UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

# FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended March 31, 2025

Commission File Number 001-15877

German American Bancorp, Inc.
(Exact name of registrant as specified in its charter)

| Indiana | 35-1547518 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

711 Main Street, Jasper, Indiana 47546
(Address of Principal Executive Offices and Zip Code)

Registrant’s telephone number, including area code: (812) 482-1314

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company:

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, no par value | GABC | Nasdaq Global Select Market |

As of May 9, 2025, the registrant had 37,480,693 outstanding shares of Common Stock, no par value.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Information included in or incorporated by reference in this Quarterly Report on Form 10-Q, our other filings with the Securities and Exchange Commission (the "SEC") and our press releases or other public statements contains or may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to the discussions of our forward-looking statements and associated risks in our Annual Report on Form 10-K for the year ended December 31, 2024, in Item 1, "Business - Forward-Looking Statements and Associated Risks" and our discussion of risk factors in Item 1A, "Risk Factors" of that Annual Report on Form 10-K, as updated and supplemented from time to time by our subsequent SEC filings, including by the discussion under the heading "Forward-Looking Statements and Associated Risks" at the conclusion of Item 2 of Part I of this Report ("Management's Discussion and Analysis of Financial Condition and Results of Operations"), and by the additional risk factors set forth in Part II, Item 1A, "Risk Factors" of this Report.

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## GLOSSARY OF TERMS AND ACRONYMS

As used in this Report, references to "German American," "Company," "we," "our," "us," and similar terms refer to German American Bancorp, Inc. and its consolidated subsidiaries as a whole. Occasionally, we will refer to the terms "German American Bancorp," "Bancorp," "parent company" or "holding company" when we mean to refer to only German American Bancorp, Inc. and the term "Bank" when we mean to refer only to German American Bank, the Company's bank subsidiary.

The terms and acronyms identified below are used throughout this Report, including the Notes to Consolidated Financial Statements. You may find it helpful to refer to this Glossary as you read this Report.

2019 ESPP: German American Bancorp, Inc. 2019 Employee Stock Purchase Plan

2019 LTI Plan: German American Bancorp, Inc. 2019 Long-Term Equity Incentive Plan

ASU: Accounting Standards Update

Basel III Rules: Regulatory capital rules agreed to by the Basel Committee on Banking Supervision, as issued by the FRB and OCC and published in the Federal Register on October 11, 2013

CECL: Current expected credit losses, which are the subject of an accounting standard under GAAP

CET1: Common Equity Tier 1

CMO: Collateralized mortgage obligations

CRE: Commercial Real Estate

Dodd-Frank Act: Dodd-Frank Wall Street Reform and Consumer Protection Act

FASB: Financial Accounting Standards Board

FDIC: Federal Deposit Insurance Corporation

federal banking regulators: The FRB, the OCC, and the FDIC, collectively

FHLB: Federal Home Loan Bank

FRB: Board of Governors of the Federal Reserve System

GAAP: Generally Accepted Accounting Principles in the United States of America

GAI: German American Insurance, Inc.

Heartland: Heartland BancCorp, which was acquired by the Company on February 1, 2025

LIBOR: London Interbank Offered Rate

MBS: Mortgage-backed securities

NPV: Net portfolio value

OCC: Office of the Comptroller of the Currency

PCD: Purchased with credit deterioration

SEC: Securities and Exchange Commission

SOFR: Secured Overnight Financing Rate

**PART I. FINANCIAL INFORMATION**
**Item 1. Unaudited Financial Statements**

**GERMAN AMERICAN BANCORP, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(unaudited, dollars in thousands except share and per share data)**

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| **ASSETS** | | |
| Cash and Due from Banks | $ 79,113 | $ 69,249 |
| Federal Funds Sold and Other Short-term Investments | 363,178 | 119,543 |
| Cash and Cash Equivalents | 442,291 | 188,792 |
| | | |
| Interest-bearing Time Deposits with Banks | 500 | 500 |
| Securities Available-for-Sale, at Fair Value (Amortized Cost $1,827,749 for March 31, 2025; Amortized Cost $1,796,040 for December 31, 2024; No Allowance for Credit Losses) | 1,562,684 | 1,517,287 |
| Other Investments | 353 | 353 |
| | | |
| Loans Held-for-Sale, at Fair Value | 6,713 | 8,239 |
| | | |
| Loans | 5,654,944 | 4,133,267 |
| Less: Unearned Income | (8,418) | (8,365) |
| Allowance for Credit Losses | (75,158) | (44,436) |
| Loans, Net | 5,571,368 | 4,080,466 |
| | | |
| Stock in FHLB of Indianapolis and Other Restricted Stock, at Cost | 18,105 | 14,423 |
| Premises, Furniture and Equipment, Net | 141,387 | 104,045 |
| Other Real Estate | 48 | — |
| Goodwill | 376,507 | 179,025 |
| Intangible Assets | 41,956 | 4,018 |
| Company Owned Life Insurance | 107,949 | 86,710 |
| Accrued Interest Receivable and Other Assets | 149,832 | 112,052 |
| **TOTAL ASSETS** | $ 8,419,693 | $ 6,295,910 |
| | | |
| **LIABILITIES** | | |
| Non-interest-bearing Demand Deposits | $ 1,889,673 | $ 1,399,270 |
| Interest-bearing Demand, Savings, and Money Market Accounts | 3,788,889 | 3,013,204 |
| Time Deposits | 1,419,323 | 916,601 |
| Total Deposits | 7,097,885 | 5,329,075 |
| | | |
| FHLB Advances and Other Borrowings | 216,542 | 210,131 |
| Accrued Interest Payable and Other Liabilities | 59,224 | 41,637 |
| **TOTAL LIABILITIES** | 7,373,651 | 5,580,843 |
| | | |
| **SHAREHOLDERS' EQUITY** | | |
| Common Stock, no par value, $1 stated value; 45,000,000 shares authorized | 37,481 | 29,677 |
| Additional Paid-in Capital | 704,950 | 392,266 |
| Retained Earnings | 513,292 | 513,588 |
| Accumulated Other Comprehensive Income (Loss) | (209,681) | (220,464) |
| **TOTAL SHAREHOLDERS' EQUITY** | 1,046,042 | 715,067 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 8,419,693 | $ 6,295,910 |
| End of period shares issued and outstanding | 37,481,716 | 29,677,093 |

See accompanying notes to consolidated financial statements.

**GERMAN AMERICAN BANCORP, INC.**
**CONSOLIDATED STATEMENTS OF INCOME**
**(unaudited, dollars in thousands except per share data)**

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|---|---|---|
| **INTEREST INCOME** | | |
| Interest and Fees on Loans | $ 81,505 | $ 57,826 |
| Interest on Federal Funds Sold and Other Short-term Investments | 2,216 | 299 |
| Interest and Dividends on Securities: | | |
| Taxable | 9,121 | 4,852 |
| Non-taxable | 3,374 | 5,281 |
| **TOTAL INTEREST INCOME** | 96,216 | 68,258 |
| **INTEREST EXPENSE** | | |
| Interest on Deposits | 27,028 | 20,989 |
| Interest on FHLB Advances and Other Borrowings | 2,616 | 2,275 |
| **TOTAL INTEREST EXPENSE** | 29,644 | 23,264 |
| **NET INTEREST INCOME** | 66,572 | 44,994 |
| Provision for Credit Losses | 15,300 | 900 |
| **NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES** | 51,272 | 44,094 |
| **NON-INTEREST INCOME** | | |
| Wealth Management Fees | 3,836 | 3,366 |
| Service Charges on Deposit Accounts | 3,486 | 2,902 |
| Insurance Revenues | — | 2,878 |
| Company Owned Life Insurance | 575 | 441 |
| Interchange Fee Income | 4,421 | 4,087 |
| Other Operating Income | 1,690 | 1,362 |
| Net Gains on Sales of Loans | 832 | 751 |
| Net Gains (Losses) on Securities | — | 35 |
| **TOTAL NON-INTEREST INCOME** | 14,840 | 15,822 |
| **NON-INTEREST EXPENSE** | | |
| Salaries and Employee Benefits | 28,040 | 21,178 |
| Occupancy Expense, Furniture and Equipment Expense | 4,663 | 3,804 |
| FDIC Premiums | 900 | 729 |
| Data Processing Fees | 5,495 | 2,811 |
| Professional Fees | 4,184 | 1,595 |
| Advertising and Promotion | 1,454 | 1,138 |
| Intangible Amortization | 2,070 | 578 |
| Other Operating Expenses | 5,976 | 4,905 |
| **TOTAL NON-INTEREST EXPENSE** | 52,782 | 36,738 |
| Income before Income Taxes | 13,330 | 23,178 |
| Income Tax Expense | 2,813 | 4,156 |
| **NET INCOME** | $ 10,517 | $ 19,022 |
| Basic Earnings per Share | $ 0.30 | $ 0.64 |
| Diluted Earnings per Share | $ 0.30 | $ 0.64 |

See accompanying notes to consolidated financial statements.

## GERMAN AMERICAN BANCORP, INC.
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
### (unaudited, dollars in thousands)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| **NET INCOME** | $ 10,517 | $ 19,022 |
| | | |
| Other Comprehensive Income (Loss): | | |
| Unrealized Gains (Losses) on Securities: | | |
| Unrealized Holding Gain (Loss) Arising During the Period | 13,688 | (25,178) |
| Reclassification Adjustment for Losses (Gains) Included in Net Income | — | (35) |
| Tax Effect | (2,905) | 5,318 |
| Net of Tax | 10,783 | (19,895) |
| | | |
| Total Other Comprehensive Income (Loss) | 10,783 | (19,895) |
| | | |
| **COMPREHENSIVE INCOME (LOSS)** | $ 21,300 | $ (873) |

See accompanying notes to consolidated financial statements.

## GERMAN AMERICAN BANCORP, INC.
## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
## (unaudited, dollars in thousands)

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity |
| **Balances, January 1, 2025** | 29,677,093 | $ 29,677 | $ 392,266 | $ 513,588 | $ (220,464) | $ 715,067 |
| Net Income | — | — | — | 10,517 | — | 10,517 |
| Other Comprehensive Income (Loss) | — | — | — | — | 10,783 | 10,783 |
| Cash Dividends ($0.29 per share) | — | — | — | (10,813) | — | (10,813) |
| Issuance of Common Stock for: | | | | | | |
| Acquisition of Heartland BancCorp | 7,742,723 | 7,743 | 312,264 | — | — | 320,007 |
| Restricted Share Grants Net | 61,900 | 61 | 420 | — | — | 481 |
| **Balances, March 31, 2025** | 37,481,716 | $ 37,481 | $ 704,950 | $ 513,292 | $ (209,681) | $ 1,046,042 |

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity |
| **Balances, January 1, 2024** | 29,584,709 | $ 29,585 | $ 389,411 | $ 461,622 | $ (217,060) | $ 663,558 |
| Net Income | — | — | — | 19,022 | — | 19,022 |
| Other Comprehensive Income (Loss) | — | — | — | — | (19,895) | (19,895) |
| Cash Dividends ($0.27 per share) | — | — | — | (7,955) | — | (7,955) |
| Issuance of Common Stock for: | | | | | | |
| Restricted Share Grants Net | 84,310 | 84 | 440 | — | — | 524 |
| **Balances, March 31, 2024** | 29,669,019 | $ 29,669 | $ 389,851 | $ 472,689 | $ (236,955) | $ 655,254 |

See accompanying notes to consolidated financial statements.

**GERMAN AMERICAN BANCORP, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited, dollars in thousands)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net Income | $ 10,517 | $ 19,022 |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities: | | |
| Net Amortization on Securities | (426) | 1,403 |
| Depreciation and Amortization | 3,748 | 2,339 |
| Loans Originated for Sale | (29,096) | (29,017) |
| Proceeds from Sales of Loans Held-for-Sale | 32,134 | 24,575 |
| Provision for Credit Losses | 15,300 | 900 |
| Gain on Sale of Loans, Net | (832) | (751) |
| (Gain) Loss on Securities, Net | — | (35) |
| Loss (Gain) on Disposition and Donation of Premises and Equipment | (4) | 2 |
| Increase in Cash Surrender Value of Company Owned Life Insurance | (579) | (454) |
| Equity Based Compensation | 481 | 524 |
| Change in Assets and Liabilities: | | |
| Interest Receivable and Other Assets | (490) | 445 |
| Interest Payable and Other Liabilities | 7,175 | 4,900 |
| **Net Cash from Operating Activities** | 37,928 | 23,853 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from Maturities, Calls, and Redemptions of Securities Available-for-Sale | 125,188 | 39,122 |
| Proceeds from Sales of Securities Available-for-Sale | 205,376 | 62,162 |
| Purchase of Securities Available-for-Sale | (141,489) | (70,303) |
| Proceeds from Redemption of Federal Home Loan Bank Stock | 3,310 | 57 |
| Loans Made to Customers, Net of Payments Received | (2,971) | (1,739) |
| Property and Equipment Expenditures | (1,253) | (1,238) |
| Acquisition of Heartland Bancorp. | 22,665 | — |
| **Net Cash from Investing Activities** | 210,826 | 28,061 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Change in Deposits | 38,126 | (33,578) |
| Change in Short-term Borrowings | (22,532) | (2,204) |
| Advances in Long-term Debt | — | 25,000 |
| Repayments of Long-term Debt | (36) | (25,037) |
| Dividends Paid | (10,813) | (7,955) |
| **Net Cash from Financing Activities** | 4,745 | (43,774) |
| **Net Change in Cash and Cash Equivalents** | 253,499 | 8,140 |
| Cash and Cash Equivalents at Beginning of Year | 188,792 | 115,330 |
| Cash and Cash Equivalents at End of Period | $ 442,291 | $ 123,470 |
| **Cash Paid During the Period for** | | |
| Interest | $ 21,176 | $ 21,101 |
| Income Taxes | — | — |
| **Supplemental Non Cash Disclosures** | | |
| Interest Rate Swap Fair Value Adjustment | $ (731) | $ 827 |

See Note 16 regarding non-cash transactions included in the acquisition.

See accompanying notes to consolidated financial statements.

**(unaudited, dollars in thousands except share and per share data)**

**NOTE 1 – Basis of Presentation and Market Conditions**

German American Bancorp, Inc. operates primarily in the banking industry. The accounting and reporting policies of German American Bancorp, Inc. and its subsidiaries (hereinafter collectively referred to as the "Company") conform to U.S. generally accepted accounting principles. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. All adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the periods reported have been included in the accompanying unaudited consolidated financial statements, and all such adjustments are of a normal recurring nature. It is suggested that these consolidated financial statements and notes be read in conjunction with the financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. Certain items included in the prior period financial statements were reclassified to conform to the current presentation. There was no effect on net income or total shareholders' equity based on these reclassifications.

**NOTE 2 - Recent Accounting Pronouncements**

**Recently Adopted Accounting Guidance**
The SEC's Staff Accounting Bulletin No. 121 ("SAB 121") provides interpretive guidance regarding the accounting for obligations to safeguard crypto-assets an entity holds for its customers, either directly or through an agent or another third party acting on its behalf. SAB 121 requires an entity to recognize a liability on its balance sheet to reflect the obligation to safeguard the crypto-assets of others, along with a corresponding safeguarding asset, both of which are measured at fair value. The Company has completed an evaluation and concluded that it does not have a safeguarding obligation under SAB 121 and therefore the disclosures do not apply.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Retrospective application is required. The Company adopted this standard and updated the segment disclosure. See Note 9 for additional information.

**Issued But Not Yet Effective**
In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvement to Income Tax Disclosures". This updated accounting guidance requires expanded income tax disclosures, including the disaggregation of existing disclosures related to the tax rate reconciliation and income taxes paid. This guidance is effective for annual periods beginning after December 15, 2024 and will be applied on a prospective basis with the option to apply retrospectively. The Company is reviewing this guidance but doesn't expect it to have a material impact on the Company's tax disclosures.

**NOTE 3 – Sale of Insurance Assets**

Effective June 1, 2024, the Company completed a sale of substantially all of the assets of its wholly-owned subsidiary, German American Insurance, Inc. ("GAI"), to Hilb Group and ceased insurance-related activities for the Company. The all-cash sales price totaled $40,000 and resulted in an after-tax gain, net of transaction costs, of approximately $27,476, or $0.93 on a per share basis.

| | | |
|---|---|---|
| Gross Purchase Price pursuant to Asset Purchase Agreement | $ | 40,000 |
| Write-off of Goodwill and Intangibles | | (1,332) |
| Working Capital Adjustment Settled at Closing | | (345) |
| Net Purchase Price | | 38,323 |
| Transaction Costs | | (1,816) |
| Pre-tax Gain on Sale of Insurance Assets | $ | 36,507 |
| After-tax Gain on Sale of Insurance Assets | $ | 27,476 |

Based on management's review of Accounting Standards Codification 205-20-45, the sale of GAI was determined not to have met all necessary criteria to be considered discontinued operations at, or prior to, the time of the sale.

(unaudited, dollars in thousands except share and per share data)

**NOTE 4 – Per Share Data**

The computation of Basic Earnings per Share and Diluted Earnings per Share are as follows:

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|---|---|---|
| Basic Earnings per Share: | | |
| Net Income | $ 10,517 | $ 19,022 |
| Weighted Average Shares Outstanding | 34,680,719 | 29,599,491 |
| Basic Earnings per Share | $ 0.30 | $ 0.64 |
| | | |
| Diluted Earnings per Share: | | |
| Net Income | $ 10,517 | $ 19,022 |
| | | |
| Weighted Average Shares Outstanding | 34,680,719 | 29,599,491 |
| Potentially Dilutive Shares, Net | — | — |
| Diluted Weighted Average Shares Outstanding | 34,680,719 | 29,599,491 |
| Diluted Earnings per Share | $ 0.30 | $ 0.64 |

For the three months ended March 31, 2025 and 2024, there were no anti-dilutive shares.

**NOTE 5 – Securities**

The amortized cost, unrealized gross gains and losses recognized in accumulated other comprehensive income (loss), and fair value of securities available-for-sale were as follows:

| Securities Available-for-Sale: | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **March 31, 2025** | | | | |
| U.S. Treasury | $ 144,651 | $ 16 | $ — | $ 144,667 |
| Obligations of State and Political Subdivisions | 595,133 | 37 | (136,336) | 458,834 |
| MBS/CMO | 806,678 | 2,169 | (99,422) | 709,425 |
| US Gov't Sponsored Entities & Agencies | 281,287 | 480 | (32,009) | 249,758 |
| Total | $ 1,827,749 | $ 2,702 | $ (267,767) | $ 1,562,684 |
| | | | | |
| **December 31, 2024** | | | | |
| U.S. Treasury | $ 110,813 | $ 51 | $ — | $ 110,864 |
| Obligations of State and Political Subdivisions | 587,963 | 21 | (124,815) | 463,169 |
| MBS/CMO | 817,553 | 341 | (115,715) | 702,179 |
| US Gov't Sponsored Entities & Agencies | 279,711 | — | (38,636) | 241,075 |
| Total | $ 1,796,040 | $ 413 | $ (279,166) | $ 1,517,287 |

All mortgage-backed securities in the above table (identified above and throughout this Note 5 as "MBS/CMO") are residential and multi-family mortgage-backed securities and guaranteed by government sponsored entities. The US Gov't Sponsored Entities & Agencies in the above table include securities that have underlying collateral of equipment, machinery and commercial real estate.

