

Shaping our Future

Summary
Annual
Report
2021



German American Bancorp, Inc.



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.

United in Our Values

Integrity
People
Relationships
Performance

Cautionary Note Regarding Forward-Looking Statements

This Summary Annual Report, including our Letter to 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. This report speaks only as of March 1, 2022, and we do not promise anyone that it will be updated for changes or events after that date.

9th

consecutive year
of increased
dividends

12th

consecutive year
German American has
achieved record earnings

17th

consecutive fiscal
year of double-digit
return on equity



Letter to Our Shareholders

Mark A. Schroeder
Executive Chairman

D. Neil Dauby
President and CEO

Dear Shareholders:

2021 was a time of transition for German American, as we continued our long-standing history of progress and financial success, while also developing plans and strategies focused on “shaping our future” as a company. In the face of continuing business and economic pressures resulting from the effects of the ongoing pandemic, we are pleased to report that 2021 was another record year for German American. During this past year, our support and investment in our clients and the local communities we serve reached record levels, as evidenced by the investment of approximately 3,000 hours of volunteer service to our communities by our team of financial professionals, in addition to corporately investing nearly \$2.9 million in community support throughout our footprint.

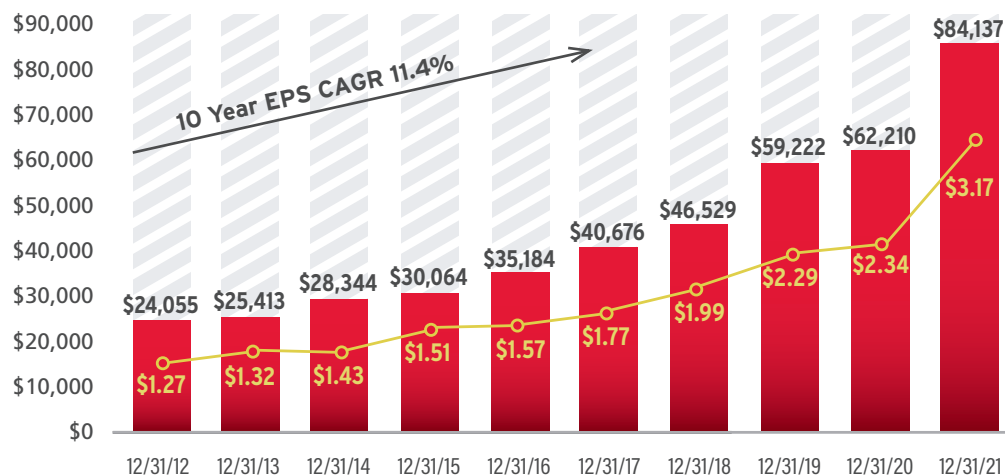
Our ability to drive continued record financial performance in 2021 was positively impacted by balance sheet growth of 13% in total assets, with year-end total assets reaching a record level of \$5.6 billion. This level of impressive asset growth was fueled by 16% growth of our deposit base, as clients continued to trust German American with the safekeeping of their funds, bringing our level of total deposits to \$4.7 billion as of year-end 2021.

continued...

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.

Letter to Our Shareholders

continued...

Loan volumes also remained very strong during 2021, as end of period total loans were in excess of \$3.0 billion. In 2021, the Company also originated approximately 2,600 second round PPP loans totaling approximately \$157.0 million to our business clients. Over the past two years, our 5,700 first and second round PPP loans totaled \$508.3 million, and, as of the date of this letter, all but approximately \$8.0 million of the total has been repaid or forgiven. We assisted our business clients to retain almost 20,000 employees, and to survive and thrive in the face of the economic challenges associated with the pandemic.

In terms of financial performance, we are equally pleased to report that we provided you, our shareholders, with an outstanding return on your investment in 2021. For the 17th consecutive year, German American reported the achievement of a double-digit return on shareholders' equity, combined with the 12th consecutive year of record net income and earnings per share. Additionally, 2021 represented our 9th consecutive year of increased cash dividends to our shareholders. Clearly, 2021 was a very successful year, which is reflective of this historic run of record performance.

