

Mission-Driven

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.



2020

Summary Annual Report



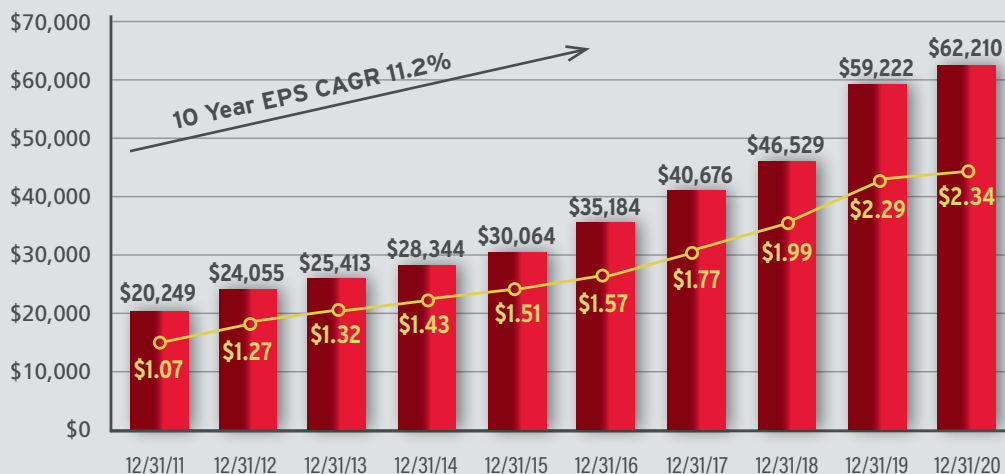
German American Bancorp, Inc.

Numbers

Net Income & Earnings Per Share

(dollars in thousands, except per share amounts)

🔍 Earnings Per Share*

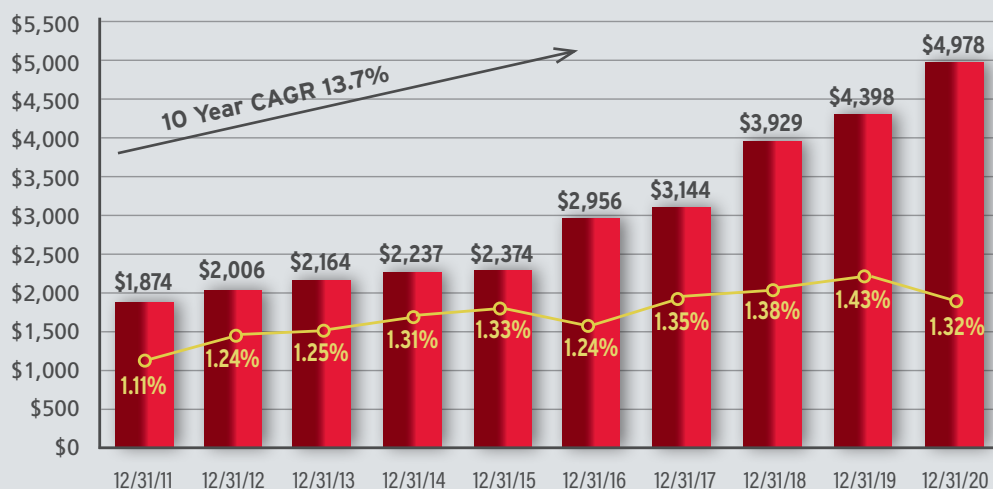


*Earnings Per Share adjusted for 3-for-2 stock split completed in 2017.