(unaudited, dollars in thousands except share and per share data)

**NOTE 5 - Securities (continued)**

The amortized cost and fair value of securities available-for-sale at March 31, 2025 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because some issuers have the right to call or prepay certain obligations with or without call or prepayment penalties. Mortgage-backed securities are not due at a single maturity date and are shown separately.

| Securities Available-for-Sale: | Amortized Cost | Fair Value |
|---|---|---|
| Due in one year or less | $ 147,211 | $ 147,230 |
| Due after one year through five years | 9,077 | 8,912 |
| Due after five years through ten years | 49,454 | 43,444 |
| Due after ten years | 534,042 | 403,915 |
| MBS/CMO | 806,678 | 709,425 |
| US Gov't Sponsored Entities & Agencies | 281,287 | 249,758 |
| Total | $ 1,827,749 | $ 1,562,684 |

Proceeds from the sales of securities are summarized below:

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|---|---|---|
| Proceeds from Sales | $ 205,376 | $ 62,162 |
| Gross Gains on Sales | — | 360 |
| Gross Losses on Sales | — | 325 |
| Income Taxes on Net Gains (Losses) | — | 7 |

The carrying value of securities pledged to secure repurchase agreements, public and trust deposits, and for other purposes as required by law was $1,562,555 and $1,065,880 as of March 31, 2025 and December 31, 2024, respectively.

Below is a summary of securities with unrealized losses as of March 31, 2025 and December 31, 2024, presented by length of time the securities have been in a continuous unrealized loss position:

| | Less than 12 Months | | 12 Months or More | | Total | |
|---|---|---|---|---|---|---|
| March 31, 2025 | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| Obligations of State and Political Subdivisions | $ 13,101 | $ (290) | $ 437,111 | $ (136,046) | $ 450,212 | $ (136,336) |
| MBS/CMO | 77,314 | (558) | 482,717 | (98,864) | 560,031 | (99,422) |
| US Gov't Sponsored Entities & Agencies | 65,002 | (772) | 145,859 | (31,237) | 210,861 | (32,009) |
| Total | $ 155,417 | $ (1,620) | $ 1,065,687 | $ (266,147) | $ 1,221,104 | $ (267,767) |

| | Less than 12 Months | | 12 Months or More | | Total | |
|---|---|---|---|---|---|---|
| December 31, 2024 | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| Obligations of State and Political Subdivisions | $ 13,249 | $ (231) | $ 445,264 | $ (124,584) | $ 458,513 | $ (124,815) |
| MBS/CMO | 176,333 | (2,461) | 480,235 | (113,254) | 656,568 | (115,715) |
| US Gov't Sponsored Entities & Agencies | 96,132 | (2,989) | 144,943 | (35,647) | 241,075 | (38,636) |
| Total | $ 285,714 | $ (5,681) | $ 1,070,442 | $ (273,485) | $ 1,356,156 | $ (279,166) |

Available-for-sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. For available-for-sale debt securities in an unrealized loss position, the Company assesses whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of

(unaudited, dollars in thousands except share and per share data)

**NOTE 5 - Securities (continued)**

the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is reduced to fair value through income. For available-for sale debt securities that do not meet the criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security and the issuer, among other factors. If this assessment indicates that a credit loss exists, we compare the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses "ACL" is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of applicable taxes. Unrealized losses at March 31, 2025 and December 31, 2024 are considered temporary and the result of fair value adjustments caused by market interest rate fluctuations. There was no allowance for credit losses for available-for-sale debt securities at March 31, 2025 or December 31, 2024.

Although management has the ability to sell these securities if the need arises, their designation as available-for-sale should not necessarily be interpreted as an indication that management anticipates such sales.

Accrued interest receivable on available-for-sale debt securities totaled $7,757 at March 31, 2025 and $8,110 at December 31, 2024. Accrued interest receivable is excluded from the estimate of credit losses.

The Company's equity securities are listed as Other Investments on the Consolidated Balance Sheets and consist of one non-controlling investment in a single banking organization at March 31, 2025 and December 31, 2024. The original investment totaled $1,350 and other-than-temporary impairment was previously recorded totaling $997. The Company's equity securities are considered not to have readily determinable fair value and are carried at cost and evaluated for impairment. At March 31, 2025, there was no additional impairment recognized through earnings.

**NOTE 6 - Derivatives**

The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. The notional amounts of these interest rate swaps and the offsetting counterparty derivative instruments were $142,424 at March 31, 2025 and $149,456 at December 31, 2024. These interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions with approved, reputable, independent counterparties with substantially matching terms. The agreements are considered stand-alone derivatives and changes in the fair value of derivatives are reported in earnings as non-interest income. While the derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. The Company's exposure is limited to the replacement value of the contracts rather than the notional, principal or contract amounts. There are provisions in the agreements with the counterparties that allow for certain unsecured credit exposure up to an agreed threshold. Exposures in excess of the agreed thresholds are collateralized. In addition, the Company minimizes credit risk through credit approvals, limits, and monitoring procedures.

The following table reflects the fair value of derivative instruments included in the Consolidated Balance Sheets as of:

| | March 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Notional Amount | Fair Value | Notional Amount | Fair Value |
| Included in Other Assets: | | | | |
| Interest Rate Swaps | $ 142,424 | $ 5,673 | $ 149,456 | $ 6,439 |
| Included in Other Liabilities: | | | | |
| Interest Rate Swaps | $ 142,424 | $ 5,744 | $ 149,456 | $ 6,476 |

**(unaudited, dollars in thousands except share and per share data)**

**NOTE 6 - Derivatives (continued)**

The following table presents the effect of derivative instruments on the Consolidated Statements of Income for the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2025** | **2024** |
| Interest Rate Swaps: | | |
| Included in Other Operating Income | $ 108 | $ 225 |

**NOTE 7 – Loans**

Loans were comprised of the following classifications:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Commercial: | | |
| Commercial and Industrial Loans | $ 732,328 | $ 591,785 |
| Commercial Real Estate Loans | 3,055,074 | 2,224,872 |
| Agricultural Loans | 455,678 | 431,037 |
| Leases | 79,745 | 79,253 |
| Retail: | | |
| Home Equity Loans | 406,280 | 344,808 |
| Consumer Loans | 110,174 | 81,396 |
| Credit Cards | 27,443 | 22,668 |
| Residential Mortgage Loans | 788,222 | 357,448 |
| Subtotal | 5,654,944 | 4,133,267 |
| Less: Unearned Income | (8,418) | (8,365) |
| Allowance for Credit Losses | (75,158) | (44,436) |
| Loans, Net | $ 5,571,368 | $ 4,080,466 |

The table above includes $99,318 and $11,178 of purchase credit deteriorated loans as of March 31, 2025 and December 31, 2024, respectively.

As further described in Note 16, during 2025 the Company acquired loans at fair value as part of a business combination. The table below summarizes the loans acquired on February 1, 2025.

| | Acquired Loan Balance | Fair Value Discount | Fair Value |
|---|---|---|---|
| Bank Acquisition | $ 1,569,631 | $ (65,658) | $ 1,503,973 |

The table below summarizes the remaining carrying amount of acquired loans included in the March 31, 2025 table above.

| | Commercial and Industrial Loans | Commercial Real Estate Loans | Agricultural Loans | Leases | Consumer Loans | Home Equity Loans | Credit Cards | Residential Mortgage Loans | Total |
|---|---|---|---|---|---|---|---|---|---|
| Loan Balance | $ 150,597 | $ 783,421 | $ 47,038 | $ — | $ 30,325 | $ 59,694 | $ — | $ 436,676 | $ 1,507,751 |
| Fair Value (Discount)/Premium | (3,631) | (19,555) | (1,484) | — | (510) | (1,062) | — | (35,552) | (61,794) |

(unaudited, dollars in thousands except share and per share data)

**NOTE 7 - Loans (continued)**

The Company has purchased loans for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The carrying amount of these loans is as follows:

| | 2025 |
|---|---|
| Purchase Price of Loans at Acquisition | $ 94,387 |
| Allowance for Credit Losses at Acquisition | 15,908 |
| Non-Credit Discount/(Premium) at Acquisition | 6,449 |
| Total | $ 116,744 |

**Allowance for Credit Losses for Loans**

The following tables present the activity in the allowance for credit losses by portfolio segment for the three months ended March 31, 2025 and 2024:

| March 31, 2025 | Commercial and Industrial Loans | Commercial Real Estate Loans | Agricultural Loans | Leases | Consumer Loans | Home Equity Loans | Credit Cards | Residential Mortgage Loans | Total |
|---|---|---|---|---|---|---|---|---|---|
| Allowance for Credit Losses: | | | | | | | | | |
| Beginning Balance | $ 7,059 | $ 25,818 | $ 4,917 | $ 397 | $ 727 | $ 2,196 | $ 520 | $ 2,802 | $ 44,436 |
| Change in Accounting Method | 1,438 | (3,428) | (2,860) | 720 | (284) | 956 | (4) | 1,788 | (1,674) |
| 2/1/2025 Acquired Heartland PCD | 5,246 | 7,080 | 3,352 | — | 20 | 11 | — | 199 | 15,908 |
| Day 2 CECL Provision - Heartland | 1,797 | 7,522 | 170 | — | 179 | 570 | — | 5,962 | 16,200 |
| Provision (Benefit) for Credit Loss Expense | (75) | 819 | (273) | 34 | 227 | 208 | 245 | (411) | 774 |
| Loans Charged-off | (126) | — | — | — | (325) | — | (174) | — | (625) |
| Recoveries Collected | 4 | — | — | — | 113 | 1 | 21 | — | 139 |
| Total Ending Allowance Balance | $ 15,343 | $ 37,811 | $ 5,306 | $ 1,151 | $ 657 | $ 3,942 | $ 608 | $ 10,340 | $ 75,158 |

| March 31, 2024 | Commercial and Industrial Loans | Commercial Real Estate Loans | Agricultural Loans | Leases | Consumer Loans | Home Equity Loans | Credit Cards | Residential Mortgage Loans | Total |
|---|---|---|---|---|---|---|---|---|---|
| Allowance for Credit Losses: | | | | | | | | | |
| Beginning Balance | $ 7,921 | $ 25,923 | $ 3,837 | $ 346 | $ 759 | $ 1,834 | $ 383 | $ 2,762 | $ 43,765 |
| Provision (Benefit) for Credit Loss Expense | (556) | 833 | (187) | 27 | 269 | 294 | 150 | 70 | 900 |
| Loans Charged-off | (102) | (308) | — | — | (368) | (134) | (149) | — | (1,061) |
| Recoveries Collected | 3 | 4 | — | — | 125 | 7 | 11 | — | 150 |
| Total Ending Allowance Balance | $ 7,266 | $ 26,452 | $ 3,650 | $ 373 | $ 785 | $ 2,001 | $ 395 | $ 2,832 | $ 43,754 |

The ACL is a valuation account that is deducted from the amortized cost of loans receivable to present the net amount expected to be collected. Loans are charged off against the ACL when management believes the uncollectibility of a loan balance is confirmed, and subsequent recoveries, if any, are credited to the ACL. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. The Company records the changes in the allowance on loans through earnings as a "Provision for Credit Losses" in the Consolidated Statements of Income.

At March 31, 2025, the Company changed its method for estimating the allowance for credit losses to the discounted cash flow model on a prospective basis for all loan segments except for the credit card loan segment. Prior to March 31, 2025, the Company utilized the static pool methodology in determining future credit losses. While both methodologies permit the Company to develop reasonable and supportable forecasts, by utilizing the discounted cash flow method, the Company has the ability to better evaluate multiple economic scenarios by capturing macroeconomic conditions within the model assumptions and calculations. This change in methodology resulted in a decline of $1,674 to the allowance.

**NOTE 7 - Loans (continued)**

Management's judgment in determining the level of the allowance is based on evaluations of historical loan losses, current conditions and reasonable and supportable forecasts relevant to the collectability of loans. The methodology for estimating the amount reported in the ACL is the sum of two main components, an allowance assessed on a collective basis for pools of loans that share similar risk characteristics and an allowance assessed on individual loans that do not share similar risk characteristics with other loans. Loans that share common risk characteristics are evaluated collectively using a discounted cash flow approach. The discounted cash flow approach used by the Company utilizes loan-level cash flow projections, pool-level assumptions, multiple economic scenarios from Moody's, historical and peer group losses and qualitative assumptions.

Estimated cash flows consider the principal and interest in accordance with the contractual term of the loan and estimated prepayments. Contractual cash flows are based on the amortized cost and are adjusted for balances guaranteed by governmental entities.

The Company evaluates multiple economic scenarios that are designed to capture a range of supportable macroeconomic conditions, taking into consideration the forecasted direction of the economic and business environment and its likely impact on the estimated allowance as compared to the historical losses over the reasonable and supportable time frame. Economic forecasts for the current period are uploaded to the model, which targets certain forecasted macroeconomic factors, such as unemployment rate, value of construction, agriculture prices, housing price index, vacancy rates, debt service burden, and certain rate and market indices. The Company determines the weighting of each scenario based upon historical trends and economic, monetary, and fiscal conditions within the Company's footprint that could impact future credit losses.

Loans that do not share similar risk characteristics are evaluated on an individual basis to determine the expected allowance for credit loss. When the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date adjusted for selling costs.

The Company has continued to utilize the following portfolio segments and identified the risk characteristics of each portfolio listed below:

Commercial and Industrial Loans - The principal risk of commercial and industrial loans is that these loans are primarily based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most commercial loans are secured by accounts receivable, inventory and equipment. If cash flow from business operations is reduced, the borrower's ability to repay the loan may diminish, and over time, it may also be difficult to substantiate current value of inventory and equipment. Repayment of these loans is more sensitive than other types of loans to adverse conditions in the general economy.

Commercial Real Estate Loans - Commercial real estate lending is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be adversely affected by conditions in the real estate markets or in the general economy. Commercial real estate loans are collateralized by the borrower's underlying real estate. Therefore, diminished cash flows not only affects the ability to repay the loan, it may also reduce the underlying collateral value.

Agricultural Loans - This portfolio is diversified between real estate financing, equipment financing and lines of credit in various segments including grain production, poultry production and livestock production. Mitigating any concentration of risk that may exist in the Company's agricultural loan portfolio is the use of federal government guarantee programs.

Leases - Leases are primarily for equipment leased to varying types of businesses. If the cash flow from business operations is reduced, the business's ability to repay the lease is diminished as well.

Home Equity Loans - Home equity loans are generally secured by 1-4 family residences that are owner-occupied. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by unemployment levels in the market area due to economic conditions.

Consumer Loans - Consumer loan repayment is typically dependent on the borrower remaining employed through the life of the loan as well as the borrower maintaining the underlying collateral adequately.

**(unaudited, dollars in thousands except share and per share data)**

**NOTE 7 - Loans (continued)**

Credit Cards - Credit card loans are unsecured and repayment is primarily dependent on the personal income of the borrower.

Residential Mortgage Loans - Residential mortgage loans are typically secured by 1-4 family residences that are owner-occupied. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by unemployment levels in the market area due to economic conditions. Repayment may also be impacted by changes in residential property values.

All classes of loans, including loans acquired with deteriorated credit quality, are generally placed on non-accrual status when scheduled principal or interest payments are past due for 90 days or more or when the borrower's ability to repay becomes doubtful. For purchased loans, the determination is made at the time of acquisition as well as over the life of the loan. Uncollected accrued interest for each class of loans is reversed against income at the time a loan is placed on non-accrual. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. All classes of loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Loans are typically charged-off at 180 days past due, or earlier if deemed uncollectible. Exceptions to the non-accrual and charge-off policies are made when the loan is well secured and in the process of collection.

The following tables present the amortized cost in non-accrual loans and loans past due over 89 days still accruing by class of loans as of March 31, 2025 and December 31, 2024:

| March 31, 2025 | Non-Accrual With No Allowance for Credit Loss [1] | Total Non-Accrual | Loans Past Due Over 89 Days Still Accruing |
|---|---|---|---|
| Commercial and Industrial Loans | $ 1,301 | $ 6,834 | $ 63 |
| Commercial Real Estate Loans | 1,386 | 4,498 | 62 |
| Agricultural Loans | 139 | 488 | 399 |
| Leases | — | — | — |
| Home Equity Loans | 891 | 989 | 106 |
| Consumer Loans | 30 | 33 | — |
| Credit Cards | 290 | 290 | — |
| Residential Mortgage Loans | 3,476 | 4,726 | 84 |
| Total | $ 7,513 | $ 17,858 | $ 714 |

[1] Includes non-accrual loans with no allowance for credit loss and are also included in Total Non-Accrual loans of $17,858.

Interest income on non-accrual loans recognized during the three months ended March 31, 2025 totaled $139.

| December 31, 2024 | Non-Accrual With No Allowance for Credit Loss [1] | Total Non-Accrual | Loans Past Due Over 89 Days Still Accruing |
|---|---|---|---|
| Commercial and Industrial Loans | $ 1,346 | $ 5,018 | $ — |
| Commercial Real Estate Loans | 1,268 | 1,745 | 183 |
| Agricultural Loans | 655 | 765 | 5 |
| Leases | — | — | — |
| Home Equity Loans | 1,087 | 1,087 | — |
| Consumer Loans | 63 | 63 | — |
| Credit Cards | 54 | 54 | — |
| Residential Mortgage Loans | 1,977 | 2,202 | — |
| Total | $ 6,450 | $ 10,934 | $ 188 |

[1] Includes non-accrual loans with no allowance for credit loss and are also included in Total Non-Accrual loans of $10,934.

Interest income on non-accrual loans recognized during the year ended December 31, 2024 totaled $291.