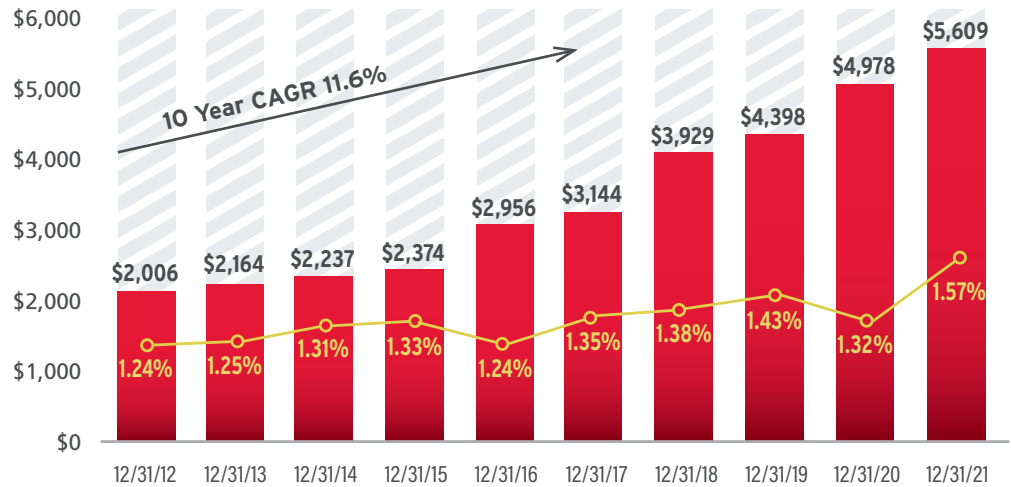
2021 was also a year in which we were focused on positioning your Company for continued future growth and success. In July 2021, we announced the planned transition of the leadership of German American effective January 1, 2022. This natural leadership transition has been years in the making, designed to assure your Company will continue to be led by an extremely qualified executive management team for many years to come. We also announced in September 2021, and finalized as of January 1, 2022, the acquisition of Citizens Union Bancorp of Shelbyville, Kentucky.

This acquisition will allow us to build upon our existing presence in the fast growing Greater Louisville market area. When combined with completed operating optimization and continuous improvement initiatives in 2021, the anticipated opening of a commercial loan production office in the Greater Indianapolis market area in early 2022, and our new 2022-2026 five-year strategic plan finalized in late 2021, we believe the acquisition of Citizens Union will provide us with opportunities to greatly enhance future balance sheet growth and operating performance.

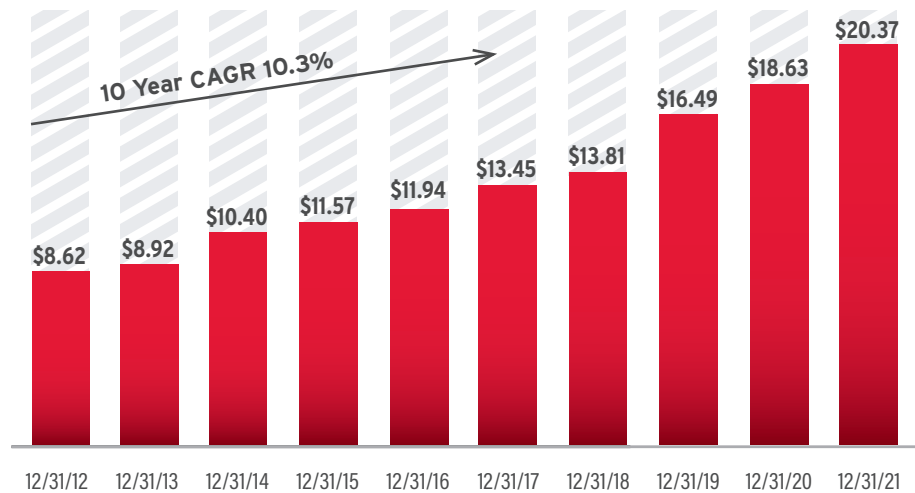
Total Assets

(dollars in millions)

Return on Average Assets



Tangible Book Value Per Share*



*Tangible Book Value Per Share adjusted for 3-for-2 stock split completed in 2017.

As shareholders of German American, you can be assured that the executive management team leading your Company isn't resting on the history of our past successes. Rather, we are focused on "Shaping our Future", which is the theme of this 2021 Summary Annual Report. The entire German American team is dedicated to helping individuals, families, businesses, communities and you, our shareholders, achieve greater prosperity and quality of life. This is both Our Mission, as a Company, and Our Focus, as an Executive Management Team.

