenses	7,643	6,941	6,970
TOTAL NON-INTEREST EXPENSE	57,713	54,905	50,923
Income before Income Taxes	40,413	36,877	34,724
Income Tax Expense	12,069	11,464	10,669
<b>Net Income</b>	\$ 28,344	\$ 25,413	\$ 24,055
Basic Earnings per Share	\$ 2.15	\$ 1.99	\$ 1.91
Diluted Earnings per Share	\$ 2.14	\$ 1.98	\$ 1.90

See Annual Report on Form 10-K.



Douglas A. Bawel

Christina M. Ernst

Marc D. Fine

U. Butch Klem

J. David Lett

Chris A. Ramsey



M. Darren Root

Mark A. Schroeder

Thomas W. Seger

Ray W. Snowden

Michael J. Voyles

## 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 prosperity, 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](http://www.germanamerican.com). This report speaks only as of March 9, 2015, and we do not promise anyone that it will be updated for changes or events after that date.



**German American Bancorp, Inc.**