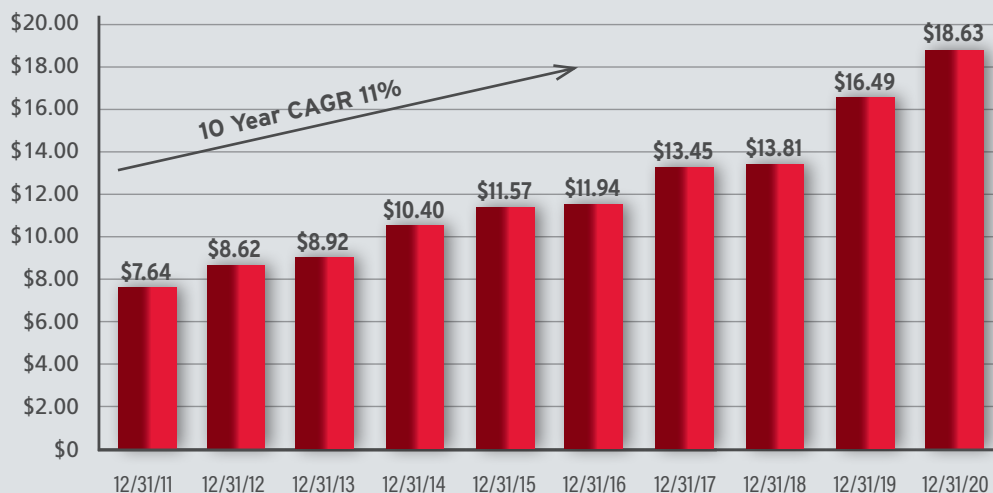
Total Assets

(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.

8th

consecutive year
of increased
dividends

11th

consecutive year
German American
has achieved record
earnings

16th

consecutive fiscal
year of double-digit
return on equity

Letter from Mark A. Schroeder

Chairman & CEO



Dear Shareholders:

At German American, we've always taken great pride in our mission of being a community-focused financial institution dedicated to helping individuals, families and businesses achieve greater prosperity and quality of life. Our team of financial professionals builds lasting client relationships based on integrity, responsive service, innovation and shared values. Additionally, we firmly believe we have an obligation to support the communities we serve. At German American, we believe that when a community thrives, its people prosper. As a community banking organization, we clearly understand that when the communities we serve thrive, our business also prospers.

While we've held steadfast to that belief and commitment for over 110 years, 2020 was a year in which our mission-focused approach to doing business was necessarily taken to the next level.

continued...

continued...

Faced with a multitude of pandemic-related challenges, I'm pleased to report to you, our shareholders, that the German American TEAM was up to those challenges. Staying true to who we are as an organization, we elevated our efforts to help our clients survive the economic impact of the pandemic, while continuing to support our local communities which were facing extremely difficult social challenges. We built upon our ingrained mission-focused approach to doing business by adopting a mindset of being mission-driven!

The Mission-Driven theme of our 2020 Summary Annual Report honors and recognizes the accomplishments of our team of financial professionals in the most difficult of circumstances. Detailed throughout this Report are facts and figures about all we have accomplished as an organization to care for our team, our customers and our communities during this historic period in which the pandemic thoroughly changed our way of life and tragically caused the loss of many lives. Just as our Company faced challenges yet continued to serve customers through the 1918 influenza pandemic, our team was there serving our customers and communities through the 2020 pandemic and once again proved the value of our business model. Our steadfast focus on doing well while doing good continued to deliver upon our promise of delivering exceptional performance for all our stakeholders, including our shareholders.

I'm pleased to share that 2020 brought a record level of organic growth, as evidenced by deposit growth of approximately \$675 million, or 20%, driving our total asset level to nearly \$5 billion, representing 13% annual growth. From the shareholders' perspective, we are extremely proud of the fact that, despite the headwinds of the pandemic, 2020 once again produced record financial results in terms of our 8th year of consecutive increased dividends, our 11th consecutive year of record earnings, and our 16th

consecutive year of a double-digit return on shareholders' equity. Clearly, our model of doing well while doing good has stood the test of time over the past 110 years and has now withstood the test of the pandemic of 2020.

In my closing of the shareholders' letter in last year's Summary Annual Report, I noted that we were dealing with the unprecedented challenge of the initial phases of the COVID-19 pandemic and the unknown impact of the associated economic disruption throughout our nation and within our own market areas. I also shared that you, as shareholders, could take comfort in knowing that throughout our 110-year history, German American had weathered many difficult times. I also stated that, at that time, we remained humbly and quietly confident in our collective ability to work through whatever issues might arise due to the COVID-19 pandemic.

I'm very pleased to close this year's letter by sharing we are currently very hopeful that the worst of the economic impact of the pandemic is largely behind us. While we're still in the early phases of the economic recovery on a local and national level, all signs indicate the U.S. economy may be poised for dramatic growth in the coming years. Please be assured that at German American, we are working hard to adapt to the changes in customer habits, which have been accelerated by the impact of the pandemic in terms of how they prefer to access our financial products and services. While the way we do business has likely forever changed, the one constant will be our mission-driven focus on doing well by doing good. Just as we have always done, we are planning for how we can lead the way for our customers, communities and shareholders to achieve greater economic prosperity and quality of life in the coming years.