Sincerely,

Mark A. Schroeder
Executive Chairman

D. Neil Dauby
President and CEO

Shaping Our Future

Commitment to Excellence

The strategic vision shaping our future responds to the challenges and opportunities of the competitive financial services environment. We serve dynamic markets with incredible talent, a strong brand and a client centric customer experience.

Client Experience

Ease of doing business with us is a top priority. Combining technology with people advances our human-digital focused strategy to deliver a superior high touch-high tech customer experience. Building strong client relationships with local, responsive service is the backbone of our success. While technology will continue to be a prevalent driver to shape the future of client experience, German American is also committed to maintaining and enhancing the human element of local people helping local people.

People and Culture

Throughout our 111-year history, our people-first, team-first culture has been the foundation on which we've attracted and retained talent. In the past two years of the pandemic environment, we've strengthened our culture by offering a multitude of resources, including mental health, well-being, additional paid time off, flexible work arrangements, and enhanced tuition reimbursement for continuing education. With an unwavering commitment to our people and our culture, we will continue to execute a culture agenda that preserves our core values and empowers and engages our team.

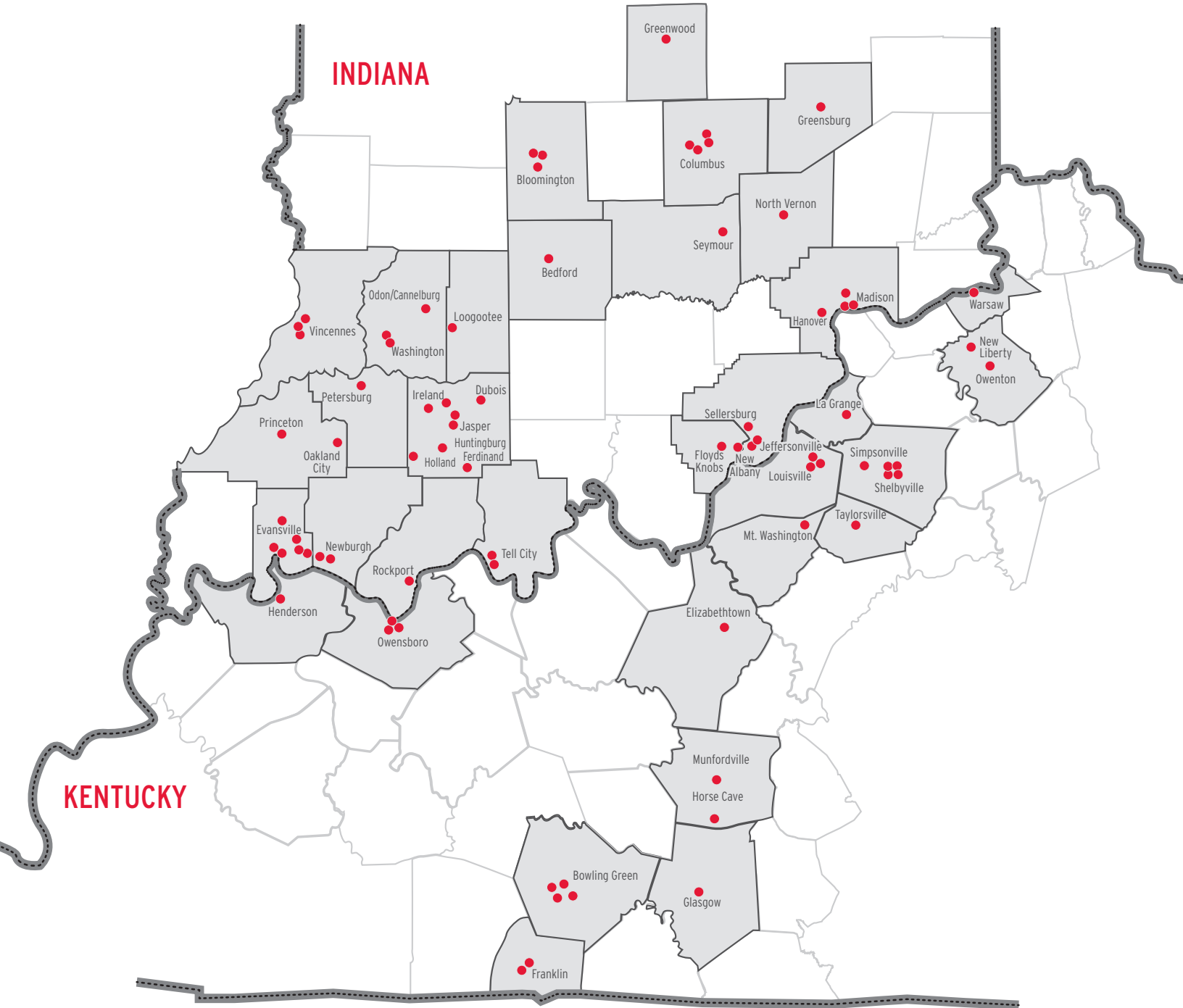
Growth and Financial Performance

Maintaining strong financial performance is an unwavering commitment to our shareholders, clients, employees and the communities we serve. Superior financial performance affords us the opportunity to meet our growth objectives, invest in people and technology, and support the communities we serve.

Operational Effectiveness

Putting the right tools, resources and processes into the hands of our team members to deliver efficient, accurate and timely customer service excellence to our clients is imperative. Strengthening our mind-set of continuous improvement improves every critical aspect of meeting and exceeding our goals and objectives.

The Shape of Our Footprint



In 1910, German American Bank was founded in an Ohio River Valley community rich in German-American heritage, Jasper, Indiana. This founding heritage established the roots and values that remain in place today, including **people first, hard work, family, community, integrity, and pride in any community's heritage**. 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.

