



Yesterday.  
Today.  
Tomorrow.

CELEBRATING **110** YEARS

1910 - 2020

**2019**  
**SUMMARY ANNUAL REPORT**



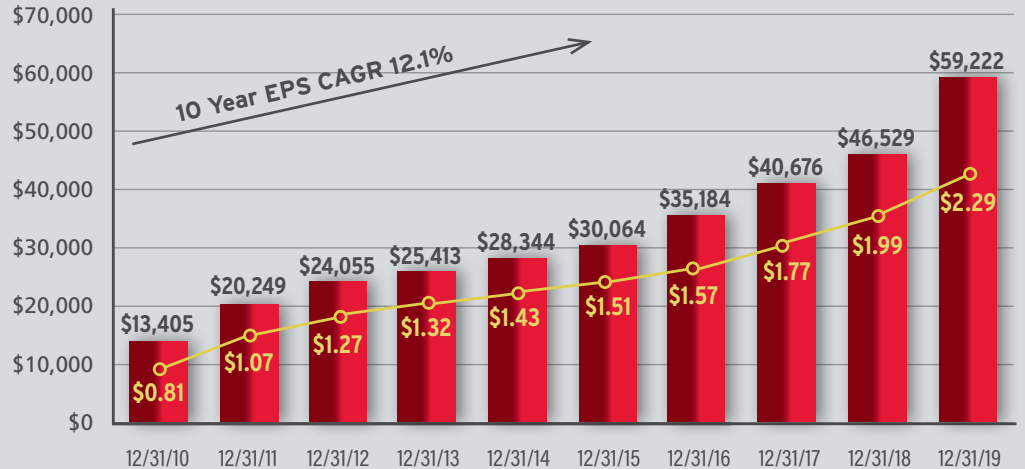
**German American Bancorp, Inc.**

# Numbers

## Net Income & Earnings Per Share

(dollars in thousands, except per share amounts)

○ Earnings Per Share\*

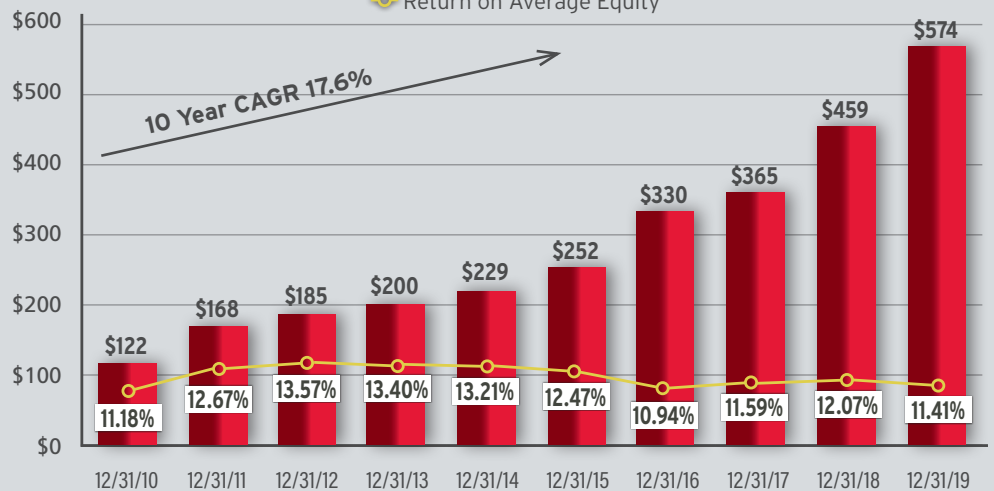


\*Earnings Per Share adjusted for 3-for-2 stock split completed in 2017.