Thank you for your continued commitment to and investment in German American.

Sincerely,



Mark A. Schroeder
Chairman & CEO



Our Mission and Values

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

German American's reputation relies on integrity. Our team trusts each other in words and actions, which enables our customers to trust our brand. We value honesty, open communication, diverse perspectives, and high ethical principles.

People

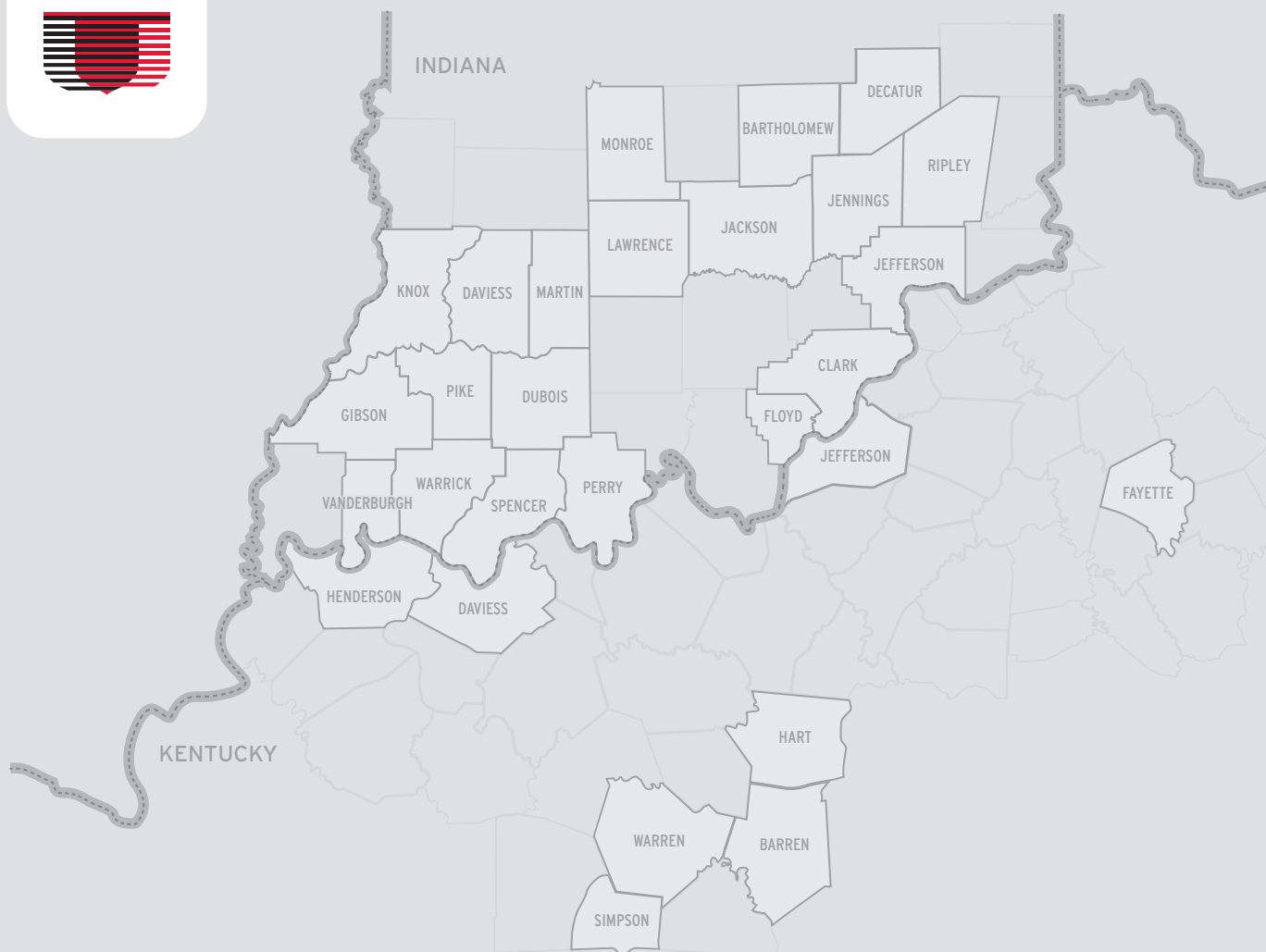
People come first at German American. We invest in our communities and support social and economic development. Empathy towards others gives us a unique understanding and ability to provide internal and external service excellence. We value respect and courtesy for every person and believe in the power of positive attitudes.