Executive Management Team



Mark A. Schroeder
Executive Chairman



D. Neil Dauby
President, Chief Executive Officer



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



Amy Jackson
Executive Vice President,
Chief Administrative Officer



Keith A. Leinenbach
Executive Vice President,
Chief Credit Officer



Randall L. Braun
Executive Vice President,
Chief Banking Officer



Clay M. Barrett
Executive Vice President,
Chief Digital and Information Officer

Board of Directors

Zachary W. Bawel
D. Neil Dauby
Susan J. Ellspermann
Marc D. Fine
Jason M. Kelly
J. David Lett
Chris A. Ramsey
M. Darren Root
Christina M. Ryan
Mark A. Schroeder
Thomas W. Seger
Jack W. Sheidler
Tyson J. Wagler



Senior Management Team



Ann Brown
Senior Vice President,
Director of Human Capital



Vicki L. Schuler
Senior Vice President,
Principal Accounting Officer



Brock Goggins
Senior Vice President,
Head of Retail Banking



Michael Beckwith
Senior Vice President,
Chief Commercial Banking Officer



Brent Sternberg
Senior Vice President,
Wealth Management and Insurance



Jeffrey T. Cash
Senior Vice President,
Chief Risk Officer



Zach Sibrel
President, Chief Executive Officer
German American Insurance



Sarah Howard
Senior Vice President,
Finance



John Lamb
Senior Regional President



Adrian Brown
Senior Regional President



Jane Balsmeyer
Senior Vice President,
Director of Marketing



Ed Erickson
Senior Vice President,
Director of Mortgage Services

Shaping Our Future By Doing Good Works

Named Best Bank in Indiana
by Newsweek Magazine in the less than \$10 billion
in assets category. 2020 and 2021

Named "Best Bank" in community voting contests

- Madison Area Chamber of Commerce - Best Bank (Madison, IN)
- Reader's Choice/Best of Hart County - Best Bank (Hart County, KY)
- *Dubois County Herald* Best of Dubois County - Best Bank, Insurance Company, Financial Planning, Place to Work (Dubois County, IN)
- Bloomington Community Innovation Awards - Best Places to Work (Bloomington, IN)
- *The Republic* Reader's Choice - Best Financial Institution (Columbus, IN)
- *Courier & Press* Evansville's Community Choice - Best Bank Finalist (Evansville, IN)
- *Franklin Favorite* Best of Franklin - Best Bank (Franklin, KY)

Our local team members logged approximately
3,000 hours volunteering in the
communities we serve.

In 2021, German American Bank
invested nearly **\$2.9 million**
in community support throughout our footprint.