## Total Shareholders' Equity

(dollars in millions)

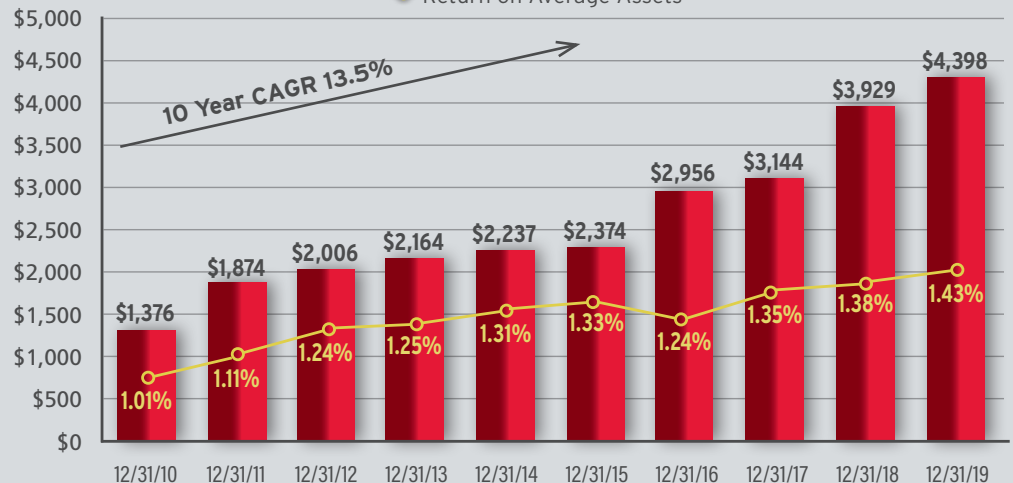
○ Return on Average Equity



## Total Assets

(dollars in millions)

○ Return on Average Assets



**7th**

consecutive year  
of increased  
dividends

**10th**

consecutive year  
German American  
has achieved record  
earnings

**15th**

consecutive fiscal  
year of double-digit  
return on equity



**Letter from  
Mark A. Schroeder**

Chairman and CEO

**Dear Shareholders:**

The theme of this year's Summary Annual Report, Yesterday-Today-Tomorrow, denotes our rich community banking history, our exceptionally strong financial and market position today, and our vision for continued growth and success in the coming years. From our start as a community bank in 1910, with two employees, fifty-seven shareholders and \$40,000 in capital stock, German American has grown to \$4.4 billion in total assets, over 800 employees, approximately 3,700 shareholders and \$574 million in total shareholders' equity. The one constant over these past 110 years has been our commitment to our customers and to the communities we serve. Our steadfast focus on doing well while doing good has served our shareholders and all our stakeholders very well.

continued...

continued...

In 2019, we continued our pattern of disciplined, steady growth through our second merger transaction in the Commonwealth of Kentucky. In July, we finalized our merger with Citizens First Corporation and its banking subsidiary, Citizens First Bank, Inc. Headquartered in Bowling Green, Kentucky, Citizens First operated eight retail banking offices in Barren, Hart, Simpson and Warren Counties in Kentucky. As of the closing of this transaction, Citizens First had total assets of approximately \$456 million, total loans of approximately \$365 million, and total deposits of approximately \$371 million. When combined with the acquisition in October 2018 of First Security, Inc., based in Owensboro, Kentucky, German American has acquired nearly \$1 billion in banking assets within the Commonwealth. We continue to anticipate significant future growth within the Commonwealth of Kentucky, both through acquisitions and organic growth, in the coming years.

We're extremely pleased to report that we continued our history of exceptional financial performance in 2019. Your Company, for the tenth consecutive year, achieved record earnings, as 2019 net income of \$59.2 million, or \$2.29 per share, represented an increase of 15.1%, on a per share basis, above the level of the prior year record 2018 earnings. We also achieved the milestone in 2019 of posting the 15th consecutive fiscal year of double-digit returns on shareholders' equity. Very few banking organizations in the nation can match this level of financial performance: a decade of record net income and earnings per share, as well as a decade and a half of