(unaudited, dollars in thousands except share and per share data)

**NOTE 7 - Loans (continued)**

The following tables present the amortized cost basis of collateral-dependent loans by class of loans as of March 31, 2025 and December 31, 2024:

| March 31, 2025 | Real Estate | Equipment | Accounts Receivable | Other | Total |
|---|---|---|---|---|---|
| Commercial and Industrial Loans | $ 11,726 | $ 6,076 | $ — | $ 6,407 | $ 24,209 |
| Commercial Real Estate Loans | 38,193 | — | — | — | 38,193 |
| Agricultural Loans | 2,654 | 665 | — | 4,853 | 8,172 |
| Leases | — | — | — | — | — |
| Home Equity Loans | 528 | — | — | — | 528 |
| Consumer Loans | 10 | 12 | — | — | 22 |
| Credit Cards | — | — | — | — | — |
| Residential Mortgage Loans | 2,229 | — | — | — | 2,229 |
| Total | $ 55,340 | $ 6,753 | $ — | $ 11,260 | $ 73,353 |

| December 31, 2024 | Real Estate | Equipment | Accounts Receivable | Other | Total |
|---|---|---|---|---|---|
| Commercial and Industrial Loans | $ 5,986 | $ 90 | $ — | $ 58 | $ 6,134 |
| Commercial Real Estate Loans | 7,293 | — | — | — | 7,293 |
| Agricultural Loans | 2,777 | 263 | — | — | 3,040 |
| Leases | — | — | — | — | — |
| Home Equity Loans | 423 | — | — | — | 423 |
| Consumer Loans | 10 | — | — | — | 10 |
| Credit Cards | — | — | — | — | — |
| Residential Mortgage Loans | 523 | — | — | — | 523 |
| Total | $ 17,012 | $ 353 | $ — | $ 58 | $ 17,423 |

The following tables present the aging of the amortized cost basis in past due loans by class of loans as of March 31, 2025 and December 31, 2024:

| March 31, 2025 | 30-59 Days Past Due | 60-89 Days Past Due | Greater Than 89 Days Past Due | Total Past Due | Loans Not Past Due | Total |
|---|---|---|---|---|---|---|
| Commercial and Industrial Loans | $ 858 | $ 1,051 | $ 5,389 | $ 7,298 | $ 725,030 | $ 732,328 |
| Commercial Real Estate Loans | 3,975 | 531 | 4,537 | 9,043 | 3,046,031 | 3,055,074 |
| Agricultural Loans | — | — | 786 | 786 | 454,892 | 455,678 |
| Leases | — | — | — | — | 79,745 | 79,745 |
| Home Equity Loans | 2,426 | 166 | 1,095 | 3,687 | 402,593 | 406,280 |
| Consumer Loans | 841 | 8 | 32 | 881 | 109,293 | 110,174 |
| Credit Cards | 90 | 66 | 290 | 446 | 26,997 | 27,443 |
| Residential Mortgage Loans | 10,953 | 110 | 4,290 | 15,353 | 772,869 | 788,222 |
| Total | $ 19,143 | $ 1,932 | $ 16,419 | $ 37,494 | $ 5,617,450 | $ 5,654,944 |

(unaudited, dollars in thousands except share and per share data)

**NOTE 7 - Loans (continued)**

| December 31, 2024 | 30-59 Days Past Due | 60-89 Days Past Due | Greater Than 89 Days Past Due | Total Past Due | Loans Not Past Due | Total |
|---|---|---|---|---|---|---|
| Commercial and Industrial Loans | $ 531 | $ 36 | $ 4,395 | $ 4,962 | $ 586,823 | $ 591,785 |
| Commercial Real Estate Loans | 546 | 673 | 1,368 | 2,587 | 2,222,285 | 2,224,872 |
| Agricultural Loans | 241 | — | 428 | 669 | 430,368 | 431,037 |
| Leases | — | — | — | — | 79,253 | 79,253 |
| Home Equity Loans | 1,515 | 544 | 1,087 | 3,146 | 341,662 | 344,808 |
| Consumer Loans | 185 | 194 | 63 | 442 | 80,954 | 81,396 |
| Credit Cards | 398 | 98 | 54 | 550 | 22,118 | 22,668 |
| Residential Mortgage Loans | 5,744 | 3,644 | 2,035 | 11,423 | 346,025 | 357,448 |
| Total | $ 9,160 | $ 5,189 | $ 9,430 | $ 23,779 | $ 4,109,488 | $ 4,133,267 |

**Loan Modifications Made to Borrowers Experiencing Financial Difficulty**

Effective January 1, 2023, the Company prospectively adopted ASU 2022-02, which eliminated the accounting for troubled debt restructurings while establishing a new standard for the treatment of modifications made to borrowers experiencing financial difficulties. As such, effective with the adoption of the new standard, the Company will not include, prospectively, financial difficulty modifications in its presentation of nonperforming loans, nonperforming assets or classified assets. Prior period data, which included troubled debt restructurings, has not been adjusted.

The Company's loan modifications for borrowers experiencing financial difficulties will typically include one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan. No modifications during the three months ended March 31, 2025, or the year ended December 31, 2024, resulted in a permanent reduction of the recorded investment in the loan.

During the three months ended March 31, 2025 and 2024, the Company had no modified loans made to borrowers experiencing financial difficulty. There were no modified loans that had a payment default during the three months ended March 31, 2025 and 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty. The Company considers a loan to be in payment default once it is 30 days contractually past due under the modified terms.

**Credit Quality Indicators:**

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company classifies loans as to credit risk by individually analyzing loans. This analysis includes commercial and industrial loans, commercial real estate loans, and agricultural loans with an outstanding balance greater than $250. This analysis is typically performed on at least an annual basis. The Company uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

(unaudited, dollars in thousands except share and per share data)

**NOTE 7 - Loans (continued)**

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans.

Based on the analysis performed at March 31, 2025 and December 31, 2024, the risk category of loans by class of loans is as follows:

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **As of March 31, 2025** | **2025** | **2024** | **2023** | **2022** | **2021** | **Prior** | **Revolving Loans Amortized Cost Basis** | **Total** |
| Commercial and Industrial: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 36,196 | $ 127,594 | $ 84,533 | $ 103,045 | $ 69,351 | $ 60,733 | $ 209,007 | $ 690,459 |
| Special Mention | 217 | 620 | 1,718 | 536 | 1,179 | 3,298 | 3,473 | 11,041 |
| Substandard | — | 466 | 3,932 | 1,264 | 4,710 | 10,852 | 9,604 | 30,828 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Commercial & Industrial Loans | $ 36,413 | $ 128,680 | $ 90,183 | $ 104,845 | $ 75,240 | $ 74,883 | $ 222,084 | $ 732,328 |
| Current Period Gross Charge-Offs | $ — | $ 99 | $ — | $ 27 | $ — | $ — | $ — | $ 126 |
| Commercial Real Estate: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 100,815 | $ 421,013 | $ 429,313 | $ 569,166 | $ 484,724 | $ 887,938 | $ 52,412 | $ 2,945,381 |
| Special Mention | 95 | 1,721 | 13,363 | 9,729 | 14,726 | 26,933 | 62 | 66,629 |
| Substandard | 86 | — | 702 | 3,071 | 6,804 | 31,993 | 408 | 43,064 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Commercial Real Estate Loans | $ 100,996 | $ 422,734 | $ 443,378 | $ 581,966 | $ 506,254 | $ 946,864 | $ 52,882 | $ 3,055,074 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Agricultural: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 13,885 | $ 42,579 | $ 38,669 | $ 52,128 | $ 36,885 | $ 145,867 | $ 93,837 | $ 423,850 |
| Special Mention | — | 806 | 1,576 | 509 | 652 | 15,318 | 3,576 | 22,437 |
| Substandard | — | 421 | — | 4,805 | 362 | 3,640 | 163 | 9,391 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Agricultural Loans | $ 13,885 | $ 43,806 | $ 40,245 | $ 57,442 | $ 37,899 | $ 164,825 | $ 97,576 | $ 455,678 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Leases: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 7,408 | $ 30,083 | $ 24,567 | $ 7,279 | $ 5,183 | $ 5,225 | $ — | $ 79,745 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Leases | $ 7,408 | $ 30,083 | $ 24,567 | $ 7,279 | $ 5,183 | $ 5,225 | $ — | $ 79,745 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

(unaudited, dollars in thousands except share and per share data)

**NOTE 7 - Loans (continued)**

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **As of December 31, 2024** | **2024** | **2023** | **2022** | **2021** | **2020** | **Prior** | **Revolving Loans Amortized Cost Basis** | **Total** |
| Commercial and Industrial: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 118,037 | $ 86,412 | $ 93,406 | $ 64,298 | $ 17,140 | $ 49,181 | $ 143,096 | $ 571,570 |
| Special Mention | 147 | 1,709 | 787 | 1,061 | 1,202 | 2,044 | 1,023 | 7,973 |
| Substandard | 108 | 627 | 181 | 3,164 | 908 | 3,619 | 3,635 | 12,242 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Commercial & Industrial Loans | $ 118,292 | $ 88,748 | $ 94,374 | $ 68,523 | $ 19,250 | $ 54,844 | $ 147,754 | $ 591,785 |
| Current Period Gross Charge-Offs | $ — | $ 4 | $ 96 | $ 64 | $ — | $ 13 | $ 46 | $ 223 |
| Commercial Real Estate: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 327,488 | $ 315,981 | $ 410,135 | $ 394,698 | $ 187,849 | $ 502,263 | $ 39,271 | $ 2,177,685 |
| Special Mention | 433 | 13,433 | 1,740 | 5,395 | 1,975 | 12,349 | 200 | 35,525 |
| Substandard | — | 181 | 566 | 5,155 | — | 5,760 | — | 11,662 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Commercial Real Estate Loans | $ 327,921 | $ 329,595 | $ 412,441 | $ 405,248 | $ 189,824 | $ 520,372 | $ 39,471 | $ 2,224,872 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ 308 | $ — | $ 308 |
| Agricultural: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 47,179 | $ 35,379 | $ 48,105 | $ 33,666 | $ 35,726 | $ 103,702 | $ 102,251 | $ 406,008 |
| Special Mention | 547 | 1,426 | 146 | 822 | 5,075 | 10,676 | 2,065 | 20,757 |
| Substandard | 175 | — | — | — | — | 4,097 | — | 4,272 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Agricultural Loans | $ 47,901 | $ 36,805 | $ 48,251 | $ 34,488 | $ 40,801 | $ 118,475 | $ 104,316 | $ 431,037 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ 8 | $ — | $ 8 |
| Leases: | | | | | | | | |
| Risk Rating | | | | | | | | |
| Pass | $ 32,214 | $ 26,392 | $ 8,272 | $ 6,578 | $ 2,128 | $ 3,669 | $ — | $ 79,253 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — |
| Doubtful | — | — | — | — | — | — | — | — |
| Total Leases | $ 32,214 | $ 26,392 | $ 8,272 | $ 6,578 | $ 2,128 | $ 3,669 | $ — | $ 79,253 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

The Company considers the performance of the loan portfolio and its impact on the allowance for credit losses. For residential and consumer loan classes, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following tables present the amortized cost in residential, home equity and consumer loans based on payment activity.

(unaudited, dollars in thousands except share and per share data)

## NOTE 7 - Loans (continued)

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| As of March 31, 2025 | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Revolving Loans Amortized Cost Basis | Total |
| Consumer: | | | | | | | | |
| Payment performance | | | | | | | | |
| Performing | $ 10,286 | $ 54,181 | $ 21,670 | $ 10,941 | $ 6,011 | $ 3,772 | $ 3,280 | $ 110,141 |
| Nonperforming | — | 3 | 9 | 18 | — | 1 | 2 | 33 |
| Total Consumer Loans | $ 10,286 | $ 54,184 | $ 21,679 | $ 10,959 | $ 6,011 | $ 3,773 | $ 3,282 | $ 110,174 |
| Current Period Gross Charge-Offs | $ 261 | $ 15 | $ 23 | $ 11 | $ 15 | $ — | $ — | $ 325 |
| Home Equity: | | | | | | | | |
| Payment performance | | | | | | | | |
| Performing | $ — | $ 489 | $ 728 | $ 4,022 | $ 789 | $ 4,537 | $ 394,726 | $ 405,291 |
| Nonperforming | — | — | 128 | 401 | 42 | 418 | — | 989 |
| Total Home Equity Loans | $ — | $ 489 | $ 856 | $ 4,423 | $ 831 | $ 4,955 | $ 394,726 | $ 406,280 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Residential Mortgage: | | | | | | | | |
| Payment performance | | | | | | | | |
| Performing | $ 15,575 | $ 86,517 | $ 111,678 | $ 205,593 | $ 155,912 | $ 208,221 | $ — | $ 783,496 |
| Nonperforming | — | 83 | 295 | 1,354 | 1,256 | 1,738 | — | 4,726 |
| Total Residential Mortgage Loans | $ 15,575 | $ 86,600 | $ 111,973 | $ 206,947 | $ 157,168 | $ 209,959 | $ — | $ 788,222 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

(unaudited, dollars in thousands except share and per share data)

**NOTE 7 - Loans (continued)**

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **As of December 31, 2024** | **2024** | **2023** | **2022** | **2021** | **2020** | **Prior** | **Revolving Loans Amortized Cost Basis** | **Total** |
| Consumer: | | | | | | | | |
| Payment performance | | | | | | | | |
| Performing | $ 40,504 | $ 20,828 | $ 9,359 | $ 5,469 | $ 1,181 | $ 1,542 | $ 2,450 | $ 81,333 |
| Nonperforming | 26 | 1 | 13 | 15 | — | 8 | — | 63 |
| Total Consumer Loans | $ 40,530 | $ 20,829 | $ 9,372 | $ 5,484 | $ 1,181 | $ 1,550 | $ 2,450 | $ 81,396 |
| Current Period Gross Charge-Offs | $ 1,212 | $ 181 | $ 72 | $ 40 | $ — | $ 2 | $ 4 | $ 1,511 |
| Home Equity: | | | | | | | | |
| Payment performance | | | | | | | | |
| Performing | $ 172 | $ 161 | $ 3,721 | $ 773 | $ 478 | $ 3,532 | $ 334,884 | $ 343,721 |
| Nonperforming | — | 128 | 277 | 24 | 25 | 604 | 29 | 1,087 |
| Total Home Equity Loans | $ 172 | $ 289 | $ 3,998 | $ 797 | $ 503 | $ 4,136 | $ 334,913 | $ 344,808 |
| Current Period Gross Charge-Offs | $ — | $ — | $ 62 | $ 99 | $ — | $ — | $ 9 | $ 170 |
| Residential Mortgage: | | | | | | | | |
| Payment performance | | | | | | | | |
| Performing | $ 48,957 | $ 51,059 | $ 57,988 | $ 73,239 | $ 35,370 | $ 88,633 | $ — | $ 355,246 |
| Nonperforming | — | 214 | 229 | 669 | 234 | 856 | — | 2,202 |
| Total Residential Mortgage Loans | $ 48,957 | $ 51,273 | $ 58,217 | $ 73,908 | $ 35,604 | $ 89,489 | $ — | $ 357,448 |
| Current Period Gross Charge-Offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

The Company considers the performance of the loan portfolio and its impact on the allowance for credit loan losses. For certain retail loan classes, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the recorded investment in credit cards based on payment activity:

| **Credit Cards** | **March 31, 2025** | **December 31, 2024** |
|---|---|---|
| Performing | $ 27,153 | $ 22,614 |
| Nonperforming | 290 | 54 |
| Total | $ 27,443 | $ 22,668 |

Excluding business combination activity, no loans were purchased or sold by the Company during the periods ending March 31, 2025 and December 31, 2024.

**NOTE 8 – Repurchase Agreements Accounted for as Secured Borrowings**

Repurchase agreements are short-term borrowings included in FHLB Advances and Other Borrowings and mature overnight and continuously. Repurchase agreements, which were secured by mortgage-backed securities, totaled $38,258 and $56,862 as of March 31, 2025 and December 31, 2024, respectively. Risk could arise when the collateral pledged to a repurchase agreement declines in fair value. The Company minimizes risk by consistently monitoring the value of the collateral pledged. At the point in time where the collateral has declined in fair value, the Company is required to provide additional collateral based on the value of the underlying securities.

**(unaudited, dollars in thousands except share and per share data)**

**NOTE 9 – Segment Information**

For the first three months of 2024, the Company's operations included three primary segments: core banking, wealth management services, and insurance operations. On June 1, 2024, the Company sold substantially all of the assets of its insurance operations to Hilb Group, and ceased insurance-related activities for the Company. As a result of the sale, insurance revenue and expenses reported within the accompanying financial statements reflect no GAI activity for the first three months of 2025. See Note 3 for additional information on this sale.

The core banking segment involves attracting deposits from the general public and using such funds to originate consumer, commercial and agricultural, commercial and agricultural real estate, and residential mortgage loans, primarily in the Company's local markets by the Company's banking subsidiary, German American Bank. Net interest income from loans and investments funded by deposits and borrowings is the primary revenue for the core-banking segment. The core banking segment also involves the sale of residential mortgage loans in the secondary market. The wealth management segment's revenues are comprised primarily of fees generated by the wealth advisory and trust operations of the Company's banking subsidiary and by German American Investment Services, Inc. These fees are derived by providing trust, investment advisory, brokerage and retirement planning services to its customers. The insurance segment offered a full range of personal and corporate property and casualty insurance products, primarily in the Company's banking subsidiary's local markets. Commissions derived from the sale of insurance products by GAI were the primary source of revenue for the insurance segment.

The following segment financial information was derived from the internal financial statements of the Company which are used by management to monitor and manage financial performance. The accounting policies of the three segments are the same as those of the Company. The evaluation process for segments does not include holding company income and expense. Holding company amounts are the primary differences between segment amounts and consolidated totals, and are reflected in the column labeled "Other" below, along with amounts to eliminate transactions between segments.

| | Core Banking | Wealth Management Services | Insurance | Other | Consolidated Totals |
|---|---|---|---|---|---|
| **Three Months Ended March 31, 2025** | | | | | |
| Interest and Fees on Loans | $ 81,505 | $ — | $ — | $ — | $ 81,505 |
| Interest on Securities and Other Short-term Investments | 14,623 | 66 | — | 135 | 14,824 |
| Net Gains on Sales of Loans | 832 | — | — | — | 832 |
| Wealth Management Fees | 1 | 3,835 | — | — | 3,836 |
| Insurance Revenues | — | — | — | — | — |
| | | | | | |
| **Reconciliation of Revenue:** | | | | | |
| Other Revenues | | | | | 10,172 |
| Elimination of Intercompany Revenues | | | | | (113) |
| Total Consolidated Revenue | | | | | 111,056 |
| | | | | | |
| **Less:** | | | | | |
| Interest on Deposits | 27,141 | — | — | — | 27,141 |
| Interest on FHLB Advances and Other Borrowings | 897 | — | — | 1,719 | 2,616 |
| Provision for Credit Losses | 15,300 | — | — | — | 15,300 |
| Salaries and Employee Benefits | 25,897 | 1,887 | — | 256 | 28,040 |
| | | | | | |
| **Reconciliation of Income before Income Taxes:** | | | | | |
| Other Non-interest Expense | | | | | 24,742 |
| Elimination of Intersegment Expenses | | | | | (113) |
| Income before Income Taxes | | | | | 13,330 |
| | | | | | |
| **Other Segment Disclosures:** (1) | | | | | |
| Segment Profit (Loss) Before Taxes | 16,811 | 1,410 | — | (4,891) | 13,330 |
| Segment Assets at March 31, 2025 | 8,457,970 | 14,593 | — | (52,870) | 8,419,693 |

(1) In the Other Segment Disclosures section, the column labeled "Other" includes holding company amounts and eliminating transactions between segments.

(unaudited, dollars in thousands except share and per share data)

**NOTE 9 - Segment Information (continued)**

| | Core Banking | Wealth Management Services | Insurance | Other | Consolidated Totals |
|---|---|---|---|---|---|
| **Three Months Ended March 31, 2024** | | | | | |
| Interest and Fees on Loans | $ 57,826 | $ — | $ — | $ — | $ 57,826 |
| Interest on Securities and Other Short-term Investments | 10,379 | 29 | 1 | 121 | 10,530 |
| Net Gains on Sales of Loans | 751 | — | — | — | 751 |
| Wealth Management Fees | 1 | 3,365 | — | — | 3,366 |
| Insurance Revenues | — | — | 2,878 | — | 2,878 |
| **Reconciliation of Revenue:** | | | | | |
| Other Revenues | | | | | 8,827 |
| Elimination of Intercompany Revenues | | | | | (98) |
| Total Consolidated Revenue | | | | | 84,080 |
| **Less:** | | | | | |
| Interest on Deposits | 21,087 | — | — | — | 21,087 |
| Interest on FHLB Advances and Other Borrowings | 900 | — | — | 1,375 | 2,275 |
| Provision for Credit Losses | 900 | — | — | — | 900 |
| Salaries and Employee Benefits | 17,793 | 1,653 | 1,730 | 2 | 21,178 |
| **Reconciliation of Income before Income Taxes:** | | | | | |
| Other Non-interest Expense | | | | | 15,560 |
| Elimination of Intersegment Expenses | | | | | (98) |
| Income before Income Taxes | | | | | 23,178 |
| **Other Segment Disclosures:** (1) | | | | | |
| Segment Profit (Loss) Before Taxes | 22,800 | 1,234 | 899 | (1,755) | 23,178 |
| Segment Assets at December 31, 2024 | 6,340,396 | 13,544 | — | (58,030) | 6,295,910 |

(1) In the Other Segment Disclosures section, the column labeled "Other" includes holding company amounts and eliminating transactions between segments.