German American Bank donated
\$175,000+
to local schools participating
in our School Spirit Card program.
2016 - 2021

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors
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, 2021 and 2020, 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, 2021, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated March 1, 2022, 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
Louisville, Kentucky
March 1, 2022

Five Year Summary

The following selected data should be read in conjunction with the Company's Annual Report on Form 10-K for 2021.

Dollars in thousands, except share and per share data

	2021	2020	2019	2018	2017
Summary of Operations:					
Interest Income	\$ 170,379	\$ 174,369	\$ 176,474	\$ 133,749	\$ 111,030
Interest Expense	9,549	19,126	31,249	19,139	11,121
Net Interest Income	160,830	155,243	145,225	114,610	99,909
Provision for Credit Losses	(6,500)	17,550	5,325	2,070	1,750
Net Interest Income after Provision for Credit Losses	167,330	137,693	139,900	112,540	98,159
Non-interest Income	59,462	54,474	45,501	37,070	31,854
Non-interest Expense	124,007	117,123	114,162	93,553	77,803
Income before Income Taxes	102,785	75,044	71,239	56,057	52,210
Income Tax Expense	18,648	12,834	12,017	9,528	11,534
Net Income	\$ 84,137	\$ 62,210	\$ 59,222	\$ 46,529	\$ 40,676
Year-end Balances:					
Total Assets	\$ 5,608,539	\$ 4,977,577	\$ 4,397,672	\$ 3,929,090	\$ 3,144,360
Total Loans, Net of Unearned Income	3,004,264	3,088,072	3,077,091	2,728,059	2,141,638
Total Deposits	4,744,316	4,106,530	3,430,021	3,072,632	2,484,052
Total Long-term Debt	83,855	141,624	181,950	126,635	141,717
Total Shareholders' Equity	668,459	624,709	573,820	458,640	364,571
Average Balances:					
Total Assets	\$ 5,369,707	\$ 4,729,006	\$ 4,128,535	\$ 3,380,409	\$ 3,002,695
Total Loans, Net of Unearned Income	3,072,302	3,185,542	2,899,939	2,339,089	2,036,717
Total Deposits	4,493,853	3,860,397	3,293,934	2,716,712	2,395,146
Total Shareholders' Equity	642,934	594,781	519,010	385,476	350,913
Per Share Data:					
Net Income ⁽¹⁾	\$ 3.17	\$ 2.34	\$ 2.29	\$ 1.99	\$ 1.77
Cash Dividends	0.84	0.76	0.68	0.60	0.52
Book Value at Year-end	25.17	23.57	21.51	18.37	15.90
Tangible Book Value Per Share ⁽²⁾	20.37	18.63	16.49	13.81	13.45
Other Data at Year-end:					
Number of Shareholders	3,109	3,218	3,672	3,705	3,459
Number of Employees	724	776	821	747	621
Weighted Average Number of Shares ⁽¹⁾	26,537,311	26,539,024	25,824,538	23,381,616	22,924,726
Selected Performance Ratios:					
Return on Assets	1.57 %	1.32 %	1.43 %	1.38 %	1.35 %
Return on Equity	13.09 %	10.46 %	11.41 %	12.07 %	11.59 %
Equity to Assets	11.92 %	12.55 %	13.05 %	11.67 %	11.59 %
Dividend Payout	26.41 %	32.37 %	29.64 %	30.25 %	29.11 %
Net Charge-offs (Recoveries) to Average Loans	0.11 %	0.08 %	0.17 %	0.08 %	0.04 %
Allowance for Credit Losses to Loans	1.23 %	1.52 %	0.53 %	0.58 %	0.73 %
Net Interest Margin	3.31 %	3.63 %	3.92 %	3.75 %	3.76 %

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

⁽²⁾ 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 share and per share data