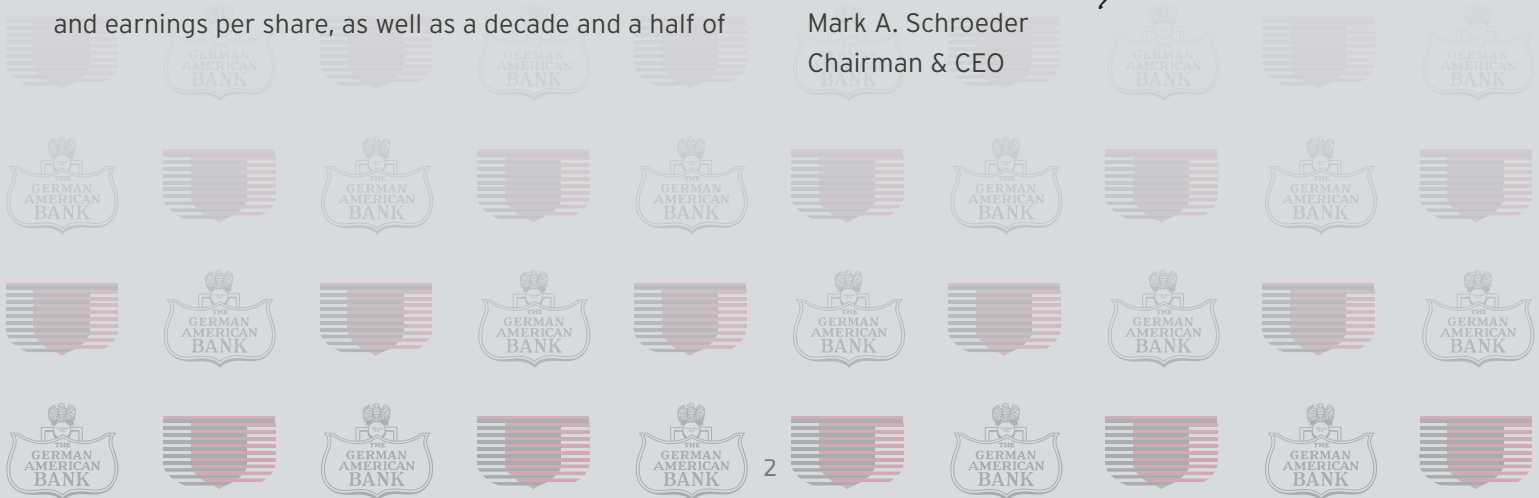
double-digit returns on their shareholders' equity. The credit for this impressive level of performance certainly goes to our team of local, financial professionals serving their customers and communities throughout our footprint, but it also is due to the loyalty of our clients, the economic strength of our markets, and the commitment of you, our shareholders.

As I write this letter, we are dealing with the COVID-19 pandemic and the associated economic disruption throughout our nation and within our own market areas. Clearly, the health of our customers, employees and their families is our utmost concern, while we also recognize this crisis will likely have a significant impact on the economic well-being of our clients, our market area, our nation, and our Company. As shareholders, you can take comfort in knowing that German American has weathered many difficult times over the course of the past 110 years, yet we have always come out of those challenges stronger. So, while it's not possible, at this juncture, to fully anticipate the challenges our Company may face during the coming year as a result of this unique situation, we remain humbly and quietly confident in our ability to work through whatever those issues may be and look forward to continued growth and prosperity in the years to come.

Sincerely,



Mark A. Schroeder  
Chairman & CEO



1910 Original  
German American Bank  
Building - Jasper, IN



## Yesterday



Business leaders in a small town rich in German-American heritage, Jasper, Indiana, organized and opened a bank in 1910. It was the community's heritage that prompted the new bank's name, German American Bank.

*Two employees.*

*Fifty seven original shareholders.*

*\$40,000 in capital stock.*

The bank office occupied one-half of the first floor of a commercial building. In the 1940's, the bank was ready to expand and purchased the office building it occupied. German American Bank's headquarters remain on this property to this day.

The history of German American Bank tells quite an extraordinary story. In our 110 years of history, our company has experienced and outlasted the effects of wars, boom times, political changes, fluctuations in local, state and federal economics, the rise of a global economy, and a plethora of changes in the banking landscape. Deep seated business values of relationships, trust, people and performance were the guiding principles and remain so today. Serving with the intention to help