**NOTE 10 – Stock Repurchase Plan**

On January 31, 2022, the Company's Board of Directors approved a plan to repurchase up to 1,000,000 shares of the Company's outstanding common stock. On a share basis, the amount of common stock subject to the repurchase plan represented approximately 3% of the Company's outstanding shares at the time it was approved. The Company is not obligated to purchase shares under the plan, and the plan may be discontinued at any time. The actual timing, number and share price of shares purchased under the repurchase plan will be determined by the Company at its discretion and will depend upon such factors as the market price of the stock, general market and economic conditions and applicable legal requirements. The Company has not repurchased any shares under this repurchase plan.

In August 2022, the Inflation Reduction Act of 2022 (the "IRA") was enacted. Among other things, the IRA imposes a new 1% excise tax on the fair value of stock repurchased after December 31, 2022 by publicly traded U.S. corporations, like the Company. With certain exceptions, the value of stock repurchased is determined net of stock issued in the year, including shares issued pursuant to compensatory arrangements.

**NOTE 11 – Equity Plans and Equity Based Compensation**

During the periods presented, the Company maintained one equity incentive plan under which stock options, restricted stock, and other equity incentive awards could be granted. The Company's 2019 LTI Plan (the "2019 LTI Plan"), which authorizes a maximum aggregate issuance of 1,000,000 shares of common stock (subject to certain permitted adjustments), became effective on May 16, 2019, following approval of the Company's shareholders. It will remain in effect until May 16, 2029, or until all shares of common stock subject to the 2019 LTI Plan are distributed, all awards have expired or terminated, or the plan is terminated pursuant to its terms, whichever occurs first.

(unaudited, dollars in thousands except share and per share data)

**NOTE 11 - Equity Plans and Equity Based Compensation (continued)**

For the three months ended March 31, 2025 and 2024, the Company granted no options. The Company recorded no stock compensation expense applicable to options during the three months ended March 31, 2025 and 2024. In addition, there was no unrecognized option expense.

During the periods presented, awards of long-term incentives were granted in the form of restricted stock. Awards granted under the management incentive plan were granted in tandem with cash credit entitlements in the form of 66.67% restricted stock grants and 33.33% cash credit entitlements. The cash portion of an award vests towards the end of the year in which the grant was made, followed by the restricted stock grants vesting 50% in each of the 2nd and 3rd years. For named executive officers, awards are granted in the form of 100% restricted stock grants which vest in one-third installments on the first, second and third anniversaries of the award date. Awards that are granted to directors as additional retainers for their services do not include any cash credit entitlement. These director restricted stock grants are subject to forfeiture in the event that the recipient of the grant does not continue in service as a director of the Company through the end of the one-year compensation period or does not satisfy certain meeting attendance requirements, at which time they generally vest 100%. For measuring compensation costs, restricted stock awards are valued based upon the market value of the common shares on the date of grant. During the three months ended March 31, 2025, the Company granted 61,900 shares of restricted stock. During the three months ended March 31, 2024, the Company granted 80,390 shares of restricted stock. Total unvested shares of restricted stock at March 31, 2025 and December 31, 2024 were 196,453 and 134,553, respectively.

The following tables present expense recorded for restricted stock and cash entitlements as well as the related tax information for the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Restricted Stock Expense | $ 761 | $ 640 |
| Cash Entitlement Expense | 184 | 188 |
| Tax Effect | (245) | (215) |
| Net of Tax | $ 700 | $ 613 |

Unrecognized expense associated with the restricted stock grants and cash entitlements totaled $6,056 and $6,188 as of March 31, 2025 and 2024, respectively.

The Company's shareholders approved the Company's 2019 Employee Stock Purchase Plan on May 16, 2019, as well as an Amended and Restated 2019 Employee Stock Purchase Plan on May 21, 2020, which was amended and restated to reflect certain clarifying changes (the "2019 ESPP"). The 2019 ESPP provides for a series of 3-month offering periods, commencing on the first day and ending on the last trading day of each calendar quarter, for the purchase of the Company's common stock by participating employees. The purchase price of the shares has been set at 95% of the fair value of the Company's common stock on the last trading day of the offering period. A total of 750,000 common shares has been reserved for issuance under the 2019 ESPP. The 2019 ESPP will continue until September 30, 2029, or, if earlier, until all of the shares of common stock allocated to the 2019 ESPP have been purchased. Funding for the purchase of common stock is from employee and Company contributions.

For the three months ended March 31, 2025, the Company recorded $8 of expense related to the 2019 ESPP resulting in $6 net of tax. For the three months ended March 31, 2024, the Company recorded $12 of expense related to the 2019 ESPP resulting in $9 net of tax. There was no unrecognized compensation expense as of March 31, 2025 and 2024 for the 2019 ESPP. No stock options were outstanding as of March 31, 2025 and December 31, 2024.

**NOTE 12 – Fair Value**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

**NOTE 12 - Fair Value (continued)**

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For investment securities where quoted prices are not available, fair values are calculated based on market prices of similar investment securities (Level 2). For investment securities where quoted prices or market prices of similar investment securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Level 3 pricing is obtained from a third-party based upon similar trades that are not traded frequently without adjustment by the Company. At March 31, 2025, the Company held no Level 3 securities. Absent the credit rating, significant assumptions must be made such that the credit risk input becomes an unobservable input and thus these investment securities are reported by the Company in a Level 3 classification.

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2).

Collateral Dependent Loans: Fair values for collateral dependent loans are generally based on appraisals obtained from licensed real estate appraisers and in certain circumstances includes consideration of offers obtained to purchase properties prior to foreclosure. Appraisals for commercial real estate generally use three methods to derive value: cost, sales or market comparison and income approach. The cost method bases value in the cost to replace the current property. Value of market comparison approach evaluates the sales price of similar properties in the same market area. The income approach considers net operating income generated by the property and an investor's required return. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Comparable sales adjustments are based on known sales prices of similar type and similar use properties and duration of time that the property has been on the market to sell. Such adjustments made in the appraisal process are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both collateral-dependent loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Company's Risk Management Area reviews the assumptions and approaches utilized in the appraisal. In determining the value of collateral dependent loans and other real estate owned, significant unobservable inputs may be used which include: physical condition of comparable properties sold, net operating income generated by the property and investor rates of return.

Other Real Estate: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate are measured at the lower of carrying amount or fair value, less costs to sell. Fair values are generally based on third party appraisals of the property utilizing similar techniques as discussed above for Individually Analyzed Loans, resulting in a Level 3 classification. In cases where the carrying amount exceeds the fair value, less costs to sell, impairment loss is recognized.

Loans Held-for-Sale: The fair values of loans held for sale are determined by using quoted prices for similar assets, adjusted for specific attributes of that loan resulting in a Level 2 classification.

(unaudited, dollars in thousands except share and per share data)

**NOTE 12 - Fair Value (continued)**

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis, including financial assets and liabilities for which the Company has elected the fair value option, are summarized below:

| | Fair Value Measurements at March 31, 2025 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Assets: | | | | |
| U.S. Treasury | $ 144,667 | $ — | $ — | $ 144,667 |
| Obligations of State and Political Subdivisions | — | 458,834 | — | 458,834 |
| MBS/CMO | — | 709,425 | — | 709,425 |
| US Gov't Sponsored Entities & Agencies | — | 249,758 | — | 249,758 |
| Total Securities | $ 144,667 | $ 1,418,017 | $ — | $ 1,562,684 |
| Loans Held-for-Sale | $ — | $ 6,713 | $ — | $ 6,713 |
| Derivative Assets | $ — | $ 5,673 | $ — | $ 5,673 |
| Derivative Liabilities | $ — | $ 5,744 | $ — | $ 5,744 |

| | Fair Value Measurements at December 31, 2024 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Assets: | | | | |
| U.S. Treasury | $ 110,864 | $ — | $ — | $ 110,864 |
| Obligations of State and Political Subdivisions | — | 463,169 | — | 463,169 |
| MBS/CMO | — | 702,179 | — | 702,179 |
| US Gov't Sponsored Entities & Agencies | — | 241,075 | — | 241,075 |
| Total Securities | $ 110,864 | $ 1,406,423 | $ — | $ 1,517,287 |
| Loans Held-for-Sale | $ — | $ 8,239 | $ — | $ 8,239 |
| Derivative Assets | $ — | $ 6,439 | $ — | $ 6,439 |
| Derivative Liabilities | $ — | $ 6,476 | $ — | $ 6,476 |

As of March 31, 2025 and December 31, 2024, the aggregate fair value, contractual balance (including accrued interest), and gain or loss on Loans Held-for-Sale was as follows:

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Aggregate Fair Value | $ 6,713 | $ 8,239 |
| Contractual Balance | 6,589 | 8,111 |
| Gain (Loss) | 124 | 128 |

The total amount of gains and losses from changes in fair value included in earnings for the three months ended March 31, 2025 and 2024 for loans held for sale were $(4) and $88, respectively.

(unaudited, dollars in thousands except share and per share data)

**NOTE 12 - Fair Value (continued)**

The tables below present a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2025 and 2024:

| | Obligations of State and Political Subdivisions | | MBS/CMO | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Balance of Recurring Level 3 Assets at January 1 | $ — | $ 75 | $ — | $ 984 |
| Total Gains (Losses) Included in Other Comprehensive Income | — | 1 | — | 7 |
| Maturities / Calls | — | — | — | — |
| Acquired through Bank Acquisition | — | — | — | — |
| Balance of Recurring Level 3 Assets at March 31 | $ — | $ 76 | $ — | $ 991 |

Of the total gain (loss) included in earnings for the three months ended March 31, 2025 and 2024, $0 and $8 was attributable to other changes in fair value, respectively.

Assets and Liabilities Measured on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

| | Fair Value Measurements at March 31, 2025 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Assets: | | | | |
| Collateral Dependent Loans | | | | |
| Commercial and Industrial Loans | $ — | $ — | $ 17,074 | $ 17,074 |
| Commercial Real Estate Loans | $ — | $ — | $ 26,784 | $ 26,784 |
| Agricultural Loans | $ — | $ — | $ 4,131 | $ 4,131 |
| Consumer Loans | $ — | $ — | $ 15 | $ 15 |
| Home Equity Loans | $ — | $ — | $ 423 | $ 423 |
| Residential Mortgage Loans | $ — | $ — | $ 1,390 | $ 1,390 |

| | Fair Value Measurements at December 31, 2024 Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Assets: | | | | |
| Collateral Dependent Loans | | | | |
| Commercial and Industrial Loans | $ — | $ — | $ 3,695 | $ 3,695 |
| Commercial Real Estate Loans | $ — | $ — | $ 1,402 | $ 1,402 |
| Agricultural Loans | $ — | $ — | $ 1,910 | $ 1,910 |
| Consumer Loans | $ — | $ — | $ 10 | $ 10 |
| Home Equity Loans | $ — | $ — | $ 328 | $ 328 |
| Residential Mortgage Loans | $ — | $ — | $ 303 | $ 303 |

(unaudited, dollars in thousands except share and per share data)

**NOTE 12 - Fair Value (continued)**

The following tables present quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at March 31, 2025 and December 31, 2024:

| March 31, 2025 | Fair Value | Valuation Technique(s) | Unobservable Input(s) | Range (Weighted Average) |
|---|---|---|---|---|
| Collateral Dependent Loans - Commercial and Industrial Loans | $ 17,074 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 7%-100% (56%) |
| Collateral Dependent Loans - Commercial Real Estate Loans | $ 26,784 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-83% (35%) |
| Collateral Dependent Loans - Agricultural Loans | $ 4,131 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 10%-100% (45%) |
| Collateral Dependent Loans - Consumer Loans | $ 15 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-20% (20%) |
| Collateral Dependent Loans - Home Equity Loans | $ 423 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-20% (20%) |
| Collateral Dependent Loans - Residential Mortgage Loans | $ 1,390 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-20% (20%) |

| December 31, 2024 | Fair Value | Valuation Technique(s) | Unobservable Input(s) | Range (Weighted Average) |
|---|---|---|---|---|
| Collateral Dependent Loans - Commercial and Industrial Loans | $ 3,695 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 30%-88% (53%) |
| Collateral Dependent Loans - Commercial Real Estate Loans | $ 1,402 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 30%-68% (46%) |
| Collateral Dependent Loans - Agricultural Loans | $ 1,910 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 30%-100% (57%) |
| Collateral Dependent Loans - Consumer Loans | $ 10 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-20% (20%) |
| Collateral Dependent Loans - Home Equity Loans | $ 328 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-20% (20%) |
| Collateral Dependent Loans - Residential Mortgage Loans | $ 303 | Sales comparison approach | Adjustment for physical condition of comparable properties sold | 20%-20% (20%) |

(unaudited, dollars in thousands except share and per share data)

**NOTE 12 - Fair Value (continued)**

The carrying amounts and estimated fair values of the Company's financial instruments not previously presented are provided in the tables below for the periods ending March 31, 2025 and December 31, 2024. Not all of the Company's assets and liabilities are considered financial instruments, and therefore are not included in the tables. Because no active market exists for a significant portion of the Company's financial instruments, fair value estimates were based on subjective judgments, and therefore cannot be determined with precision.

| | | Fair Value Measurements at March 31, 2025 Using | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets: | | | | | |
| Cash and Short-term Investments | $ 442,291 | $ 79,113 | $ 363,178 | $ — | $ 442,291 |
| Interest Bearing Time Deposits with Banks | 500 | — | 500 | — | 500 |
| Loans, Net | 5,521,551 | — | — | 5,463,275 | 5,463,275 |
| Accrued Interest Receivable | 37,314 | — | 8,499 | 28,815 | 37,314 |
| Financial Liabilities: | | | | | |
| Demand, Savings, and Money Market Deposits | (5,678,562) | (5,678,562) | — | — | (5,678,562) |
| Time Deposits | (1,419,323) | — | (1,413,175) | — | (1,413,175) |
| Short-term Borrowings | (38,258) | — | (38,258) | — | (38,258) |
| Long-term Debt | (178,284) | — | (77,845) | (99,977) | (177,822) |
| Accrued Interest Payable | (9,464) | — | (9,135) | (329) | (9,464) |

| | | Fair Value Measurements at December 31, 2024 Using | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets: | | | | | |
| Cash and Short-term Investments | $ 188,792 | $ 69,249 | $ 119,543 | $ — | $ 188,792 |
| Interest Bearing Time Deposits with Banks | 500 | — | 500 | — | 500 |
| Loans, Net | 4,072,818 | — | — | 3,993,595 | 3,993,595 |
| Accrued Interest Receivable | 31,280 | — | 8,499 | 22,781 | 31,280 |
| Financial Liabilities: | | | | | |
| Demand, Savings, and Money Market Deposits | (4,412,474) | (4,412,474) | — | — | (4,412,474) |
| Time Deposits | (916,601) | — | (911,059) | — | (911,059) |
| Short-term Borrowings | (56,862) | — | (56,862) | — | (56,862) |
| Long-term Debt | (153,269) | — | (77,591) | (75,210) | (152,801) |
| Accrued Interest Payable | (8,468) | — | (8,116) | (352) | (8,468) |

(unaudited, dollars in thousands except share and per share data)

**NOTE 13 - Other Comprehensive Income (Loss)**

The tables below summarize the changes in accumulated other comprehensive income (loss) by component for the three months ended March 31, 2025 and 2024, net of tax:

| March 31, 2025 | Unrealized Gains and Losses on Available-for-Sale Securities | Postretirement Benefit Items | Total |
|---|---|---|---|
| Beginning Balance at January 1, 2025 | $ (219,950) | $ (514) | $ (220,464) |
| Other Comprehensive Income (Loss) Before Reclassification | 10,783 | — | 10,783 |
| Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) | — | — | — |
| Net Current Period Other Comprehensive Income (Loss) | 10,783 | — | 10,783 |
| Ending Balance at March 31, 2025 | $ (209,167) | $ (514) | $ (209,681) |

| March 31, 2024 | Unrealized Gains and Losses on Available-for-Sale Securities | Postretirement Benefit Items | Total |
|---|---|---|---|
| Beginning Balance at January 1, 2024 | $ (216,546) | $ (514) | $ (217,060) |
| Other Comprehensive Income (Loss) Before Reclassification | (19,867) | — | (19,867) |
| Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) | (28) | — | (28) |
| Net Current Period Other Comprehensive Income (Loss) | (19,895) | — | (19,895) |
| Ending Balance at March 31, 2024 | $ (236,441) | $ (514) | $ (236,955) |

The tables below summarize the classifications out of accumulated other comprehensive income (loss) by component for the three months ended March 31, 2025 and 2024:

| Details about Accumulated Other Comprehensive Income (Loss) Components | Amount Reclassified From Accumulated Other Comprehensive Income (Loss) | Affected Line Item in the Statement Where Net Income is Presented |
|---|---|---|
| Unrealized Gains and Losses on Available-for-Sale Securities | $ — | Net Gains (Losses) on Securities |
| | — | Income Tax Expense |
| | — | Net of Tax |
| Total Reclassifications for the Three Months Ended March 31, 2025 | $ — | |

(unaudited, dollars in thousands except share and per share data)

**NOTE 13 - Other Comprehensive Income (Loss) (continued)**

| Details about Accumulated Other Comprehensive Income (Loss) Components | Amount Reclassified From Accumulated Other Comprehensive Income (Loss) | Affected Line Item in the Statement Where Net Income is Presented |
|---|---|---|
| Unrealized Gains and Losses on Available-for-Sale Securities | $ 35 | Net Gains on Securities |
| | (7) | Income Tax Expense |
| | 28 | Net of Tax |
| Total Reclassifications for the Three Months Ended March 31, 2024 | $ 28 | |

**NOTE 14 - Revenue Recognition**

The following tables present non-interest income, segregated by revenue streams in-scope and out-of-scope of FASB ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", for the three months ended March 31, 2025 and 2024. Wealth management fees are included in the wealth management services segment while insurance revenues are included in the insurance segment. All other revenue streams are primarily included in the banking segment. As a result of the sale of substantially all of the assets of GAI on June 1, 2024, insurance revenues reflect no GAI activity for the quarter ended March 31, 2025. See Note 3 for additional information on the sale.

| | Three Months Ended March 31, | |
|---|---|---|
| **Non-interest Income** | **2025** | **2024** |
| In-Scope of Topic 606: | | |
| Wealth Management Fees | $ 3,836 | $ 3,366 |
| Service Charges on Deposit Accounts | 3,486 | 2,902 |
| Insurance Revenues | — | 2,878 |
| Interchange Fee Income | 4,421 | 4,087 |
| Other Operating Income: | | |
| ATM Fees | 291 | 288 |
| Wire Transfer Fees | 203 | 168 |
| Other [(1)] | 269 | 293 |
| Non-interest Income (in-scope of Topic 606) | 12,506 | 13,982 |
| Non-interest Income (out-of-scope of Topic 606) | 2,334 | 1,840 |
| Total Non-interest Income | $ 14,840 | $ 15,822 |

[(1)] "Other" income includes safe deposit box rentals and other non-interest related fees totaling $269 thousand and $293 thousand for the three months ended March 31, 2025 and 2024, respectively, all of which are within the scope of ASC 606.

A description of the Company's revenue streams accounted for under Topic 606 follows:

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as stop payment charges and statement rendering, are recognized at the time the transaction is executed (the point in time the Company fills the customer's request). Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs.