Relationships

At German American, we develop relationships based on a strong foundation of trust and mutual respect to help create loyal customers and a loyal team. The relationships we develop enhance our unified goal of serving individuals, families and businesses to achieve financial success.

Performance

Performance is vital. German American employees must possess the determination and drive to succeed. Our culture encourages us to take initiative, accept challenges, and achieve goals. Our vast knowledge base and expertise enables us to work efficiently while providing customer service excellence to support strong performance.



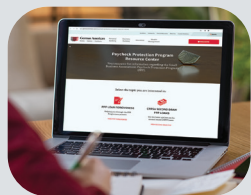
The Story of 2020

Early in 2020, with the outbreak of the pandemic, our priorities quickly shifted to provide critical needs to our German American team, our customers, and our communities. Our team swiftly pivoted to new work environments, remote workspaces, and virtual meetings, while adapting to PPE and stringent sanitization and cleaning procedures. Following federal, state and local guidance, we modified our operations and supported each other as we remained open as an essential business to serve the financial needs of our customers and our communities.

Our business customers relied on us to stay updated on the ever-changing guidelines of the Paycheck Protection Program (“PPP”) loans and to help them process both their PPP loans and, thereafter, their forgiveness applications. From stimulus payments to guidance on market fluctuations, our banking, insurance, investments and wealth management teams fulfilled our promise to be a financial resource for our customers.

The strong connections of our local leaders in their local communities helped guide our 2020 community giving to make the greatest impact to help meet the needs of the citizens. We supported schools, food banks, the medical community, charitable organizations and local businesses which are the life blood of local communities.

Our mission-driven approach to managing our Company through the 2020 year, along with our deep-seated business values of relationships, trust, people and performance, were key in achieving our 11th consecutive year of record performance. German American 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, a plethora of changes in the banking landscape, and now we add on the 2020 pandemic. We firmly believe that our model of delivering financial services through local, financial professionals, who are also leaders in their communities and have a servant mindset to help communities thrive so their people can prosper, sets us apart from our competition. We live this belief and vision, setting our standards high to deliver it daily.



Mission-Driven for OUR TEAM:

Continued to provide competitive and flexible compensation and benefits | Provided extended leave coverage including various options that considered child care needs, teledoc visits, and health care needs | Offered additional well-being resources to employees and their immediate family | Continued summer internship program with a hybrid model of virtual and in-person

Mission-Driven for OUR CUSTOMERS:

Processed 3,070 Paycheck Protection Program (“PPP”) loans in the amount of \$351 million – By the end of year, a total amount of \$165 million of these PPP loans were forgiven | 37% increase in online banking and mobile banking log ins in 2020 vs. 2019 | 14% increase in website visitors in 2020 vs. 2019 | 13% increase in Customer Care Center call volume in 2020 vs. 2019 | Named Best Bank in Indiana by Newsweek Magazine in the less than \$10 billion in assets category (October 9 - 16th, 2020 publication) | 95% overall customer satisfaction rating in 2020

Mission-Driven for OUR COMMUNITIES:

Donated \$2.0 million back into our local communities in 2020 | Volunteered approximately 3,000 hours in local community activities | Donated approximately \$60,000 to local schools participating in our School Spirit Check Card Program

Mission-Driven for OUR SHAREHOLDERS:

8th consecutive year of increased dividends | 11th consecutive year of achieving record earnings | 16th consecutive year of double-digit return on equity

Senior Management Team



Mark A. Schroeder
Chairman,
Chief Executive
Officer



Clay W. Ewing
Executive
Vice Chairman



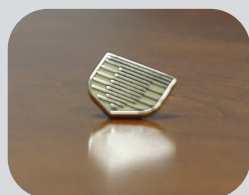
Bradley M. Rust
Senior Executive
Vice President,
Chief Financial
Officer



Vicki L. Schuler
Senior Vice
President,
Controller



Randy Braun
Executive Vice
President, Chief
Banking Officer



Jane Balsmeyer
Senior Vice
President,
Director of
Marketing



Brock Goggins
Senior Vice
President,
Head of Retail
Banking



Brent Sternberg
Senior Vice
President,
Wealth
Management

GABC Management Succession



Effective January 1, 2021, in conjunction with our Company's ongoing executive management succession plan, Clay W. Ewing assumed a senior advisory position as Executive Vice Chairman in anticipation of his retirement during the second quarter of 2021. At that time, D. Neil Dauby assumed the position of President & Chief Operating Officer.