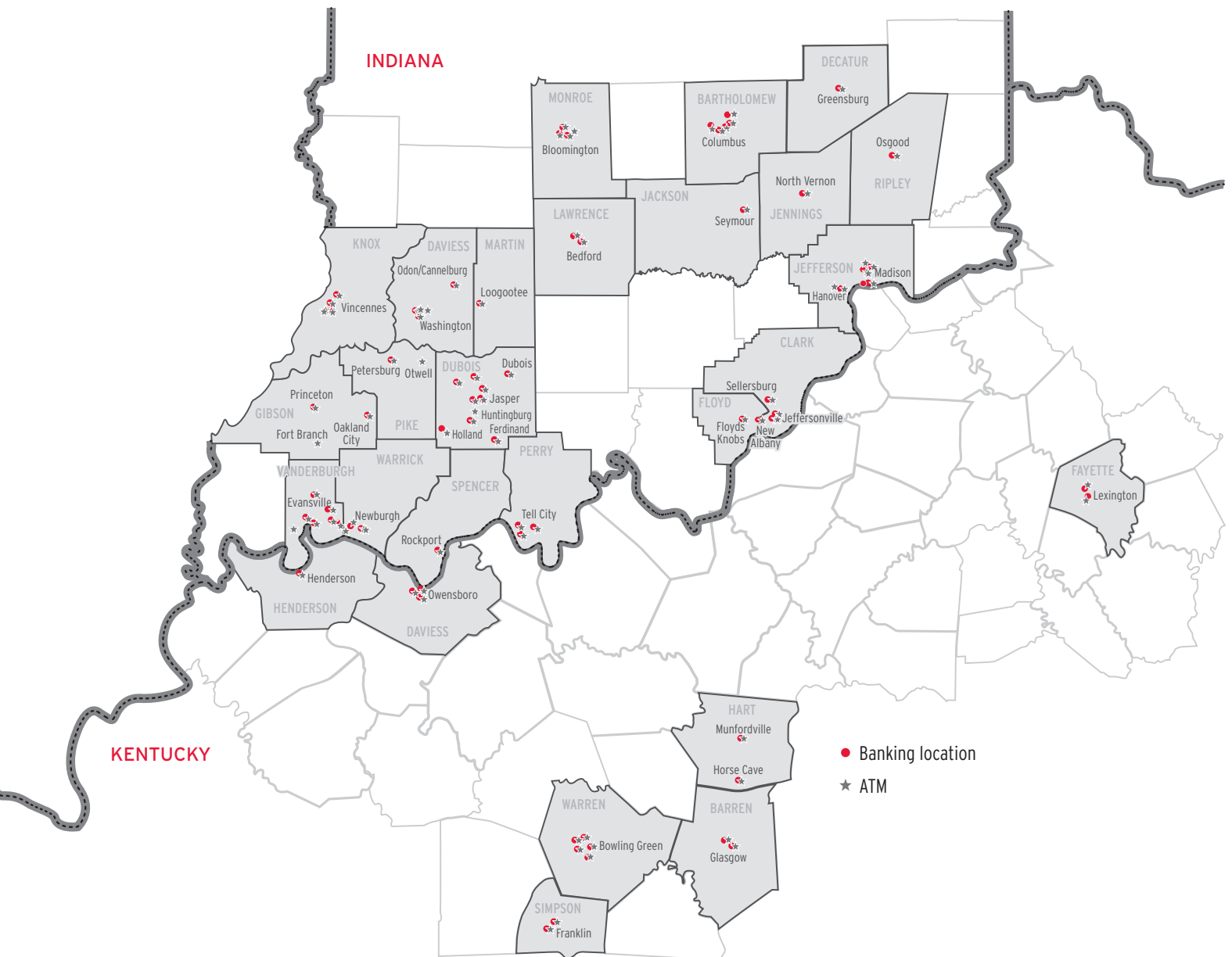
communities thrive so its people can prosper remains at the forefront of our purpose.

In the 1980's to mid 1990's, German American Bank faced the same choice as many other small to mid sized banks: merge with a larger bank or choose an independent growth strategy. The Company chose the latter. Although many banks at the time were choosing a similar direction, German American Bank's approach was significantly different. German American embarked upon a strategy to partner with other like-minded community banks. The goal was to afford the combined organization the efficiencies associated with size, while still keeping it small enough to stay focused on the communities it served. The commitment to community was key in German American Bank's vision to build a community banking network. The Company chose to grow close to its home base, rather than moving into markets it wasn't familiar with, which solidified its position as a local community bank. German American Bank also committed to retaining local leadership to more effectively serve the specific needs of customers and the community as a whole.