Interchange Fee Income: The Company earns interchange fees from debit/credit cardholder transactions conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

(unaudited, dollars in thousands except share and per share data)

**NOTE 14 - Revenue Recognition (continued)**

Wealth Management Fees: The Company earns wealth management and investment services income from its contracts with trust and brokerage customers to manage assets for investment and/or to transact their accounts. These fees are primarily earned over time as the Company provides the contracted monthly or quarterly services and are generally assessed based on the market value of assets under management at month-end. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed (trade date).

Insurance Revenues: The Company earned insurance revenue from commissions derived from the sale of personal and corporate property and casualty insurance products. These commissions were primarily earned over time as the Company provided the contracted insurance product to customers.

Other Operating Income: The other operating income revenue streams within the scope of Topic 606 consist of ATM fees, wire transfer fees, safe deposit box rentals, check printing commissions and other non-interest related fees.

**NOTE 15 – Leases**

At the inception of a contract, an entity should determine whether the contract contains a lease. Topic 842 defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. Control over the use of an identified asset means that the customer has both (1) the right to obtain substantially all of the economic benefits from the use of the asset and (2) the right to direct the use of the asset.

The Bank has finance leases for branch offices as well as operating leases for branch offices, ATM locations and certain office equipment. The right-of-use asset is included in the ‘Premises, Furniture and Equipment, Net’ line of the Consolidated Balance Sheet. The lease liability is included in the ‘Accrued Interest Payable and Other Liabilities’ line of the Consolidated Balance Sheet.

The Company used the implicit lease rate when determining the present value of lease payments for finance leases. The present value of lease payments for operating leases was determined using the incremental borrowing rate as of the date the Company adopted this standard.

The components of lease expense were as follows:

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|---|---|---|
| Finance Lease Cost: | | |
| Amortization of Right-of -Use Assets | $ 52 | $ 52 |
| Interest on Lease Liabilities | 66 | 72 |
| Operating Lease Cost | 314 | 338 |
| Short-term Lease Cost | — | — |
| Total Lease Cost | $ 432 | $ 462 |

The weighted average lease term and discount rates were as follows:

| | March 31, 2025 | March 31, 2024 |
|---|---|---|
| Weighted Average Remaining Lease Term: | | |
| Finance Leases | 7 years | 8 years |
| Operating Leases | 6 years | 6 years |
| Weighted Average Discount Rate: | | |
| Finance Leases | 11.33 % | 11.36 % |
| Operating Leases | 3.10 % | 3.07 % |

**(unaudited, dollars in thousands except share and per share data)**

**NOTE 15 - Leases (continued)**

Supplemental balance sheet information related to leases was as follows:

| | March 31, 2025 | March 31, 2024 |
|---|---|---|
| **Finance Leases** | | |
| Premises, Furniture and Equipment, Net | $ 1,386 | $ 1,596 |
| Other Borrowings | 2,339 | 2,585 |
| **Operating Leases** | | |
| Operating Lease Right-of-Use Assets | $ 4,035 | $ 4,882 |
| Operating Lease Liabilities | 4,200 | 5,043 |

Supplemental cash flow information related to leases was as follows:

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|---|---|---|
| Cash paid for amounts in the Measurement of Lease Liabilities: | | |
| Operating Cash Flows from Finance Leases | $ 66 | $ 72 |
| Operating Cash Flows from Operating Leases | 318 | 334 |
| Financing Cash Flows from Finance Leases | 69 | 63 |

The following table presents a maturity analysis of Finance and Operating Lease Liabilities:

| | March 31, 2025 | |
|---|---|---|
| | Finance Leases | Operating Leases |
| Year 1 | $ 519 | $ 1,066 |
| Year 2 | 519 | 851 |
| Year 3 | 465 | 692 |
| Year 4 | 438 | 640 |
| Year 5 | 438 | 422 |
| Thereafter | 962 | 948 |
| Total Lease Payments | 3,341 | 4,619 |
| Less Imputed Interest | (1,002) | (419) |
| Total | $ 2,339 | $ 4,200 |

**NOTE 16 – Business Combinations**

On February 1, 2025, the Company acquired Heartland BancCorp (“Heartland”) through the merger of Heartland with and into the Company. Immediately following completion of the Heartland holding company merger, Heartland’s subsidiary bank, Heartland Bank, was merged with and into the Company’s subsidiary bank, German American Bank. Heartland, headquartered in Whitehall, Ohio, operated 20 retail banking offices located in Columbus, Ohio and Greater Cincinnati.

As of the closing of the transaction, Heartland had total assets of approximately $1.94 billion, total loans of approximately $1.58 billion, and total deposits of approximately $1.73 billion. The Company accounted for the transaction under the acquisition method of accounting, which means these financial assets and liabilities were recorded at fair value at the day of acquisition. The fair value of the common shares issued as part of the consideration paid for Heartland was based upon the closing price of the Company’s common shares on the acquisition date. The fair value estimates included in these financial statements are based on preliminary valuations; certain loan, deposits, deferred tax, premises and equipment and certain other

(unaudited, dollars in thousands except share and per share data)

**NOTE 16 – Business Combinations (continued)**

asset measurements have not been finalized and are subject to change. The Company does not expect material variances from these estimates and expects final valuation estimates will be completed prior to December 31, 2025.

In accordance with ASC 805, the Company has expensed approximately $22,132 of direct acquisition costs and recorded $197,482 of goodwill and $40,065 of intangible assets. The goodwill of $197,482 arising from the acquisition consisted largely of synergies and the cost savings resulting from combining the operations of the companies. This goodwill will be evaluated annually for impairment and is non-deductible for tax purposes. The intangible assets are related to core deposits and are being amortized over 8 years. The following table summarizes the fair value of the total consideration transferred as a part of the Heartland acquisition as well as the fair value of identifiable assets acquired and liabilities assumed as of the effective date of the transaction.

| | | |
|---|---|---|
| Consideration | | |
| Cash for Stock Options, 401K Shares and Fractional Shares | $ | 23,102 |
| Equity Instruments | | 320,007 |
| Fair Value of Total Consideration Transferred | $ | 343,109 |
| | | |
| Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed: | | |
| Cash | $ | 6,216 |
| Federal Funds Sold and Other Short-term Investments | | 39,550 |
| Interest-bearing Time Deposits with Banks | | — |
| Securities | | 220,358 |
| Loans, Net | | 1,503,973 |
| Stock in FHLB and Other Restricted Stock, at Cost | | 6,992 |
| Premises, Furniture & Equipment | | 38,390 |
| Other Real Estate | | — |
| Intangible Assets | | 40,065 |
| Company Owned Life Insurance | | 20,660 |
| Accrued Interest Receivable and Other Assets | | 39,476 |
| Deposits - Non-interest Bearing | | (436,467) |
| Deposits - Interest Bearing | | (1,294,696) |
| FHLB Advances and Other Borrowings | | (28,900) |
| Accrued Interest Payable and Other Liabilities | | (9,990) |
| Total Identifiable Net Assets | | 145,627 |
| Goodwill | $ | 197,482 |

Under the terms of the merger agreement, each Heartland common shareholder of record at the effective time of the merger became entitled to receive 3.90 shares of common stock of the Company for each of their former shares of Heartland common stock. As a result, in connection with the closing of the merger on February 1, 2025, the Company issued 7,742,723 shares of its common stock to the former shareholders of Heartland and paid $23,102 in cash, in exchange for all of the issued and outstanding shares of common stock of Heartland and in cancellation of all options to acquire Heartland common stock outstanding as of the effective time of the merger.

This acquisition was consistent with the Company's strategy to build a regional presence in Southern Indiana, Kentucky and Ohio. The acquisition offers the Company the opportunity to increase profitability by introducing existing products and services to the acquired customer base as well as add new customers in the expanded region.

The fair value of purchased financial assets with credit deterioration was $78,478 on the date of acquisition. The gross

**(unaudited, dollars in thousands except share and per share data)**

**NOTE 16 – Business Combinations (continued)**

contractual amounts receivable relating to the purchased financial assets with credit deterioration was $100,836. The Company estimates, on the date of acquisition, that $15,908 of the contractual cash flows specific to the purchased financial assets with credit deterioration will not be collected.

The following table presents unaudited pro forma information as if the acquisition had occurred on January 1, 2024 after giving effect to certain adjustments. The unaudited pro forma information for the three months ended March 31, 2025 and 2024 includes adjustments for interest income on loans and securities acquired, amortization of intangibles arising from the transaction, interest expense on deposits and borrowings acquired, and the related income tax effects. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the transaction been effected on the assumed date.

| | Unaudited Pro Forma Quarter Ended 3/31/2025 | Unaudited Pro Forma Quarter Ended 3/31/2024 |
|---|---|---|
| Net Interest Income | $ 72,171 | $ 65,668 |
| Non-interest Income | 15,650 | 18,252 |
| Total Revenue | 87,821 | 83,920 |
| Provision for Loan Losses Expense | (916) | 900 |
| Non-interest Expense | 51,521 | 50,750 |
| Income Before Income Taxes | 37,216 | 32,270 |
| Income Tax Expense | 8,712 | 6,401 |
| Net Income | $ 28,504 | $ 25,869 |
| Earnings Per Share and Diluted Earnings Per Share | $ 0.76 | $ 0.69 |

For the three months ended March 31, 2025, the above pro forma financial information excludes non-recurring merger costs that totaled $5,932 on a pre-tax basis and Day 1 provision for credit losses under the CECL model of $16,200 on a pre-tax basis.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### GERMAN AMERICAN BANCORP, INC.
### MANAGEMENT'S DISCUSSION AND ANALYSIS OF
### FINANCIAL CONDITION AND RESULTS OF OPERATIONS

German American Bancorp, Inc. is a Nasdaq-listed (symbol: GABC) financial holding company based in Jasper, Indiana. German American, through its banking subsidiary German American Bank, operates 94 banking offices located throughout Indiana (central/southern), Kentucky (northern/central/western), and Ohio (central/southwest). In Columbus, Ohio and Greater Cincinnati, the Company does business as Heartland Bank, a Division of German American Bank. The Company also owns an investment brokerage subsidiary German American Investment Services, Inc.

Throughout this Management's Discussion and Analysis, as elsewhere in this Report, when we use the term "Company" and "German American", we will usually be referring to the business and affairs (financial and otherwise) of the Company and its subsidiaries and affiliates as a whole. Occasionally, we will refer to the term "German American Bancorp", "Bancorp", "parent company" or "holding company" when we mean to refer to only German American Bancorp, Inc., and the term "Bank" when we mean to refer to only the Company's bank subsidiary.

This section presents an analysis of the consolidated financial condition of the Company as of March 31, 2025 and December 31, 2024 and the consolidated results of operations for the three months ended March 31, 2025 and 2024. This discussion should be read in conjunction with the consolidated financial statements and other financial data presented elsewhere herein and with the financial statements and other financial data, as well as the Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

### MANAGEMENT OVERVIEW

This updated discussion should be read in conjunction with the Management Overview that was included in our Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

On February 1, 2025, German American Bancorp completed its acquisition of Heartland BancCorp ("Heartland") through the merger of Heartland with and into the Company. Immediately following completion of the Heartland holding company merger, Heartland's subsidiary bank, Heartland Bank, was merged with and into the Company's subsidiary bank, German American Bank. Heartland, headquartered in Whitehall, Ohio, operated 20 retail banking offices located in Columbus, Ohio and Greater Cincinnati. As of the closing of the transaction, Heartland had total assets of approximately $1.94 billion, total loans of approximately $1.58 billion, and total deposits of approximately $1.73 billion. German American Bancorp issued approximately 7.74 million shares of its common stock, and paid approximately $23.1 million in cash, in exchange for all of the issued and outstanding shares of common stock of Heartland and in cancellation of all options to acquire Heartland common stock outstanding as of the effective time of the merger.

For further information regarding the acquisition of Heartland, see Note 16 in the Notes to the Consolidated Financial Statements included in Item 1 of this Report.

During June and July 2024, the Company undertook a partial restructuring of its securities portfolio by selling available-for-sale securities totaling approximately $375.3 million in book value, at an after-tax loss of approximately $27.2 million. The tax-equivalent yield on the bonds sold was approximately 3.12% with a duration of approximately 7 years. The proceeds from the securities sold were reinvested in the securities portfolio by the end of the third quarter of 2024.

Effective June 1, 2024, German American Insurance, Inc. ("GAI"), a wholly-owned subsidiary of the Bank, sold substantially all of its assets to The Hilb Group of Indiana, LLC, a Delaware limited liability company ("Hilb"), for a purchase price of $40.0 million in cash. As part of the transaction, the Bank, as the parent of GAI, may receive payments for the referral of customers to Hilb, and the Company will refrain from conducting certain insurance activities, in each case, for a period of five (5) years following closing. Prior to the sale, GAI was a full-service agency offering personal and commercial insurance products. For additional information on this sale, see Note 3 in the Notes to the Consolidated Financial Statements included in Item 1 of this Report.

Net income for the quarter ended March 31, 2025 totaled $10,517,000, or $0.30 per share, a decline of 53% on a per share basis compared with the first quarter 2024 net income of $19,022,000, or $0.64 per share. The change in net income during the first quarter of 2025, compared with the first quarter of 2024, was significantly impacted by acquisition-related expenses for the Heartland transaction.

The first quarter of 2025 results of operations included acquisition-related expenses of $5,932,000 ($4,620,000, on an after tax basis) and also included Day 2 provision for credit losses under the CECL model of $16,200,000 ($12,150,000, on an after tax basis). On an adjusted basis, net income for first quarter 2025 was $27,287,000 or $0.79 per share, compared to $23,365,000, or $0.79 per share, for fourth quarter 2024. Adjusted net income and adjusted earnings per share are non-GAAP financial measures. Refer to "Use of Non-GAAP Financial Measures" contained in this Management's Discussion and Analysis for additional information, including a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial condition and results of operations for the Company presented in the Consolidated Financial Statements, accompanying Notes to the Consolidated Financial Statements, and selected financial data appearing elsewhere within this Report, are, to a large degree, dependent upon the Company's accounting policies. The selection of and application of these policies involve estimates, judgments, and uncertainties that are subject to change. The critical accounting policies and estimates that the Company has determined to be the most susceptible to change in the near term relate to the determination of the allowance for credit losses, the valuation of securities available for sale, income tax expense, and the valuation of goodwill and other intangible assets.

### Allowance for Credit Losses

The Company maintains an allowance for credit losses to cover the estimated expected credit losses over the expected contractual life of the loan portfolio. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. A provision for credit losses is charged to operations based on management's periodic evaluation of the necessary allowance balance. Evaluations are conducted at least quarterly and more often if deemed necessary. The ultimate recovery of all loans is susceptible to future market factors beyond the Company's control.

The Company has an established process to determine the adequacy of the allowance for credit losses. The determination of the allowance is inherently subjective, as it requires significant estimates, including the amounts and timing of expected future cash flows on individually analyzed loans, estimated losses on other classified loans and pools of homogeneous loans, and consideration of past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, reasonable and supportable forecasts and other factors, all of which may be susceptible to significant change. The allowance consists of two components of allocations, specific and general. These two components represent the total allowance for credit losses deemed adequate to cover expected credit losses over the expected life of the loan portfolio.

Management's estimate of the ACL for loans relies on the identification, stratification and separate estimates of loss for both loans collectively evaluated and loans individually evaluated for loss. The estimate of loss for loans collectively evaluated for loss in particular involves a significant level of estimation uncertainty due to its complexity and the quantity of relevant inputs, including: management's determination of baseline loss rate multipliers based on a third party forecast of economic conditions, estimates of the reasonable and supportable forecast period, estimates of the baseline loss rate look back period, estimates of the reversion period from the reasonable and supportable forecast period to the baseline loss rate and estimates of the prepayment rate and related look back period. Additionally, management considers other qualitative risk factors to further adjust the estimated ACL on loans through a qualitative allowance.

Commercial and agricultural loans are subject to a standardized grading process administered by an internal loan review function. The need for specific reserves is considered for credits when: (a) the customer's cash flow or net worth appears insufficient to repay the loan; (b) the loan has been criticized in a regulatory examination; (c) the loan is on non-accrual; or (d) other reasons where the ultimate collectability of the loan is in question, or the loan characteristics require special monitoring.

Specific reserves on individually analyzed loans are determined by comparing the loan balance to the present value of expected cash flows or expected collateral proceeds. Allocations are also applied to categories of loans not individually analyzed but for which the rate of loss is expected to be greater than other similar type loans, including non-performing consumer or residential real estate loans. Such allocations are based on past loss experience, reasonable and supportable forecasts and information about specific borrower situations and estimated collateral values.

General allocations are made for commercial and agricultural loans that are graded as substandard and special mention, but are not individually analyzed for specific reserves as well as other pools of loans, including non-classified loans, homogeneous portfolios of consumer and residential real estate loans, and loans within certain industry categories believed to present unique risk of loss. General allocations of the allowance are primarily made based on historical averages for loan losses for these portfolios along with reasonable and supportable forecasts, judgmentally adjusted for economic, external and internal quantitative and qualitative factors and portfolio trends. Economic factors include evaluating changes in international, national, regional and local economic and business conditions that affect the collectability of the loan portfolio. Internal factors include evaluating changes in lending policies and procedures; changes in the nature and volume of the loan portfolio; existence and effect of concentrations of credit; changes in volume and severity of past due loans; and changes in experience, ability and depth of lending management and staff.

The allowance for credit losses for loans represents management's estimate of all expected credit losses over the expected contractual life of the loan portfolio. Determining the appropriateness and adequacy of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio may result in significant changes in the allowance for credit losses in future periods.

At March 31, 2025, the Company changed its method for estimating the allowance for credit losses to the discounted cash flow model on a prospective basis for all loan segments except for the credit card loan segment. Prior to March 31, 2025, the Company utilized the static pool methodology in determining future credit losses. While both methodologies permit the Company to develop reasonable and supportable forecasts, by utilizing the discounted cash flow method, the Company has the ability to better evaluate multiple economic scenarios by capturing macroeconomic conditions within the model assumptions and calculations. This change in methodology resulted in a decline of $1,674,000 to the allowance.

**Securities Valuation**

Available-for-sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. For available-for-sale debt securities in an unrealized loss position, the Company assesses whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for sale debt securities that do not meet the criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security and the issuer, among other factors. If this assessment indicates that a credit loss exists, the Company compares the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of applicable taxes. No allowance for credit losses for available-for-sale debt securities was needed at March 31, 2025. Accrued interest receivable on available-for-sale debt securities is excluded from the estimate of credit losses. As of March 31, 2025, gross unrealized gains on the securities available-for-sale portfolio totaled approximately $7,702,000 and gross unrealized losses totaled approximately $267,767,000. The net amount of these two items, net of applicable taxes, is included in other comprehensive income (loss).

Equity securities that do not have readily determinable fair values are carried at cost, less impairment with observable price changes being recognized in earnings.

**Income Tax Expense**

Income tax expense involves estimates related to the valuation allowance on deferred tax assets and loss contingencies related to exposure from tax examinations presumed to occur.

A valuation allowance reduces deferred tax assets to the amount management believes is more likely than not to be realized. In evaluating the realization of deferred tax assets, management considers the likelihood that sufficient taxable income of appropriate character will be generated within carry-back and carry-forward periods, including consideration of available tax planning strategies. Tax-related loss contingencies, including assessments arising from tax examinations and tax strategies, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. In considering the likelihood of loss, management considers the nature of the contingency, the progress of any examination or related protest or appeal, the views of legal counsel and other advisors, experience of the Company or other enterprises in similar matters, if any, and management's intended response to any assessment.