	December 31,	
	2021	2020
Assets		
Cash and Due from Banks	\$ 47,173	\$ 57,972
Federal Funds Sold and Other Short-term Investments	349,717	287,776
Cash and Cash Equivalents	396,890	345,748
Interest-bearing Time Deposits with Banks	745	1,241
Securities Available-for-Sale, at Fair Value (Amortized Cost \$1,869,198 for December 31, 2021; Amortized Cost \$1,172,175 for December 31, 2020; No Allowance for Credit Losses)	1,889,617	1,217,852
Other Investments	353	353
Loans Held-for-Sale, at Fair Value	10,585	16,904
Loans	3,007,926	3,091,998
Less: Unearned Income	(3,662)	(3,926)
Allowance for Credit Losses	(37,017)	(46,859)
Loans, Net	2,967,247	3,041,213
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	13,048	13,168
Premises, Furniture and Equipment, Net	88,863	96,593
Other Real Estate	-	325
Goodwill	121,761	121,956
Intangible Assets	5,845	8,984
Company Owned Life Insurance	70,070	69,250
Accrued Interest Receivable and Other Assets	43,515	43,990
TOTAL ASSETS	\$ 5,608,539	\$ 4,977,577
Liabilities		
Non-interest-bearing Demand Deposits	\$ 1,529,223	\$ 1,183,442
Interest-bearing Demand, Savings, and Money Market Accounts	2,867,994	2,428,636
Time Deposits	347,099	494,452
Total Deposits	4,744,316	4,106,530
FHLB Advances and Other Borrowings	152,183	194,529
Accrued Interest Payable and Other Liabilities	43,581	51,809
TOTAL LIABILITIES	4,940,080	4,352,868
Shareholders' Equity		
Common Stock, no par value, \$1 stated value; 45,000,000 shares authorized	26,554	26,502
Additional Paid-in Capital	276,057	274,385
Retained Earnings	350,364	288,447
Accumulated Other Comprehensive Income	15,484	35,375
TOTAL SHAREHOLDERS' EQUITY	668,459	624,709
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 5,608,539	\$ 4,977,577
End of period shares issued and outstanding	26,553,508	26,502,157

See Annual Report on Form 10-K.

Consolidated Statements of Income

Dollars in thousands, except per share data

	Years Ended December 31,		
	2021	2020	2019
Interest Income			
Interest and Fees on Loans	\$ 139,151	\$ 151,658	\$ 152,481
Interest on Federal Funds Sold and Other Short-term Investments	488	382	522
Interest and Dividends on Securities:			
Taxable	12,962	10,447	13,910
Non-taxable	17,778	11,882	9,561
TOTAL INTEREST INCOME	170,379	174,369	176,474
Interest Expense			
Interest on Deposits	4,955	13,696	23,805
Interest on FHLB Advances and Other Borrowings	4,594	5,430	7,444
TOTAL INTEREST EXPENSE	9,549	19,126	31,249
NET INTEREST INCOME	160,830	155,243	145,225
Provision for Credit Losses	(6,500)	17,550	5,325
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	167,330	137,693	139,900
Non-Interest Income			
Wealth Management and Investment Services Income	10,321	8,005	7,278
Service Charges on Deposit Accounts	7,723	7,334	8,718
Insurance Revenues	9,268	8,922	8,940
Company Owned Life Insurance	1,529	2,307	2,005
Interchange Fee Income	13,116	10,529	9,450
Other Operating Income	6,991	3,388	3,229
Net Gains on Sales of Loans	8,267	9,908	4,633
Net Gains on Securities	2,247	4,081	1,248
TOTAL NON-INTEREST INCOME	59,462	54,474	45,501
Non-Interest Expense			
Salaries and Employee Benefits	68,570	68,112	63,885
Occupancy Expense	11,081	10,033	9,988
Furniture and Equipment Expense	3,750	3,991	3,788
FDIC Premiums	1,419	740	533
Data Processing Fees	7,611	6,889	7,927
Professional Fees	5,009	3,998	4,674
Advertising and Promotion	4,197	3,589	4,230
Intangible Amortization	2,731	3,539	3,721
Other Operating Expenses	19,639	16,232	15,416
TOTAL NON-INTEREST EXPENSE	124,007	117,123	114,162
Income before Income Taxes	102,785	75,044	71,239
Income Tax Expense	18,648	12,834	12,017
Net Income	\$ 84,137	\$ 62,210	\$ 59,222
Basic Earnings per Share	\$ 3.17	\$ 2.34	\$ 2.29
Diluted Earnings per Share	\$ 3.17	\$ 2.34	\$ 2.29

Tribute to Mark Schroeder

Shaping Our Future 50 Years of Service 23 Years as CEO



As announced on July 1, 2021, Mark Schroeder has passed the CEO responsibilities to D. Neil Dauby effective January 1, 2022. Mark then stepped into an executive management mentoring role as Executive Chairman and will continue as chairman of the Company's Board until the completion of his current board term at the 2023 annual shareholders' meeting. This leadership transition was put into place by Mark and the Board of Directors over the course of several years to ensure the Company's continued growth and success well beyond the year 2022. We are confident that Neil and his very capable executive and senior management team, along with the entire German American team, are well prepared to continue the forward momentum of our Company. We are grateful for Mark's vision and integrity as he approached this important management succession plan. Knowing Mark's commitment to our Company, our clients, and the communities served, we expected nothing less than extraordinary.