# Today



Today, German American Bank is the combination of numerous like-minded community banking, insurance, and wealth management organizations and teams joining together to serve local communities. Our footprint covers southern Indiana and Kentucky, and our history of strong financial performance is a reflection of the success of this unique business model.



We combine top-rated customer facing technology with a talented, customer-focused team to deliver service excellence. The foundation to find the best financial products to help our customers achieve their dreams and goals is based on strong relationships with our customers and a deep knowledge of the communities we serve. We attain that knowledge by employing local leaders with a servant mindset combined with a drive to succeed.

Our financial strength enables us to make the greatest impact and demonstrates our commitment to corporate responsibility. We support education, social welfare and human services efforts, the arts, economic development and community organizations.

## Our Mission

German American is dedicated to helping individuals, families and businesses achieve greater prosperity and quality of life. Together, our financial team builds lasting client relationships based on integrity, responsive service, innovation, and shared values. We support the communities we serve and believe that when a community thrives, its people prosper.



German American Bank  
Headquarters - Jasper, IN  
2020





## Tomorrow



The world of banking will continue to change which will continue to impact how we deliver financial services. German American Bank is committed to investing in secure, innovative technology while also making certain that our culture of local-people-helping-local-people succeed stays at the center of our principles.

With a keen eye on opportunities, a mindset of continuous improvement and a commitment to financial performance and corporate responsibility, our German American Bank team faces tomorrow with confidence, agility, and optimism.





## Our Shield

Historical photos and records indicate a shield has been a graphic icon of German American Bank since our inception in 1910.



1910



German American Bank

1980's



1990's



German American Bank

Banking | Insurance | Investments

Today



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, 2019 and 2018, 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, 2019, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated March 2, 2020, 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 LLP

Indianapolis, Indiana

March 2, 2020

## Five Year Summary

The following selected data should be read in conjunction with the Company's Annual Report on Form 10-K for 2019.

Dollars in thousands, except per share data

	2019	2018	2017	2016	2015
<b>Summary of Operations:</b>					
Interest Income	\$ 176,474	\$ 133,749	\$ 111,030	\$ 103,365	\$ 81,620
Interest Expense	31,249	19,139	11,121	8,461	6,068
Net Interest Income	145,225	114,610	99,909	94,904	75,552
Provision for Loan Losses	5,325	2,070	1,750	1,200	-
Net Interest Income after Provision for Loan Losses	139,900	112,540	98,159	93,704	75,552
Non-interest Income	45,501	37,070	31,854	32,013	27,444
Non-interest Expense	114,162	93,553	77,803	76,587	61,326
Income before Income Taxes	71,239	56,057	52,210	49,130	41,670
Income Tax Expense	12,017	9,528	11,534	13,946	11,606
Net Income	\$ 59,222	\$ 46,529	\$ 40,676	\$ 35,184	\$ 30,064
<b>Year-end Balances:</b>					
Total Assets	\$ 4,397,672	\$ 3,929,090	\$ 3,144,360	\$ 2,955,994	\$ 2,373,701
Total Loans, Net of Unearned Income	3,077,091	2,728,059	2,141,638	1,989,955	1,564,347
Total Deposits	3,430,021	3,072,632	2,484,052	2,349,551	1,826,376
Total Long-term Debt	181,950	126,635	141,717	120,560	95,606
Total Shareholders' Equity	573,820	458,640	364,571	330,267	252,348
<b>Average Balances:</b>					
Total Assets	\$ 4,128,535	\$ 3,380,409	\$ 3,002,695	\$ 2,841,096	\$ 2,267,555
Total Loans, Net of Unearned Income	2,899,939	2,339,089	2,036,717	1,904,779	1,483,752
Total Deposits	3,293,934	2,716,712	2,395,146	2,249,892	1,825,913
Total Shareholders' Equity	519,010	385,476	350,913	321,520	241,018
<b>Per Share Data:</b>					
Net Income <sup>(1)</sup>	\$ 2.29	\$ 1.99	\$ 1.77	\$ 1.57	\$ 1.51
Cash Dividends	0.68	0.60	0.52	0.48	0.45
Book Value at Year-end	21.51	18.37	15.90	14.42	12.67
Tangible Book Value Per Share <sup>(2)</sup>	16.49	13.81	13.45	11.94	11.57
<b>Other Data at Year-end:</b>					
Number of Shareholders	3,672	3,705	3,459	3,513	3,343
Number of Employees	821	747	621	605	479
Weighted Average Number of Shares <sup>(1)</sup>	25,824,538	23,381,616	22,924,726	22,391,115	19,888,374
<b>Selected Performance Ratios:</b>					
Return on Assets	1.43 %	1.38 %	1.35 %	1.24 %	1.33 %
Return on Equity	11.41 %	12.07 %	11.59 %	10.94 %	12.47 %
Equity to Assets	13.05 %	11.67 %	11.59 %	11.17 %	10.63 %
Dividend Payout	29.64 %	30.25 %	29.11 %	30.21 %	29.97 %
Net Charge-offs (Recoveries) to Average Loans	0.17 %	0.08 %	0.04 %	0.04 %	0.03 %
Allowance for Loan Losses to Loans	0.53 %	0.58 %	0.73 %	0.74 %	0.92 %
Net Interest Margin	3.92 %	3.75 %	3.76 %	3.75 %	3.70 %