**Goodwill and Other Intangible Assets**

Goodwill resulting from business combinations represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill resulting from business combinations is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually. The Company has selected December 31 as the date to perform the annual impairment test. Goodwill is the only intangible asset with an indefinite life on the Company's balance sheet. No impairment to Goodwill was indicated based on year-end testing.

Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Other intangible assets consist of core deposit and acquired customer relationship intangible assets. They are initially measured at fair value and then are amortized over their estimated useful lives, which range from 6 to 10 years.

**RESULTS OF OPERATIONS**

Net income for the quarter ended March 31, 2025 totaled $10,517,000, or $0.30 per share, a decline of 53% on a per share basis compared with the first quarter 2024 net income of $19,022,000, or $0.64 per share. The change in net income during the first quarter of 2025, compared with the first quarter of 2024, was significantly impacted by acquisition-related expenses for the Heartland transaction that closed on February 1, 2025.

The first quarter of 2025 results of operations included acquisition-related expenses of $5,932,000 ($4,620,000, on an after tax basis) and also included Day 2 provision for credit losses under the CECL model of $16,200,000 ($12,150,000, on an after tax basis). On an adjusted basis, net income for first quarter 2025 was $27,287,000 or $0.79 per share, compared to $23,365,000, or $0.79 per share, for fourth quarter 2024. Adjusted net income and adjusted earnings per share are non-GAAP financial measures. Refer to "Use of Non-GAAP Financial Measures" contained in this Management's Discussion and Analysis for additional information, including a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

**Net Interest Income:**

The following table summarizes net interest income (on a tax-equivalent basis) for the three months ended March 31, 2025 and 2024. For tax-equivalent adjustments, an effective tax rate of 21% was used for both periods.[(1)]

| | Average Balance Sheet (Tax-equivalent basis / dollars in thousands) | | | | | |
|---|---|---|---|---|---|---|
| | Three Months Ended March 31, 2025 | | | Three Months Ended March 31, 2024 | | |
| | Principal Balance | Income / Expense | Yield / Rate | Principal Balance | Income / Expense | Yield / Rate |
| **ASSETS** | | | | | | |
| Federal Funds Sold and Other Short-term Investments | $ 200,538 | $ 2,216 | 4.48 % | $ 22,903 | $ 299 | 5.25 % |
| Securities: | | | | | | |
| Taxable | 1,109,453 | 9,121 | 3.29 % | 845,026 | 4,852 | 2.30 % |
| Non-taxable | 476,653 | 4,271 | 3.58 % | 750,674 | 6,685 | 3.56 % |
| Total Loans and Leases[(2)] | 5,135,859 | 81,927 | 6.46 % | 3,972,232 | 58,067 | 5.88 % |
| TOTAL INTEREST EARNING ASSETS | 6,922,503 | 97,535 | 5.70 % | 5,590,835 | 69,903 | 5.02 % |
| Other Assets | 772,284 | | | 555,508 | | |
| Less: Allowance for Credit Losses | (65,977) | | | (43,973) | | |
| TOTAL ASSETS | $ 7,628,810 | | | $ 6,102,370 | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | | |
| Interest-bearing Demand Deposits | $ 1,809,254 | $ 7,113 | 1.59 % | $ 1,700,671 | $ 7,524 | 1.78 % |
| Savings Deposits and Money Market Accounts | 1,680,742 | 8,195 | 1.98 % | 1,269,084 | 5,299 | 1.68 % |
| Time Deposits | 1,270,137 | 11,720 | 3.74 % | 806,976 | 8,166 | 4.07 % |
| FHLB Advances and Other Borrowings | 216,613 | 2,616 | 4.90 % | 196,348 | 2,275 | 4.66 % |
| TOTAL INTEREST-BEARING LIABILITIES | 4,976,746 | 29,644 | 2.42 % | 3,973,079 | 23,264 | 2.36 % |
| Demand Deposit Accounts | 1,669,722 | | | 1,426,239 | | |
| Other Liabilities | 50,956 | | | 46,271 | | |
| TOTAL LIABILITIES | 6,697,424 | | | 5,445,589 | | |
| Shareholders' Equity | 931,386 | | | 656,781 | | |
| TOTAL LIBABILITIES AND SHAREHOLDERS' EQUITY | $ 7,628,810 | | | $ 6,102,370 | | |
| COST OF FUNDS | | | 1.74 % | | | 1.67 % |
| NET INTEREST INCOME | | $ 67,891 | | | $ 46,639 | |
| NET INTEREST MARGIN [(3)] | | | 3.96 % | | | 3.35 % |

(1) Effective tax rates were determined as though interest earned on the Company's investments in municipal bonds and loans was fully taxable.
(2) Loans held-for-sale and non-accruing loans have been included in average loans.
(3) Net interest income, on a tax-equivalent basis, represents a non-GAAP financial measure. Refer to "Use of Non-GAAP Financial Measures" contained in this Management's Discussion and Analysis for additional information, including a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

During the first quarter of 2025, net interest income, on a non tax-equivalent basis, totaled $66,572,000, an increase of $21,578,000, or 48%, compared to the first quarter of 2024 net interest income of $44,994,000. The increase in net interest income during the first quarter of 2025 compared with the first quarter of 2024 was primarily attributable to a higher level of earning assets driven by the Heartland acquisition and expansion of the Company's net interest margin.

The tax equivalent net interest margin for the quarter ended March 31, 2025 was 3.96% compared with 3.35% in the first quarter of 2024. The Company's net interest margin and net interest income in both periods presented were impacted by accretion of loan discounts on acquired loans. Accretion of discounts on acquired loans totaled $4,192,000 during the first quarter of 2025 and $360,000 during the first quarter of 2024. Accretion of discounts on acquired loans contributed approximately 24 basis points to the net interest margin in the first quarter of 2025 and 3 basis points in the first quarter of 2024.

The continued improvement in the net interest margin, excluding the accretion of discount on acquired loans, during the first quarter of 2025 compared with the first quarter 2024 was largely driven by an improved yield on earning assets and a lower cost of deposits (excluding Heartland's deposit base). The lower cost of deposits was driven by the Federal Reserve's lowering of the Federal Funds rates over the last several months of 2024 and the Company's ability to correspondingly lower deposit costs.

**Provision for Credit Losses:**

The Company provides for credit losses through regular provisions to the allowance for credit losses. The provision is affected by net charge-offs on loans and changes in specific and general allocations of the allowance. During the quarter ended March 31, 2025, the Company recorded a provision for credit losses of $15,300,000 compared with a provision for credit losses of $900,000 during the first quarter of 2024. During the first quarter of 2025, the provision for credit losses included $16,200,000 for the Day 2 CECL addition to the allowance for credit loss related to the Heartland acquisition.

Net charge-offs totaled $486,000, or 4 basis points, on an annualized basis, of average loans outstanding during the first quarter of 2025 compared with $911,000, or 9 basis points, on an annualized basis, of average loans during the first quarter of 2024.

The provision for credit losses made during the three months ended March 31, 2025 was made at a level deemed necessary by management to absorb expected losses in the loan portfolio. A detailed evaluation of the adequacy of the allowance for credit losses is completed quarterly by management, the results of which are used to determine provision for credit losses. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions and reasonable and supportable forecasts along with other qualitative and quantitative factors.

At March 31, 2025, the Company changed its method for estimating the allowance for credit losses to the discounted cash flow model on a prospective basis for all loan segments except for the credit card loan segment. Prior to March 31, 2025, the Company utilized the static pool methodology in determining future credit losses. This change in methodology resulted in a decline of $1,674,000 to the allowance.

**Non-interest Income:**

During the quarter ended March 31, 2025, non-interest income totaled $14,840,000, a decline of $982,000, or 6%, compared with the first quarter of 2024. The decline in the first quarter of 2025 compared to the same period of 2024 was the result of the sale of the GAI assets during the second quarter of 2024 partially mitigated by the Heartland acquisition. On an adjusted basis, non-interest income for first quarter 2025 was $14,840,000 compared to $12,898,000 for first quarter 2024. Adjusted non-interest income is a non-GAAP financial measure. Refer to "Use of Non-GAAP Financial Measures" section in this Management's Discussion and Analysis for additional information, including a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

| **Non-interest Income (dollars in thousands)** | **Three Months Ended March 31,** | | **Change From Prior Period** | |
|---|---|---|---|---|
| | **2025** | **2024** | **Amount Change** | **Percent Change** |
| Wealth Management Fees | $ 3,836 | $ 3,366 | $ 470 | 14 % |
| Service Charges on Deposit Accounts | 3,486 | 2,902 | 584 | 20 |
| Insurance Revenues | — | 2,878 | (2,878) | (100) |
| Company Owned Life Insurance | 575 | 441 | 134 | 30 |
| Interchange Fee Income | 4,421 | 4,087 | 334 | 8 |
| Other Operating Income | 1,690 | 1,362 | 328 | 24 |
| Subtotal | 14,008 | 15,036 | (1,028) | (7) |
| Net Gains on Sales of Loans | 832 | 751 | 81 | 11 |
| Net Gains (Losses) on Securities | — | 35 | (35) | (100) |
| **Total Non-interest Income** | $ 14,840 | $ 15,822 | $ (982) | (6) |

Wealth management fees increased $470,000, or 14%, compared with the first quarter of 2024. The increase during the first quarter of 2025 compared with the first quarter of 2024 was largely attributable to increased assets under management driven by healthy capital markets throughout 2024 and continued strong new business growth in addition to the Heartland acquisition.

Service charges on deposit accounts increased $584,000, or 20%, compared with the first quarter of 2024. The increase during the first quarter of 2025 compared with the first quarter of 2024 was largely related to increased customer utilization of deposit services in addition to the Heartland acquisition.

No insurance revenues were recognized during the first quarter of 2025 as a result of the the sale of the assets of GAI effective June 1, 2024. Insurance revenues declined $2,878,000 during the first quarter of 2025, compared with the first quarter of 2024, due to the sale. For additional information on this sale, see Note 3 in the Notes to the Consolidated Financial Statements included in Item 1 of this Report.

Interchange fees increased $334,000, or 8%, compared with the first quarter of 2024. The increase during the first quarter of 2025 compared with the first quarter of 2024 was primarily attributable to the Heartland acquisition.

Other operating income increased $328,000, or 24%, compared with the first quarter of 2024. The increase during the first quarter of 2025 compared with the first quarter of 2024 was primarily attributable to the Heartland acquisition partially mitigated by a lower level of fees associated with interest rate swap transactions with loan customers.

**Non-interest Expense:**

During the quarter ended March 31, 2025, non-interest expense totaled $52,782,000, an increase of $16,044,000, or 44%, compared with the first quarter of 2024. The first quarter of 2025 non-interest expenses included approximately $5,932,000 of non-recurring acquisition-related expenses for the acquisition of Heartland while the first quarter of 2024 included no acquisition-related expenses. The primary drivers of the remaining increases in the first quarter of 2025 compared with the first quarter of 2024 were the Heartland operating costs. On an adjusted basis, non-interest expense for first quarter 2025 was $46,850,000 compared to $34,713,000 for first quarter 2024. Adjusted non-interest expense is a non-GAAP financial measure. Refer to “Use of Non-GAAP Financial Measures” included in this Management’s Discussion and Analysis for additional information, including a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

| **Non-interest Expense (dollars in thousands)** | **Three Months Ended March 31,** | | **Change From Prior Period** | |
|---|---|---|---|---|
| | **2025** | **2024** | **Amount Change** | **Percent Change** |
| Salaries and Employee Benefits | $ 28,040 | $ 21,178 | $ 6,862 | 32 % |
| Occupancy, Furniture and Equipment Expense | 4,663 | 3,804 | 859 | 23 |
| FDIC Premiums | 900 | 729 | 171 | 23 |
| Data Processing Fees | 5,495 | 2,811 | 2,684 | 95 |
| Professional Fees | 4,184 | 1,595 | 2,589 | 162 |
| Advertising and Promotion | 1,454 | 1,138 | 316 | 28 |
| Intangible Amortization | 2,070 | 578 | 1,492 | 258 |
| Other Operating Expenses | 5,976 | 4,905 | 1,071 | 22 |
| **Total Non-interest Expense** | $ 52,782 | $ 36,738 | $ 16,044 | 44 |

Salaries and benefits increased $6,862,000, or 32%, compared with the first quarter of 2024. The increase in salaries and benefits during the first quarter of 2025 compared with the first quarter of 2024 was largely attributable to the Heartland acquisition completed on February 1, 2025. The first quarter of 2025 included approximately $1,843,000 of acquisition-related salary and benefit costs of a non-recurring nature, with the remainder of the increase due primarily to the salaries and benefits costs for the Heartland employee base.

Occupancy, furniture and equipment expense increased $859,000, or 23%, compared to the first quarter of 2024. The increase during the first quarter of 2025 compared with the first quarter of 2024 was primarily attributable to the operating costs of the Heartland branch network.

Data processing fees increased $2,684,000, or 95%, during the first quarter of 2025 compared with the first quarter of 2024. The increase during the first quarter of 2025 compared with the first quarter of 2024 was largely driven by operating costs of the existing Heartland systems and acquisition-related costs totaling approximately $1,323,000 during the first quarter of 2025.

Professional fees increased $2,589,000, or 162%, in the first quarter of 2025 compared with the first quarter of 2024. The increase during the first quarter of 2025 compared to the first quarter of 2024 was due in large part to professional fees associated with the Heartland acquisition. Merger and acquisition related professional fees totaled approximately $2,661,000 during the first quarter of 2025 compared to no merger or acquisition related professional fees in the first quarter of 2024.

Intangible amortization increased $1,492,000, or 258%, compared with the first quarter of 2024. The increase was attributable to the Heartland acquisition.

Other operating expenses increased $1,071,000, or 22%, compared with the first quarter of 2024. The increase in the first quarter of 2025 compared to the first quarter of 2024 was largely attributable to operating costs of Heartland.

**Income Taxes:**

The Company's effective income tax rate was 21.1% and 17.9%, respectively, during the three months ended March 31, 2025 and 2024. The increase in effective tax rate for the three months ended March 31, 2025 as compared to the same period of the prior year was primarily attributable to a lower level of tax-exempt investment income in the first quarter of 2025 compared to the same period of 2024 which was driven by the previously discussed securities restructuring that occurred in the second quarter of 2024. The effective tax rate in all periods presented was lower than the blended statutory rate resulting primarily from the Company's tax-exempt investment income on securities, loans and company-owned life insurance, income tax credits generated from affordable housing projects, and income generated by subsidiaries domiciled in a state with no state or local income tax.

**FINANCIAL CONDITION**

Total assets for the Company totaled $8.420 billion at March 31, 2025, representing an increase of $2.124 billion compared with December 31, 2024. The increase in total assets at March 31, 2025 compared with year-end 2024 was in large part attributable to the Heartland acquisition.

Securities available-for-sale increased $45.4 million and other short term investments increased $243.6 million at March 31, 2025 compared with December 31, 2024. The increase in the available-for-sale securities portfolio as well as other short term investments compared with year end 2024 was largely due to the acquisition of Heartland.

March 31, 2025 total loans increased $1.522 billion compared with December 31, 2024. The increase in total loans at March 31, 2025 compared with year-end 2024 was largely due to the acquisition of Heartland.

Excluding loans acquired through the Heartland acquisition, total loans increased $16.8 million, or approximately 2% on an annualized basis, at March 31, 2025 compared with December 31, 2024. Commercial and industrial loans declined approximately $11.0 million, or 7% on an annualized basis, during the first quarter of 2025 compared with year-end 2024, and commercial real estate loans increased $54.7 million, or 10% on an annualized basis, while agricultural loans seasonally declined $22.4 million, or 21% on an annualized basis. During the first quarter of 2025 compared with year-end 2024, retail loans declined $4.5 million, or 2% on an annualized basis.

The composition of the loan portfolio has remained relatively stable and diversified over the past several years. The addition of the Heartland loan portfolio resulted in only modest changes to the overall portfolio composition, most notably in the residential mortgage loan segment. The portfolio is most heavily weighted in commercial real estate loans at 54% of the portfolio, followed by commercial and industrial loans at 14% of the portfolio, residential mortgage loans at 14% of the portfolio (up from 9% at year-end 2024), agricultural loans at 8% of the portfolio, and home equity loans at 7% of the portfolio. The Company's commercial lending is extended to various industries, including multi-family housing and lodging, agribusiness and manufacturing, as well as health care, wholesale, and retail services.

| **End of Period Loan Balances:**<br>**(dollars in thousands)** | **March 31, 2025** | **December 31, 2024** | **Current Period Change** |
|---|---|---|---|
| Commercial and Industrial Loans and Leases | $ 812,073 | $ 671,038 | $ 141,035 |
| Commercial Real Estate Loans | 3,055,074 | 2,224,872 | 830,202 |
| Agricultural Loans | 455,678 | 431,037 | 24,641 |
| Home Equity and Consumer Loans | 543,897 | 448,872 | 95,025 |
| Residential Mortgage Loans | 788,222 | 357,448 | 430,774 |
| **Total Loans** | $ 5,654,944 | $ 4,133,267 | $ 1,521,677 |

The Company’s commercial real estate portfolio is well-diversified over numerous property types. The table below provides property type detail for the most significant segments of the Company’s commercial real estate loan portfolio.

| | March 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | % of Commercial Real Estate Portfolio | % of Total Loan Portfolio | % of Commercial Real Estate Portfolio | % of Total Loan Portfolio |
| Multi-Family Dwellings | 20 % | 11 % | 20 % | 11 % |
| Retail Space | 13 % | 7 % | 15 % | 8 % |
| Industrial, Manufacturing, Warehousing Properties | 11 % | 6 % | 10 % | 5 % |
| 1-4 Family Investment Properties | 10 % | 6 % | 11 % | 6 % |
| Lodging | 8 % | 4 % | 6 % | 3 % |
| Office Real Estate | 7 % | 4 % | 9 % | 5 % |
| Land Development and Construction | 7 % | 4 % | 7 % | 4 % |
| Healthcare Facilities | 6 % | 3 % | 7 % | 4 % |

The Company’s commercial real estate loan portfolio is further diversified by occupancy type, with approximately 76% of the CRE portfolio being non-owner occupied at March 31, 2025 (which is 41% of the Company’s overall loan portfolio), and 24% of the CRE portfolio being owner occupied (which is 13% of the Company’s total loan portfolio). At December 31, 2024, the Company’s commercial real estate loan portfolio was diversified by occupancy type, with approximately 77% of the CRE portfolio being non-owner occupied (which was 42% of the Company’s overall loan portfolio), and 23% of the CRE portfolio being owner occupied (which was 12% of the Company’s total loan portfolio).

Commercial real estate loans are underwritten after evaluating and understanding the borrower’s ability to operate profitably and prudently expand its business. Like much of the Bank’s lending activities, the underwriting standards for commercial real estate are designed to promote relationship banking rather than transactional banking. Once it is determined that the borrower’s management possesses sound ethics and solid business acumen, our management examines market conditions and current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. As discussed above, the properties securing our commercial real estate portfolio are diverse in terms of property type, occupancy type, and geographic location. This diversity helps reduce the Bank’s exposure to adverse economic events that affect any single market or industry. Management will continue to monitor and evaluate commercial real estate loans based on collateral, geography and risk grade criteria.