Explaining what Mark means to our Company is no easy task. The legacy he built over the past five decades began with employment as vault teller, when the Bank's total assets were approximately \$50 million with about 40 employees, and ended with him serving for 23 years as CEO. He was named President of the Company and joined the Board of Directors on January 1, 1991 at the age of 36. Mark succeeded George Astrike as CEO on January 1, 1999. At that time, the Company's total assets stood at approximately \$900 million with 364 employees. Under Mark's disciplined approach to growth and opportunities, the Company today has reported total assets of approximately \$6.7 billion, inclusive of the Citizens Union Bank acquisition effective January 1, 2022, with 894 employees located throughout southern Indiana and central and southern Kentucky, providing a strong foundation on which to shape our future growth and prosperity.

"The good-to-great leaders never wanted to become larger-than-life heroes. They never aspired to be put on a pedestal or become unreachable icons. They were seemingly ordinary people quietly producing extraordinary results." – Jim Collins, Good to Great: Why Some Companies Make the Leap...and Others Don't.

As a proclaimed disciple of Jim Collins, this quote captures Mark's leadership style quite well. He would be the first to say that he did nothing on his own. He is a pillar in the financial services industry,

and is known, not just within our walls, yet throughout the entire country, as a consummate banking industry leader and professional. As he accepted awards and recognition throughout his career, Mark was quick to apply the recognition to the entire German American Team. One of the pinnacles of his career was being named as one of three nationwide Community Bankers of the Year for 2016 by American Banker magazine. In 2009, during the height of the great recession, Mark was chosen as one of twelve community bankers in the nation to meet with President Barack Obama at the White House to discuss local economies and small business lending challenges.

As a life-long community banker who has served as Chairman of the Community Bankers of Indiana and in various capacities with the Independent Community Bankers of America on the national level, Mark has always clearly understood and advocated the importance of a community bank's role and responsibility in the development and growth of the local market's economic base. Under Mark's leadership during his tenure, first as President and then CEO, the Company has successfully engineered twenty merger and acquisition transactions to bring like-minded community banks into the German American family. As the Company has grown its footprint, Mark remained steadfast in his vision to serve local markets with talented, local leadership teams who are ingrained in the local community. He has earnestly shared our view that, with boards of directors and management teams representing the local markets served, a community banking organization can scale and effectively compete against much larger financial institutions. And, in doing so, it can deliver both the essential value to its shareholders and personalized service excellence to clients.

German American's stock has performed extremely well under Mark's leadership, generating 12 consecutive years of record earnings, 17 consecutive years of double-digit return on equity, and inclusive of 2022, 10 consecutive years of increased dividends. Mark has served our shareholders in an exceptional manner, as the Company's stock has also delivered double-digit total returns to shareholders over the course of the past two decades and has provided the Company with a solid foundation for future growth.

While Mark will no longer be involved in the day-to-day operations of the Company effective on the anniversary of his 50 years of service retirement date of May 22, 2022, he will continue as Chairman of the Board through his 2023 term. Mark will forever be part of the German American Bank family and the author of one of its greatest stories in shaping our future.

In honor of Mark's commitment to the shareholders of German American Bancorp, Inc. and his lasting contributions to the future of our Company and community banking, we invite you to attend a reception immediately following this year's shareholders' meeting to wish Mark well in his well-deserved retirement years and to greet Neil as the new CEO of our Company.

**The Board of Directors
German American Bancorp, Inc.**

The collage features three articles from American Banker magazine. The top article, 'AMERICAN BANKER Best in Banking 2016', highlights Mark Schroeder's leadership. The middle article, 'GERMAN AMERICANS Mark Schroeder' by John Rossi, details his career and vision. The bottom article, 'The CEO' by John Rossi, provides an in-depth look at his role at German American Bancorp.





German American Bancorp, Inc.