Clay Ewing joined German American in 1994 when our Company recruited him to assist with the formation of a new bank in our family of community banks. He served as President & CEO of that banking subsidiary before joining the corporate team in 1999, where he served in an executive capacity with responsibility for various aspects of the Company's banking operations, culminating in his appointment as President, as well as Corporate Secretary of German American Bancorp, Inc.



During his tenure with German American, Clay held the primary responsibility for the integration of multiple acquired banking institutions, as well as for the expansion of our branch banking network throughout our footprint. He has been an integral part of our growth and success for over twenty-five years during a time when our Company grew from approximately \$500 million to now nearly \$5 billion in total assets. Clay has also been dedicated to the advancement of the banking industry as proven by his involvement with the Indiana Bankers Association, for which he served on the board of directors, rising through the organization's chairs to the position of chairman. In recognition of his contribution to the banking industry, Clay received the Sagamore of the Wabash award, Indiana's highest honor, from Governor Eric Holcomb in September 2018.



D. Neil Dauby
President,
Chief Operating
Officer



Amy Jackson
Senior Vice
President,
Director of
Strategic
Planning &
Administrative
Development



Keith A. Leinenbach
Executive Vice
President, Chief
Credit Officer



Clay M. Barrett
Senior Vice
President,
Technology &
Operations



Jeffrey T. Cash
Senior Vice
President,
Chief Risk
Officer



Sarah Howard
Senior Vice
President,
Finance



Ed Erickson
Senior Vice
President,
Director of
Mortgage
Services



Michael Beckwith
Divisional
President



John Lamb
Divisional
President



Adrian Brown
Divisional
President

Neil Dauby began his career at our Company in 2001 as President & CEO of the same banking subsidiary Clay helped form in 1994. He is a licensed CPA, and prior to joining German American, he provided accounting, audit and finance services to business clients throughout our current Kentucky market footprint. Neil's strong financial background, combined with his dedication to building meaningful relationships with local business and community leaders on a personal and professional basis, enabled him to rise through the ranks. He served as a Regional President and as Executive Vice President & Chief Commercial Banking Officer prior to being promoted to his current role as President & Chief Operating Officer.

Neil has a passion for developing talent within the German American team and for onboarding the top local financial professionals within each of the markets we serve. He also is an advocate for keeping German American at the leading edge of what is rapidly growing client demand for technologically advanced delivery channels for financial products and services. Neil is our Company's biggest proponent for combining the best of digitalization with German American's long tradition of exceptional customer service.

"Our Company has been extremely fortunate to have had someone of Clay's caliber and expertise to lead our banking operations for more than twenty years. Without his amazing management and organizational abilities, our successes of the past quarter century would not have been possible. As we take this initial step in our executive management succession plan, we're extremely grateful to Clay for his many years of dedicated service to the Company and for his willingness to be in place to help us transition his responsibilities to our next generation of leadership," states Mark Schroeder, Chairman & CEO. "We are also extremely grateful to Neil for stepping forward to assume senior executive management responsibilities within our Company in the coming years. Neil's unique set of skills within both banking and finance, as well as his strong business relationships throughout our footprint in both Southern Indiana and Kentucky, make Neil the ideal person to step into the role of President & Chief Operating Officer."

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, 2020 and 2019, 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, 2020, appearing in the Annual Report on Form 10-K, not appearing herein. In our report dated February 26, 2021, 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
February 26, 2021

Five Year Summary

The following selected data should be read in conjunction with the Company's Annual Report on Form 10-K for 2020.