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

<sup>(2)</sup> Tangible Book Value per Share is defined as Total Shareholders' Equity less Goodwill and Other Intangible Assets divided by End of Period Shares Outstanding.

# Consolidated Balance Sheets

Dollars in thousands, except per share data

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and Due from Banks	\$ 59,971	\$ 64,549
Federal Funds Sold and Other Short-term Investments	43,913	32,001
Cash and Cash Equivalents	103,884	96,550
Interest-bearing Time Deposits with Banks	1,985	250
Securities Available-for-Sale, at Fair Value	854,825	812,611
Other Investments	353	353
Loans Held-for-Sale, at Fair Value	17,713	4,263
Loans	3,081,973	2,731,741
Less: Unearned Income	(4,882)	(3,682)
Allowance for Loan Losses	(16,278)	(15,823)
Loans, Net	3,060,813	2,712,236
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	13,968	13,048
Premises, Furniture and Equipment, Net	96,651	80,627
Other Real Estate	425	286
Goodwill	121,306	103,681
Intangible Assets	12,656	9,964
Company Owned Life Insurance	68,883	59,896
Accrued Interest Receivable and Other Assets	44,210	35,325
<b>TOTAL ASSETS</b>	<b>\$ 4,397,672</b>	<b>\$ 3,929,090</b>
<b>Liabilities</b>		
Non-interest-bearing Demand Deposits	\$ 832,985	\$ 715,972
Interest-bearing Demand, Savings, and Money Market Accounts	1,965,640	1,768,177
Time Deposits	631,396	588,483
Total Deposits	3,430,021	3,072,632
FHLB Advances and Other Borrowings	349,686	376,409
Accrued Interest Payable and Other Liabilities	44,145	21,409
<b>TOTAL LIABILITIES</b>	<b>3,823,852</b>	<b>3,470,450</b>
<b>Shareholders' Equity</b>		
Common Stock, no par value, \$1 stated value; 45,000,000 shares authorized	26,671	24,967
Additional Paid-in Capital	278,954	229,347
Retained Earnings	253,090	211,424
Accumulated Other Comprehensive Income (Loss)	15,105	(7,098)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>573,820</b>	<b>458,640</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 4,397,672</b>	<b>\$ 3,929,090</b>
End of period shares issued and outstanding	26,671,368	24,967,458