The following table indicates the breakdown of the allowance for credit losses for the periods indicated (dollars in thousands):

| | March 31, 2025 | December 31, 2024 |
|---|---|---|
| Commercial and Industrial Loans and Leases | $ 16,494 | $ 7,456 |
| Commercial Real Estate Loans | 37,811 | 25,818 |
| Agricultural Loans | 5,306 | 4,917 |
| Home Equity and Consumer Loans | 5,207 | 3,443 |
| Residential Mortgage Loans | 10,340 | 2,802 |
| Unallocated | — | — |
| **Total Allowance for Credit Losses** | $ 75,158 | $ 44,436 |

The Company’s allowance for credit losses totaled $75.2 million at March 31, 2025 compared to $44.4 million at December 31, 2024. The allowance for credit losses represented 1.33% of period-end loans at March 31, 2025 compared with 1.08% at December 31, 2024. At March 31, 2025, the Company changed its estimate methodology for the allowance for credit losses from the static pool to the discounted cash flow method which resulted in minimal impact to the allowance.

The Company added $32.1 million to the allowance for credit losses in conjunction with the closing of the Heartland acquisition on February 1, 2025, related to the Heartland loan portfolio. Of the increase in the allowance for credit losses for the Heartland portfolio, $16.2 million was recorded through the provision for credit losses on “Day 2” under the CECL model.

Under the CECL model, certain acquired loans continue to carry a fair value discount as well as an allowance for credit losses. As of March 31, 2025, the Company held net discounts on acquired loans of $64.3 million, which included $61.8 million related to the Heartland loan portfolio.

The following is an analysis of the Company's non-performing assets at March 31, 2025 and December 31, 2024:

| **Non-performing Assets:**<br>**(dollars in thousands)** | **March 31, 2025** | **December 31, 2024** |
|---|---|---|
| Non-accrual Loans | $ 17,858 | $ 10,934 |
| Past Due Loans (90 days or more) | 714 | 188 |
| Total Non-performing Loans | 18,572 | 11,122 |
| Other Real Estate | 48 | — |
| **Total Non-performing Assets** | $ 18,620 | $ 11,122 |
| | | |
| Restructured Loans | $ — | $ — |
| | | |
| Non-performing Loans to Total Loans | 0.33 % | 0.27 % |
| Non-performing Assets to Period End Assets | 0.22 % | 0.18 % |
| Allowance for Credit Loss to Non-performing Loans | 404.68 % | 399.53 % |

The following table presents non-accrual loans and loans past due 90 days or more still on accrual by class of loans:

| | **Non-Accrual Loans** | | **Loans Past Due 90 Days or More & Still Accruing** | |
|---|---|---|---|---|
| | **March 31, 2025** | **December 31, 2024** | **March 31, 2025** | **December 31, 2024** |
| Commercial and Industrial Loans and Leases | $ 6,834 | $ 5,018 | $ 63 | $ — |
| Commercial Real Estate Loans | 4,498 | 1,745 | 62 | 183 |
| Agricultural Loans | 488 | 765 | 399 | 5 |
| Home Equity Loans | 989 | 1,087 | 106 | — |
| Consumer Loans | 323 | 117 | — | — |
| Residential Mortgage Loans | 4,726 | 2,202 | 84 | — |
| **Total** | $ 17,858 | $ 10,934 | $ 714 | $ 188 |

Non-performing assets totaled $18.6 million at March 31, 2025 compared to $11.1 million at December 31, 2024. Non-performing assets represented 0.22% of total assets at March 31, 2025 compared with 0.18% at year-end 2024. Non-performing loans totaled $18.6 million at March 31, 2025 compared to $11.1 million at December 31, 2024. Non-performing loans represented 0.33% of total loans at March 31, 2025 compared to 0.27% at December 31, 2024. The increase in non-performing assets was primarily attributable to the Heartland acquisition. As of March 31, 2025, non-performing assets from the Heartland acquisition totaled $5.4 million.

March 31, 2025 total deposits increased $1.769 billion compared to year-end 2024. The increase in total deposits at March 31, 2025 compared with year-end 2024 was largely attributable to the Heartland acquisition. As of March 31, 2025, deposits from the Heartland acquisition totaled $1.755 billion. Excluding the deposits related to the acquisition, total deposits were relatively stable with an increase of $13.4 million, or 1% on an annualized basis, at March 31, 2025 compared with year-end 2024.

The addition of the Heartland deposit portfolio did not result in significant changes to the overall deposit portfolio composition. Notably, non-interest bearing deposits have remained relatively stable as a percent of total deposits with March 31, 2025 non-interest deposits totaling 27% of total deposits while non-interest deposits totaled 26% at year-end 2024.

| **End of Period Deposit Balances:**<br>**(dollars in thousands)** | **March 31, 2025** | **December 31, 2024** | **Current Period Change** |
|---|---|---|---|
| Non-interest-bearing Demand Deposits | $ 1,889,673 | $ 1,399,270 | $ 490,403 |
| Interest-bearing Demand, Savings, & Money Market Accounts | 3,788,889 | 3,013,204 | 775,685 |
| Time Deposits < $100,000 | 443,285 | 327,080 | 116,205 |
| Time Deposits of $100,000 or more | 976,038 | 589,521 | 386,517 |
| **Total Deposits** | $ 7,097,885 | $ 5,329,075 | $ 1,768,810 |

**Capital Resources:**

As of March 31, 2025, shareholders' equity increased by $331.0 million to $1.046 billion compared with $715.1 million at year-end 2024. The increase in shareholders' equity was primarily attributable to the issuance of the Bancorp's common shares in the acquisition of Heartland. Approximately 7.7 million shares were issued to Heartland shareholders, resulting in an increase to shareholders' equity of $320.0 million.

Shareholders' equity represented 12.4% of total assets at March 31, 2025 and 11.4% of total assets at December 31, 2024. Shareholders' equity included $418.5 million of goodwill and other intangible assets at March 31, 2025 compared to $183.0 million of goodwill and other intangible assets at December 31, 2024.

The Company's Board of Directors previously approved a plan to repurchase up to 1.0 million shares of the Company's outstanding common stock. On a share basis, the amount of common stock subject to the repurchase plan represented approximately 3% of the Company's outstanding shares on the date it was approved. The Company is not obligated to purchase any shares under the plan, and the plan may be discontinued at any time. The actual timing, number and share price of shares purchased under the repurchase plan will be determined by the Company at its discretion and will depend upon such factors as the market price of the stock, general market and economic conditions and applicable legal requirements. The Company has not repurchased any shares of common stock under the repurchase plan.

Federal banking regulations provide guidelines for determining the capital adequacy of bank holding companies and banks. These guidelines provide for a more narrow definition of core capital and assign a measure of risk to the various categories of assets. The Company is required to maintain minimum levels of capital in proportion to total risk-weighted assets and off-balance sheet exposures.

The current risk-based capital rules, as adopted by federal banking regulators, are based upon guidelines developed by the Basel Committee on Banking Supervision and reflect various requirements of the Dodd-Frank Act (the "Basel III Rules"). The Basel III Rules require banking organizations to, among other things, maintain a minimum ratio of Total Capital to risk-weighted assets, a minimum ratio of Tier 1 Capital to risk-weighted assets, a minimum ratio of "Common Equity Tier 1 Capital" to risk-weighted assets, and a minimum leverage ratio (calculated as the ratio of Tier 1 Capital to adjusted average consolidated assets). In addition, under the Basel III Rules, in order to avoid limitations on capital distributions, including dividend payments, the Company is required to maintain a 2.5% capital conservation buffer above the adequately capitalized regulatory capital ratios. At March 31, 2024, the capital levels for the Company and its subsidiary bank remained well in excess of the minimum amounts needed for capital adequacy purposes and the Bank's capital levels met the necessary requirements to be considered well-capitalized.

The table below presents the Company's consolidated and the subsidiary bank's capital ratios under regulatory guidelines:

| | 3/31/2025 Ratio | 12/31/2024 Ratio | Minimum for Capital Adequacy Purposes [1] | Well-Capitalized Guidelines |
|---|---|---|---|---|
| Total Capital (to Risk Weighted Assets) | | | | |
| Consolidated | 15.01 % | 17.15 % | 8.00 % | N/A |
| Bank | 13.47 % | 15.02 % | 8.00 % | 10.00 % |
| Tier 1 (Core) Capital (to Risk Weighted Assets) | | | | |
| Consolidated | 13.26 % | 15.72 % | 6.00 % | N/A |
| Bank | 12.56 % | 14.23 % | 6.00 % | 8.00 % |
| Common Tier 1 (CET 1) Capital Ratio (to Risk Weighted Assets) | | | | |
| Consolidated | 12.73 % | 15.02 % | 4.50 % | N/A |
| Bank | 12.56 % | 14.23 % | 4.50 % | 6.50 % |
| Tier 1 Capital (to Average Assets) | | | | |
| Consolidated | 11.80 % | 12.28 % | 4.00 % | N/A |
| Bank | 11.16 % | 11.12 % | 4.00 % | 5.00 % |

[1] Excludes capital conservation buffer.

The Company adopted the CECL accounting standard under GAAP effective January 1, 2020. The regulatory capital rules applicable to the Company provided an optional three-year phase-in period for the day-one adverse regulatory capital effects of adopting CECL. In addition, as part of pandemic-related legislation enacted during 2020, banking organizations were further permitted to mitigate the estimated cumulative regulatory capital effects of CECL for up to an additional two years. As a result, on January 1, 2022, the Company began the required three-year phase-in by reflecting 25% of the previously deferred estimated capital impact of CECL in its regulatory capital. An additional 25% was phased in on each of January 1, 2023 and January 1, 2024, and January 1, 2025. As of January 1, 2025, the adverse cumulative effects of adopting CECL have been fully phased into our regulatory capital.

**Liquidity:**

The Consolidated Statement of Cash Flows details the elements of changes in the Company's consolidated cash and cash equivalents. Total cash and cash equivalents increased $253.5 million during the three months ended March 31, 2025 ending at $442.3 million. During the three months ended March 31, 2025, operating activities resulted in net cash inflows of $36.6 million. Investing activities resulted in net cash inflows of $213.0 million during the three months ended March 31, 2025. Financing activities resulted in net cash inflows for the three months ended March 31, 2025 of $3.9 million.

The Company's primary source of funding is its customer deposits, supplemented by reciprocal deposits. The bank subsidiary of the Company also utilizes short-term funding sources from time to time. These sources consist of overnight federal funds purchased from other financial institutions, secured repurchase agreements that generally mature within one day of the transaction date, and secured overnight variable rate borrowings from the FHLB and the Federal Reserve Bank. These borrowings represent an important source of short-term liquidity for the Company's bank subsidiary. In addition, the Company, as a separate and distinct corporation from its bank and other subsidiaries, also has the ability to borrow funds from other financial institutions and to raise debt or equity capital from the capital markets and other sources.

The Company's bank subsidiary is authorized by its Board to borrow up to $1.68 billion at the FHLB, but availability at March 31, 2025 was limited to approximately $389 million based on the then pledged collateral and outstanding borrowings. In addition, the Company had a borrowing capacity of approximately $649 million at the Federal Reserve Bank as of March 31, 2025, based on the then pledged collateral. The capacity for borrowings from the FHLB and the Federal Reserve Bank could be increased, in each case, by the Company pledging additional available collateral. The Company's Asset/Liability Committee closely monitors the availability of these sources as part of its overall oversight and management of the bank subsidiary's liquidity.

The parent company is a corporation separate and distinct from its bank and other subsidiaries. The Company uses funds at the parent-company level to pay dividends to its shareholders, to acquire or make other investments in other businesses or their securities or assets, to repurchase its stock from time to time, and for other general corporate purposes including debt service. The parent company does not have access at the parent-company level to the deposits and certain other sources of funds that are available to its bank subsidiary to support its operations. Instead, the parent company has historically derived most of its revenues from dividends paid to the parent company by its bank subsidiary. The Company's banking subsidiary is subject to statutory restrictions on its ability to pay dividends to the parent company. The parent company has, from time-to-time, supplemented the dividends received from its subsidiaries with borrowings. As of March 31, 2025, the parent company had approximately $88.7 million of cash and cash equivalents available to meet its cash flow needs.

## USE OF NON-GAAP FINANCIAL MEASURES

The accounting and reporting policies of the Company conform to GAAP and general practices within the banking industry. As a supplement to GAAP, the Company has provided certain, non-GAAP financial measures, which it believes are useful because they assist investors in assessing the Company's operating performance. Specifically, the Company has presented its net income, earnings per share, provision for credit losses, non-interest expense, non-interest income, efficiency ratio, and net interest margin on an as adjusted basis for the periods set forth below to reflect the exclusion of the following items: (1) the CECL "Day 2" provision expense for acquired loans that have only insignificant credit deterioration (i.e., non-PCD loans) related to the Heartland merger; (2) non-recurring expenses related to the Heartland merger; and (3) the operating results for GAI, whose assets were sold effective June 1, 2024. Management believes excluding such items from these financial measures may be useful in assessing the Company's underlying operational performance since the applicable transactions do not pertain to its core business operations and exclusion may facilitate better comparability between periods. In addition, management believes that by excluding such items the measures are useful to the Company, as well as analysts and investors, in assessing operating performance. Management also believes excluding these items may enhance comparability for peer comparison purposes.

Management believes that it is standard practice in the banking industry to present the efficiency ratio and net interest margin on a fully tax-equivalent basis and that, by doing so, it may enhance comparability for peer comparison purposes. The tax-equivalent adjustment to net interest income (for purposes of the efficiency ratio) and net interest margin recognizes the income tax savings when comparing taxable and tax-exempt assets. Interest income and yields on tax-exempt securities and loans are presented using the current federal income tax rate of 21%.

Although intended to enhance investors' understanding of the Company's business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP.

| **Non-GAAP Reconciliation – Net Income and Earnings Per Share** | | | | |
|---|---|---|---|---|
| **(Dollars in Thousands, except per share amounts)** | | **03/31/2025** | | **03/31/2024** |
| Net Income, as reported | $ | 10,517 | $ | 19,022 |
| Adjustments: | | | | |
| Less: Income from GAI operations | | — | | 676 |
| Plus: CECL Day 2 non-PCD provision | | 12,150 | | — |
| Plus: Non-recurring merger-related expenses | | 4,620 | | — |
| **Adjusted Net Income** | **$** | **27,287** | **$** | **18,346** |
| | | | | |
| Weighted Average Shares Outstanding | | **34,680,719** | | **29,599,491** |
| | | | | |
| Earnings Per Share, as reported | $ | 0.30 | $ | 0.64 |
| **Earnings Per Share, as adjusted** | **$** | **0.79** | **$** | **0.62** |

| **Non-GAAP Reconciliation – Non-Interest Income and Non-Interest Expense** | | | | |
|---|---|---|---|---|
| **(Dollars in Thousands)** | | **03/31/2025** | | **03/31/2024** |
| | | | | |
| Non-Interest Income | $ | 14,840 | $ | 15,822 |
| Less: Revenue from GAI operations | | — | | 2,924 |
| **Adjusted Non-Interest Income** | $ | 14,840 | $ | 12,898 |
| | | | | |
| Non-Interest Expense | $ | 52,782 | $ | 36,738 |
| Less: Non-recurring merger-related expenses | | 5,932 | | — |
| Less: Expense from GAI Operations | | — | | 2,025 |
| **Adjusted Non-Interest Expense** | $ | 46,850 | $ | 34,713 |

| **Non-GAAP Reconciliation – Efficiency Ratio** | | | | |
|---|---|---|---|---|
| **(Dollars in Thousands)** | | **03/31/2025** | | **03/31/2024** |
| Non-Interest Expense | $ | 52,782 | $ | 36,738 |
| Less: Intangible Amortization | | 2,070 | | 578 |
| Non-Interest Expense excluding Intangible Amortization | | 50,712 | | 36,160 |
| Adjustments: | | | | |
| Less: Non-recurring merger-related expenses | | 5,932 | | — |
| Less: Expense for GAI Operations | | — | | 2,025 |
| **Adjusted Non-Interest Expense** | **$** | **44,780** | **$** | **34,135** |
| | | | | |
| Net Interest Income | $ | 66,572 | $ | 44,994 |
| Add: FTE Adjustment | | 1,319 | | 1,645 |
| Net Interest Income (FTE) | | 67,891 | | 46,639 |
| | | | | |
| Non-Interest Income | | 14,840 | | 15,822 |
| Less: Security Gains/(Losses) | | — | | 35 |
| **Adjusted Non-Interest Interest** | | 14,840 | | 15,787 |
| | | | | |
| Total Revenue (FTE) | | 82,731 | | 62,461 |
| Less: Revenue from GAI operations | | — | | 2,924 |
| **Adjusted Total Revenue** | **$** | **82,731** | **$** | **59,537** |
| | | | | |
| Efficiency Ratio | | 61.30 % | | 57.92 % |
| **Adjusted Efficiency Ratio** | | **54.13 %** | | **57.33 %** |

| **Non-GAAP Reconciliation – Net Interest Margin** | | |
|---|---|---|
| **(Dollars in Thousands)** | **03/31/2025** | **03/31/2024** |
| Net Interest Income (FTE) from above | $ 67,891 | $ 46,639 |
| Less: Accretion of Discount on Acquired Loans | $ 4,192 | $ 360 |
| **Adjusted Net Interest Income (FTE)** | $ 63,699 | $ 46,279 |
| Average Earning Assets | $ 6,922,503 | $ 5,590,835 |
| Net Interest Margin (FTE) | 3.96 % | 3.35 % |
| **Adjusted Net Interest Margin (FTE)** | **3.72 %** | **3.32 %** |

## FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

The Company from time to time in its oral and written communications makes statements relating to its expectations regarding the future. These types of statements are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company may include forward-looking statements in filings with the Securities and Exchange Commission ("SEC"), such as this Form 10-Q, in other written materials, and in oral statements made by senior management to analysts, investors, representatives of the media, and others. Such forward looking statements can include statements about the Company's net interest income or net interest margin; its adequacy of allowance for credit losses, levels of provisions for credit losses, and the quality of the Company's loans, investment securities and other assets; simulations of changes in interest rates; expected results from mergers with or acquisitions of other businesses; litigation results; tax estimates and recognition; dividend policy; parent company cash resources and cash requirements, and parent company capital resources; estimated cost savings, plans and objectives for future operations; and expectations about the Company's financial and business performance and other business matters as well as economic and market conditions and trends. They often can be identified by the use of words like "plan," "expect," "can," "might," "may," "will," "would," "could," "should," "intend," "project," "estimate," "believe" or "anticipate," or similar expressions.

Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the forward-looking statement is made.