Dollars in thousands, except per share data

	2020	2019	2018	2017	2016
Summary of Operations:					
Interest Income	\$ 174,369	\$ 176,474	\$ 133,749	\$ 111,030	\$ 103,365
Interest Expense	19,126	31,249	19,139	11,121	8,461
Net Interest Income	155,243	145,225	114,610	99,909	94,904
Provision for Credit Losses	17,550	5,325	2,070	1,750	1,200
Net Interest Income after Provision for Credit Losses	137,693	139,900	112,540	98,159	93,704
Non-interest Income	54,474	45,501	37,070	31,854	32,013
Non-interest Expense	117,123	114,162	93,553	77,803	76,587
Income before Income Taxes	75,044	71,239	56,057	52,210	49,130
Income Tax Expense	12,834	12,017	9,528	11,534	13,946
Net Income	\$ 62,210	\$ 59,222	\$ 46,529	\$ 40,676	\$ 35,184
Year-end Balances:					
Total Assets	\$ 4,977,577	\$ 4,397,672	\$ 3,929,090	\$ 3,144,360	\$ 2,955,994
Total Loans, Net of Unearned Income	3,088,072	3,077,091	2,728,059	2,141,638	1,989,955
Total Deposits	4,106,530	3,430,021	3,072,632	2,484,052	2,349,551
Total Long-term Debt	141,624	181,950	126,635	141,717	120,560
Total Shareholders' Equity	624,709	573,820	458,640	364,571	330,267
Average Balances:					
Total Assets	\$ 4,729,006	\$ 4,128,535	\$ 3,380,409	\$ 3,002,695	\$ 2,841,096
Total Loans, Net of Unearned Income	3,185,542	2,899,939	2,339,089	2,036,717	1,904,779
Total Deposits	3,860,397	3,293,934	2,716,712	2,395,146	2,249,892
Total Shareholders' Equity	594,781	519,010	385,476	350,913	321,520
Per Share Data:					
Net Income ⁽¹⁾	\$ 2.34	\$ 2.29	\$ 1.99	\$ 1.77	\$ 1.57
Cash Dividends	0.76	0.68	0.60	0.52	0.48
Book Value at Year-end	23.57	21.51	18.37	15.90	14.42
Tangible Book Value Per Share ⁽²⁾	18.63	16.49	13.81	13.45	11.94
Other Data at Year-end:					
Number of Shareholders	3,218	3,672	3,705	3,459	3,513
Number of Employees	776	821	747	621	605
Weighted Average Number of Shares ⁽¹⁾	26,539,024	25,824,538	23,381,616	22,924,726	22,391,115
Selected Performance Ratios:					
Return on Assets	1.32 %	1.43 %	1.38 %	1.35 %	1.24 %
Return on Equity	10.46 %	11.41 %	12.07 %	11.59 %	10.94 %
Equity to Assets	12.55 %	13.05 %	11.67 %	11.59 %	11.17 %
Dividend Payout	32.37 %	29.64 %	30.25 %	29.11 %	30.21 %
Net Charge-offs (Recoveries) to Average Loans	0.08 %	0.17 %	0.08 %	0.04 %	0.04 %
Allowance for Credit Losses to Loans	1.52 %	0.53 %	0.58 %	0.73 %	0.74 %
Net Interest Margin	3.63 %	3.92 %	3.75 %	3.76 %	3.75 %

⁽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 per share data

	December 31,	
	2020	2019
Assets		
Cash and Due from Banks	\$ 57,972	\$ 59,971
Federal Funds Sold and Other Short-term Investments	287,776	43,913
Cash and Cash Equivalents	345,748	103,884
Interest-bearing Time Deposits with Banks	1,241	1,985
Securities Available-for-Sale, at Fair Value (Amortized Cost \$1,172,175, No Allowance for Credit Losses)	1,217,852	854,825
Other Investments	353	353
Loans Held-for-Sale, at Fair Value	16,904	17,713
Loans	3,091,998	3,081,973
Less: Unearned Income	(3,926)	(4,882)
Allowance for Credit Losses	(46,859)	(16,278)
Loans, Net	3,041,213	3,060,813
Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost	13,168	13,968
Premises, Furniture and Equipment, Net	96,593	96,651
Other Real Estate	325	425
Goodwill	121,956	121,306
Intangible Assets	8,984	12,656
Company Owned Life Insurance	69,250	68,883
Accrued Interest Receivable and Other Assets	43,990	44,210
TOTAL ASSETS	\$ 4,977,577	\$ 4,397,672
Liabilities		
Non-interest-bearing Demand Deposits	\$ 1,183,442	\$ 832,985
Interest-bearing Demand, Savings, and Money Market Accounts	2,428,636	1,965,640
Time Deposits	494,452	631,396
Total Deposits	4,106,530	3,430,021
FHLB Advances and Other Borrowings	194,529	349,686
Accrued Interest Payable and Other Liabilities	51,809	44,145
TOTAL LIABILITIES	4,352,868	3,823,852
Shareholders' Equity		
Common Stock, no par value, \$1 stated value; 45,000,000 shares authorized	26,502	26,671
Additional Paid-in Capital	274,385	278,954
Retained Earnings	288,447	253,090
Accumulated Other Comprehensive Income	35,375	15,105
TOTAL SHAREHOLDERS' EQUITY	624,709	573,820
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,977,577	\$ 4,397,672
End of period shares issued and outstanding	26,502,157	26,671,368