# Consolidated Statements of Income

Dollars in thousands, except per share data

	Years Ended December 31,		
	2019	2018	2017
<b>Interest Income</b>			
Interest and Fees on Loans	\$ 152,481	\$ 112,084	\$ 91,745
Interest on Federal Funds Sold and Other Short-term Investments	522	308	134
Interest and Dividends on Securities:			
Taxable	13,910	12,398	10,898
Non-taxable	9,561	8,959	8,253
TOTAL INTEREST INCOME	176,474	133,749	111,030
<b>Interest Expense</b>			
Interest on Deposits	23,805	13,625	7,094
Interest on FHLB Advances and Other Borrowings	7,444	5,514	4,027
TOTAL INTEREST EXPENSE	31,249	19,139	11,121
NET INTEREST INCOME	145,225	114,610	99,909
Provision for Loan Losses	5,325	2,070	1,750
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	139,900	112,540	98,159
<b>Non-Interest Income</b>			
Trust and Investment Product Fees	7,278	6,680	5,272
Service Charges on Deposit Accounts	8,718	7,044	6,178
Insurance Revenues	8,940	8,330	7,979
Company Owned Life Insurance	2,005	1,243	1,341
Interchange Fee Income	9,450	7,278	4,567
Other Operating Income	3,229	2,785	2,641
Net Gains on Sales of Loans	4,633	3,004	3,280
Net Gains on Securities	1,248	706	596
TOTAL NON-INTEREST INCOME	45,501	37,070	31,854
<b>Non-Interest Expense</b>			
Salaries and Employee Benefits	63,885	51,306	46,642
Occupancy Expense	9,988	7,735	6,609
Furniture and Equipment Expense	3,788	3,142	2,621
FDIC Premiums	533	1,033	954
Data Processing Fees	7,927	6,942	4,276
Professional Fees	4,674	5,362	2,817
Advertising and Promotion	4,230	3,492	3,543
Intangible Amortization	3,721	1,752	942
Other Operating Expenses	15,416	12,789	9,399
TOTAL NON-INTEREST EXPENSE	114,162	93,553	77,803
Income before Income Taxes	71,239	56,057	52,210
Income Tax Expense	12,017	9,528	11,534
<b>Net Income</b>	\$ 59,222	\$ 46,529	\$ 40,676
Basic Earnings per Share	\$ 2.29	\$ 1.99	\$ 1.77
Diluted Earnings per Share	\$ 2.29	\$ 1.99	\$ 1.77
Dividends per Share	\$ 0.68	\$ 0.60	\$ 0.52

# Board of Directors



Zachary W. Bawel



Christina M. Ernst



Marc D. Fine



Jason M. Kelly



U. Butch Klem



J. David Lett



Lee A. Mitchell



Chris A. Ramsey



M. Darren Root



Christina M. Ryan



Mark A. Schroeder



Thomas W. Seger



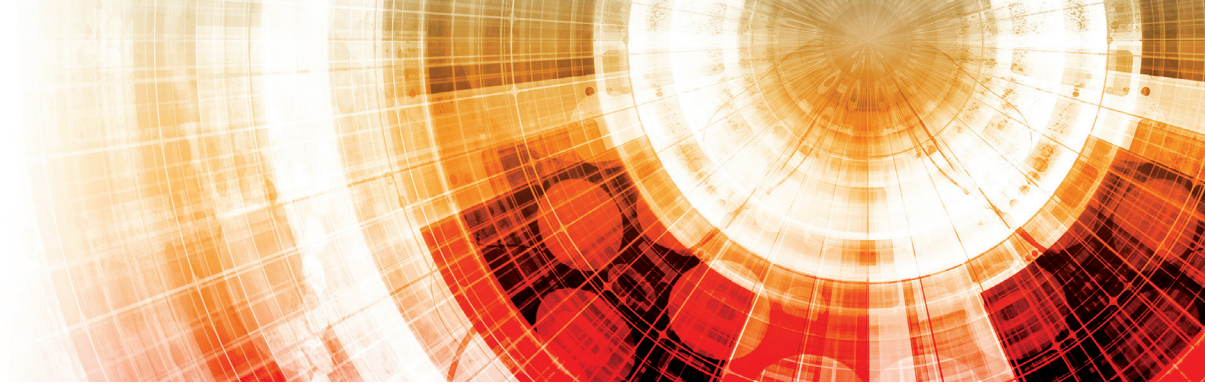
Jack W. Sheidler



Raymond W. Snowden



Tyson J. Wagler



## Cautionary Note Regarding Forward-Looking Statements



This Summary Annual Report, including our CEO's letter to our Shareholders beginning 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 those expectations 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 2, 2020, and we do not promise anyone that it will be updated for changes or events after that date.



**German American Bancorp, Inc.**

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