Consolidated Statements of Income

Dollars in thousands, except per share data

	Years Ended December 31,		
	2020	2019	2018
Interest Income			
Interest and Fees on Loans	\$ 151,658	\$ 152,481	\$ 112,084
Interest on Federal Funds Sold and Other Short-term Investments	382	522	308
Interest and Dividends on Securities:			
Taxable	10,447	13,910	12,398
Non-taxable	11,882	9,561	8,959
TOTAL INTEREST INCOME	174,369	176,474	133,749
Interest Expense			
Interest on Deposits	13,696	23,805	13,625
Interest on FHLB Advances and Other Borrowings	5,430	7,444	5,514
TOTAL INTEREST EXPENSE	19,126	31,249	19,139
NET INTEREST INCOME	155,243	145,225	114,610
Provision for Credit Losses	17,550	5,325	2,070
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	137,693	139,900	112,540
Non-Interest Income			
Trust and Investment Product Fees	8,005	7,278	6,680
Service Charges on Deposit Accounts	7,334	8,718	7,044
Insurance Revenues	8,922	8,940	8,330
Company Owned Life Insurance	2,307	2,005	1,243
Interchange Fee Income	10,529	9,450	7,278
Other Operating Income	3,388	3,229	2,785
Net Gains on Sales of Loans	9,908	4,633	3,004
Net Gains on Securities	4,081	1,248	706
TOTAL NON-INTEREST INCOME	54,474	45,501	37,070
Non-Interest Expense			
Salaries and Employee Benefits	68,112	63,885	51,306
Occupancy Expense	10,033	9,988	7,735
Furniture and Equipment Expense	3,991	3,788	3,142
FDIC Premiums	740	533	1,033
Data Processing Fees	6,889	7,927	6,942
Professional Fees	3,998	4,674	5,362
Advertising and Promotion	3,589	4,230	3,492
Intangible Amortization	3,539	3,721	1,752
Other Operating Expenses	16,232	15,416	12,789
TOTAL NON-INTEREST EXPENSE	117,123	114,162	93,553
Income before Income Taxes	75,044	71,239	56,057
Income Tax Expense	12,834	12,017	9,528
Net Income	\$ 62,210	\$ 59,222	\$ 46,529
Basic Earnings per Share	\$ 2.34	\$ 2.29	\$ 1.99
Diluted Earnings per Share	\$ 2.34	\$ 2.29	\$ 1.99
Dividends per Share	\$ 0.76	\$ 0.68	\$ 0.60

Board of Directors



Zachary W. Bawel



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



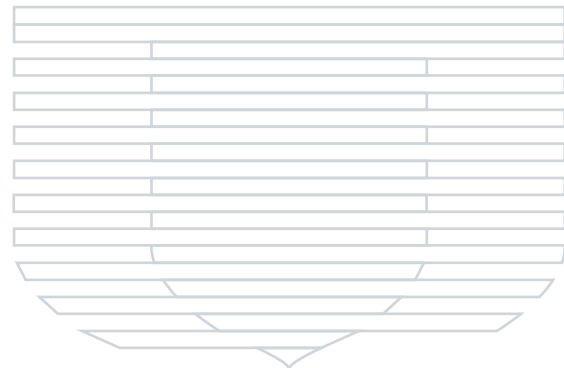
Jack W. Sheidler



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. This report speaks only as of February 26, 2021, and we do not promise anyone that it will be updated for changes or events after that date.





German American Bancorp, Inc.