Readers are cautioned that, by their nature, all forward-looking statements are based on assumptions and are subject to risks, uncertainties, and other factors. Actual results may differ materially and adversely from the expectations of the Company that are expressed or implied by any forward-looking statement. The discussions in this Item 2 list some of the factors that could cause the Company's actual results to vary materially from those expressed or implied by any forward-looking statements. Other risks, uncertainties, and factors that could cause the Company's actual results to vary materially from those expressed or implied by any forward-looking statement include:

- changes in interest rates and the timing and magnitude of any such changes;
- unfavorable economic conditions, including a prolonged period of inflation, and the resulting adverse impact on, among other things, credit quality;
- the soundness of other financial institutions and general investor sentiment regarding the stability of financial institutions;
- changes in our liquidity position;
- the impacts of epidemics, pandemics or other infectious disease outbreaks;
- changes in competitive conditions;
- the introduction, withdrawal, success and timing of asset/liability management strategies or of mergers and acquisitions and other business initiatives and strategies;
- changes in customer borrowing, repayment, investment and deposit practices;
- changes in fiscal, monetary and tax policies;
- changes in financial and capital markets;
- capital management activities, including possible future sales of new securities, or possible repurchases or redemptions by the Company of outstanding debt or equity securities;

- risks of expansion through acquisitions and mergers, including the possibility that the anticipated cost savings and strategic gains are not realized when expected or at all as a result of unexpected credit quality problems of the acquired loans or other assets, unexpected attrition of the customer base or employee base of the acquired institution or branches, and difficulties in integration of the acquired operations;
- factors driving credit losses on investments;
- the impact, extent and timing of technological changes;
- potential cyber-attacks, information security breaches and other criminal activities;
- litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future;
- actions of the Federal Reserve Board;
- the potential for increases to, and volatility in, the balance of our allowance for credit losses and related provision expense due to the current expected credit loss (CECL) standard;
- changes in accounting principles and interpretations;
- potential increases of federal deposit insurance premium expense, and possible future special assessments of FDIC premiums, either industry wide or specific to the Company's banking subsidiary;
- actions of the regulatory authorities under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and the Federal Deposit Insurance Act and other possible legislative and regulatory actions and reforms;
- impacts resulting from possible amendments or revisions to the Dodd-Frank Act and the regulations promulgated thereunder, or to Consumer Financial Protection Bureau rules and regulations;
- changes to the fair value estimates used by German American in accounting for its acquisition of Heartland, which preliminary valuations must be finalized no later than January 31, 2026; and
- the continued availability of earnings and excess capital sufficient for the lawful and prudent declaration and payment of cash dividends.

Such statements reflect our views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements.

Investors should consider these risks, uncertainties, and other factors, in addition to those mentioned by the Company in its Annual Report on Form 10-K for its fiscal year ended December 31, 2024, this Quarterly Report on Form 10-Q, and other SEC filings from time to time, when considering any forward-looking statement.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company's exposure to market risk is reviewed on a regular basis by the Asset/Liability Committee and Boards of Directors of the parent company and its subsidiary bank. Primary market risks which impact the Company's operations are liquidity risk and interest rate risk.

The liquidity of the parent company is dependent upon the receipt of dividends from its subsidiary bank, which is subject to certain regulatory limitations. The Bank's source of funding is predominately core deposits, maturities of securities, repayments of loan principal and interest, federal funds purchased, securities sold under agreements to repurchase, and borrowings from the Federal Home Loan Bank and the Federal Reserve Bank.

The Company monitors interest rate risk by the use of computer simulation modeling to estimate the potential impact on its net interest income under various interest rate scenarios, and by estimating its static interest rate sensitivity position. Another method by which the Company's interest rate risk position can be estimated is by computing estimated changes in its net portfolio value ("NPV"). This method estimates interest rate risk exposure from movements in interest rates by using interest rate sensitivity analysis to determine the change in the NPV of discounted cash flows from assets and liabilities. NPV represents the market value of portfolio equity and is equal to the estimated market value of assets minus the estimated market value of liabilities.

Computations for measuring both net interest income and NPV are based on a number of assumptions, including the relative levels of market interest rates and prepayments in mortgage loans and certain types of investments. These computations do not contemplate any actions management may undertake in response to changes in interest rates, and should not be relied upon as indicative of actual results. In addition, certain shortcomings are inherent in the method of computing both net interest income and NPV. Should interest rates remain or decrease below current levels, the proportion of adjustable rate loans could decrease in future periods due to refinancing activity. In the event of an interest rate change, prepayment levels would likely be different from those assumed in the modeling. Lastly, the ability of many borrowers to repay their adjustable rate debt may decline during a rising interest rate environment.

The Company from time to time utilizes derivatives to manage interest rate risk. Management continuously evaluates the merits of such interest rate risk products but does not anticipate the use of such products to become a major part of the Company's risk management strategy.

The table below provides an assessment of the risk to net interest income over the next 12 months in the event of a sudden and sustained 1% and 2% increase and decrease in prevailing interest rates (dollars in thousands).

**Interest Rate Sensitivity as of March 31, 2025 - Net Interest Income**

| | Net Interest Income | |
|---|---|---|
| **Changes in Rates** | **Amount** | **% Change** |
| +2% | $ 313,524 | 0.73 % |
| +1% | 312,719 | 0.47 % |
| Base | 311,252 | — |
| -1% | 307,064 | (1.35)% |
| -2% | 301,591 | (3.10)% |

The above table is a measurement of the Company's net interest income at risk, assuming a static balance sheet as of March 31, 2025 and instantaneous parallel changes in interest rates. The Company also monitors interest rate risk under other scenarios including a more gradual movement in market interest rates. This type of scenario can at times produce different modeling results in measuring interest rate risk sensitivity.

The table below provides an assessment of the risk to NPV in the event of a sudden and sustained 1% and 2% increase and decrease in prevailing interest rates (dollars in thousands).

**Interest Rate Sensitivity as of March 31, 2025 - Net Portfolio Value**

| | Net Portfolio Value | | Net Portfolio Value as a % of Present Value of Assets | |
|---|---|---|---|---|
| **Changes in Rates** | **Amount** | **% Change** | **NPV Ratio** | **Change** |
| +2% | $ 870,046 | (8.17)% | 11.75 % | (40) b.p. |
| +1% | 912,549 | (3.69)% | 12.01 % | (14) b.p. |
| Base | 947,483 | — | 12.15 % | — |
| -1% | 972,299 | 2.62 % | 12.15 % | — |
| -2% | 982,649 | 3.71 % | 11.96 % | (19) b.p. |

This Item 3 includes forward-looking statements. See "Forward-looking Statements and Associated Risks" included in Part I, Item 2 of this Report for a discussion of certain factors that could cause the Company's actual exposure to market risk to vary materially from that expressed or implied above. These factors include possible changes in economic conditions; interest rate fluctuations, competitive product and pricing pressures within the Company's markets; and equity and fixed income market fluctuations. Actual experience may also vary materially to the extent that the Company's assumptions described above prove to be inaccurate.

**Item 4. Controls and Procedures**

As of March 31, 2025, the Company carried out an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were, as of that date, effective in timely alerting them to material information required to be included in the Company's periodic reports filed with the Securities and Exchange Commission. There are inherent limitations to the effectiveness of systems of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective systems of disclosure controls and procedures can provide only reasonable assurances of achieving their control objectives.

There was no change in the Company's internal control over financial reporting that occurred during the Company's first fiscal quarter of 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

There are no pending legal proceedings, other than routine litigation incidental to the business of the Company's subsidiaries, to which the Company or any of its subsidiaries is a party or of which any of their property is the subject.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors previously disclosed in German American Bancorp, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Issuer Purchases of Equity Securities

The following table sets forth information regarding the Company's purchases of its common shares during each of the three months ended March 31, 2025.

| Period | Total Number of Shares (or Units) Purchased | Average Price Paid Per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs [1] | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased under the Plans or Programs [1] |
|---|---|---|---|---|
| January 2025 | — | $ — | — | 1,000,000 |
| February 2025 | — | — | — | 1,000,000 |
| March 2025 | — | — | — | 1,000,000 |
| Total | — | $ — | — | |

[1] The Company's Board of Directors previously approved a plan to repurchase up to 1.0 million shares of the Company's outstanding common stock. On a share basis, the amount of common stock subject to the repurchase plan represented approximately 3% of the Company's outstanding shares on the date it was approved. The Company is not obligated to purchase any shares under the plan, and the plan may be discontinued at any time. The actual timing, number and share price of shares purchased under the repurchase plan will be determined by the Company at its discretion and will depend upon such factors as the market price of the stock, general market and economic conditions and applicable legal requirements. The Company has not repurchased any shares under this repurchase plan.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

(a) Information required to be disclosed in a report on Form 8-K.

None.

(b) Changes to director nomination procedures.

None.

(c) Insider trading arrangements.

During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

The following exhibits are included with this Report or incorporated herein by reference.

| Exhibit No. | Description |
|---|---|
| 2.1# | Agreement and Plan of Reorganization by and among German American Bancorp, Inc., German American Bank, Heartland BancCorp, and Heartland Bank, dated as of July 29, 2024, is incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed July 29, 2024 (SEC File No. 001-15877). |
| 3.1 | Amended and Restated Articles of Incorporation of German American Bancorp, Inc., are incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed May 26, 2020 (SEC File No. 001-15877). |
| 3.2 | Amended and Restated Bylaws of German American Bancorp, Inc. are incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed December 20, 2023 (SEC File No. 001-15877). |
| 4.1 | Terms of Common Shares and Preferred Shares of the Registrant (included in Restatement of Articles of Incorporation) are incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed May 26, 2020 (SEC File No. 001-15877). |
| 4.2 | Specimen stock certificate for Common Shares of the Registrant is incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed October 21, 2010 (SEC File No. 001-15877). |
| 4.3 | Indenture, dated as of June 25, 2019, by and between German American Bancorp, Inc. and U.S. Bank National Association, as trustee, is incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed June 25, 2019 (SEC File No. 001-15877). |
| 4.4 | Form of 4.50% Fixed-to-Floating Subordinated Note due 2029 of German American Bancorp, Inc. is incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed June 25, 2019 (SEC File No. 001-15877). |
| 4.5 | Form of 5.0% Fixed-to-Floating Rate Subordinated Note due 2030 of Heartland BancCorp is incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed February 3, 2025 (SEC File No. 001-15877). |
| 10.1* | Description of Executive Management Incentive Plan for 2025 (awards payable in 2026) is incorporated by reference from the description contained in Item 5.02 of the Registrant's Current Report on Form 8-K filed March 21, 2025 (SEC File No. 001-15877). |
| 10.2*+ | Form of LTI Restricted Stock Award Agreement, in effect as of March 15, 2025, for grants made to executive officers under the 2019 Long-Term Equity Incentive Plan in conjunction with Management Long-Term Incentive Plans. |
| 31.1+ | Sarbanes-Oxley Act of 2002, Section 302 Certification of Principal Executive Officer. |
| 31.2+ | Sarbanes-Oxley Act of 2002, Section 302 Certification of Principal Financial Officer. |
| 32.1++ | Sarbanes-Oxley Act of 2002, Section 906 Certification of Principal Executive Officer. |
| 32.2++ | Sarbanes-Oxley Act of 2002, Section 906 Certification of Principal Financial Officer. |
| 101.INS+ | Inline XBRL Instance Document (The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.) |
| 101.SCH+ | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL+ | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF+ | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB+ | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE+ | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

Note: No long-term debt instrument issued by the Registrant exceeds 10% of consolidated total assets or is registered. In accordance with paragraph 4 (iii) of Item 601(b) of Regulation S-K, the Registrant will furnish the Securities and Exchange Commission copies of long-term debt instruments and related agreements upon request.

# Schedules to the subject agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished to the Securities and Exchange Commission upon request.

* Exhibits that describe or evidence management contracts or compensatory plans or arrangements required to be filed as exhibits to this Report are indicated by an asterisk.

+ Filed with this Report (other than through incorporation by reference to other disclosures or exhibits).

++ Furnished with this Report.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| | GERMAN AMERICAN BANCORP, INC. |
| Date: May 12, 2025 | By: /s/D. Neil Dauby |
| | D. Neil Dauby<br>Chairman and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: May 12, 2025 | By: /s/Bradley M. Rust |
| | Bradley M. Rust<br>President and Chief Financial Officer<br>(Principal Financial Officer) |
| Date: May 12, 2025 | By: /s/Vicki L. Schuler |
| | Vicki L. Schuler<br>Senior Vice President, Controller<br>(Principal Accounting Officer) |

**Exhibit 10.2**

# GERMAN AMERICAN BANCORP, INC.
# MANAGEMENT LONG-TERM INCENTIVE PLAN

Award Agreement

Pursuant to the Grant Notice (the “Grant Notice”) accompanying this Award Agreement (this “Agreement”), German American Bancorp, Inc., an Indiana corporation (together with any successor thereof, the “Company”), has granted to Participant (a) Restricted Stock under the Company’s 2019 Long-Term Equity Incentive Plan, as amended from time to time (the “Equity Plan”), and/or (b) the right to receive cash payments and credits (the “LTI Cash Right” and, together with the Restricted Stock, collectively, the “Award”), in each case as indicated in the Grant Notice.

By accepting the Award, Participant agrees to be bound by the terms and conditions of the Grant Notice, this Agreement, and the Equity Plan. Participant also acknowledges having reviewed the Grant Notice, this Agreement, and the Equity Plan in their entirety and having had an opportunity to obtain the advice of counsel prior to accepting the Award, and fully understands all provisions of the Grant Notice, this Agreement, and the Equity Plan. Participant (on behalf of Participant and Participant’s estate, including Participant’s personal representatives, guardians, executors, and heirs) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Company’s Board of Directors, or of any Committee thereof administering the Award, upon any questions arising under the Grant Notice, this Agreement, and the Equity Plan.

Capitalized terms not specifically defined herein shall have the meanings specified in the Equity Plan and the Grant Notice, unless the context clearly indicates otherwise. The Restricted Stock is subject to the terms and conditions of the Equity Plan which is incorporated herein by reference. In the event of any inconsistency between the Equity Plan and this Agreement, the terms of the Equity Plan shall control.

1. Grant of Award. In consideration of Participant’s employment with or service to the Company or a Subsidiary, and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the “Grant Date”), the Company has granted to Participant (a) the Restricted Stock, upon the terms and conditions set forth in the Grant Notice, the Equity Plan and this Agreement, subject to adjustments as provided in Section 5.04 of the Equity Plan, and/or (b) the LTI Cash Right, upon the terms and conditions set forth in the Grant Notice and this Agreement.

2. Vesting of the Award. Subject to earlier forfeiture and cancellation pursuant to the Equity Plan and this Agreement and possible acceleration as provided by Article VI of the Equity Plan, Participant’s rights to retain the Award (including the Restricted Stock and the LTI Cash Right) will vest in such amounts and on such dates as set forth in the Grant Notice (each such date, a “Vesting Date”), with such vesting being deemed to occur as of 12:01 A.M. Jasper time on the morning of the applicable Vesting Date. The period during which all or any portion of the Award is not vested shall be referred to herein as the “Restricted Period.” The Compensation/Human Resources Committee of the Board of Directors of the Company, which administers the Equity Plan (the “Committee”), shall have the authority, in its sole judgment (which shall be conclusive and binding) to determine whether the conditions to vesting specified by this Agreement and the Equity Plan have been satisfied as of any Vesting Date or any other date, and to determine the exact amount(s) of shares of Restricted Stock and of the LTI Cash Right payment that is deemed to be vested and/or payable at any time. Subject to the terms of the Equity Plan, the Committee may also waive the provisions of Section 5 or otherwise shorten the Restricted Period as to any portion or all of the Award, and in connection with such actions may cause the Award to vest at an earlier date, whenever the Committee may determine that such action is appropriate by reason of changes in applicable tax or other laws or accounting principles or interpretations, or by reason of other changes in circumstances occurring after the Grant Date.

3. Participant’s Rights in Award before Vesting. Except as otherwise provided in this Agreement, Participant shall have all the rights of a holder of Shares in respect of each of Participant’s shares of Restricted Stock that are included in the Award during the Restricted Period, including, but not limited to, the right to receive all cash dividends paid on the Restricted Stock that are declared with a

record date on or after the Grant Date and the right to vote the Restricted Stock on all matters to come for a vote by the holders of the Shares with a record date on or after the Grant Date. Participant shall have no right to receive any benefit with respect to any unvested LTI Cash Right during the Restricted Period.

4. <u>Non-Certificated Nature of Restricted Stock during the Restricted Period</u>. The Company has directed its registrar and transfer agent (the "Transfer Agent") to issue the shares of Restricted Stock in Participant's name as of the Grant Date, and to evidence the issuance of such shares of Restricted Stock to Participant by crediting the number of such shares of Restricted Stock to an account that has been established in Participant's name on the Transfer Agent's books. During the Restricted Period, the Company shall have no obligation to cause a certificate evidencing any of the shares of Restricted Stock (to the extent not yet vested) to be prepared or delivered. Any cash dividends payable in respect of the Restricted Stock during the Restricted Period pursuant to Section 3 shall be paid to Participant in cash, unless Participant otherwise directs, in which event such dividends will be paid to such account as Participant directs.

5. <u>Forfeiture and Cancellation of the Award in Certain Additional Cases</u>

(a) *Continuing Employment Condition.* If Participant's period of continuing employment (the "Employment Period") with the Company and its Subsidiaries terminates during the Restricted Period otherwise than by reason of a Qualifying Circumstance (as defined below), the then-unvested portion of the Award (including the Restricted Stock and all associated property and rights, and the LTI Cash Right) shall be forfeited and cancelled effective as of the last day of the Employment Period. In the event of any forfeiture or cancellation of any portion of the Restricted Stock pursuant to this Section 5, such portion of Participant's shares of Restricted Stock shall be deemed to have been reacquired by the Company and cancelled effective as of the last day of the Employment Period, and Participant therefore shall not have the right to receive any cash dividends or other distributions with respect to such portion of the Restricted Stock that are declared with a record date after the Employment Period. If the Employment Period terminates during the Restricted Period by reason of a Qualifying Circumstance, the Award will be deemed to be fully earned and vested. In the event that the vesting of the Award is accelerated as a result of a Qualifying Circumstance, (i) the Restricted Stock portion of the Award will fully vest as of the effective date of the Qualifying Circumstance, and (ii) any portion of such Award that represents the LTI Cash Right will be paid to Participant (or Participant's estate, as applicable) within sixty (60) days following the effective date of the Qualifying Circumstance, but in no event later than March 15 of the year following such Qualifying Circumstance. The existence or non-existence of a Qualifying Circumstance, and the existence and effective date of any termination of the Employment Period, shall, in the event of any uncertainty or dispute, be determined for all purposes under the Equity Plan and this Agreement by the Committee, whose judgment on such matters shall be conclusive and binding.

(b) *Qualifying Circumstance.* For purposes of this Section 5, a "Qualifying Circumstance" means, with reference to the termination of Participant's employment with the Company and all Subsidiaries, one that occurs due to (i) Participant's death or disability (as determined by any disability policy or program maintained by the Company), or (ii) such other event or circumstance that the Committee specifically approves and designates as a Qualifying Circumstance.

(c) *Immediate Vesting Caused by an Extraordinary Event.* If an Extraordinary Event (as defined by Section 6.06(d) of the Equity Plan) occurs during the Restricted Period, and prior to the date of any forfeiture and cancellation of the Award, then all of the Vesting Dates of the Award shall be deemed to have been accelerated to the date of the Extraordinary Event, and the Award (including the Restricted Stock and the LTI Cash Right) shall be deemed fully non-restricted and non-forfeitable as of such date. In the event that the vesting of the Award is accelerated as a result of an Extraordinary Event, any portion of such Award that represents the LTI Cash Right will be paid to Participant within thirty (30) days of the occurrence of such Extraordinary Event.

(d) *Deemed Terminations (In Absence of Any Extraordinary Event).* For purposes of this Section 5, the Employment Period shall be deemed to terminate before the end of the Restricted Period, even if it does not actually so terminate, if, before the end of the Restricted Period, and before the occurrence of an Extraordinary Event (as defined by Section 6.06(d) of the Equity Plan), (i) Participant gives notice before the end of the Restricted Period to the Company or any of its Subsidiaries of the termination of Participant's association with them in all capacities (whether as a director, officer, employee or consultant), (ii) Participant takes any action before the end of the Restricted Period, such as accepting another position, that, in the judgment of the Committee, indicates that Participant plans to terminate his or her association with the Company and its Subsidiaries, or (iii) the Company and/or any of its Subsidiaries gives notice prior to the end of the Restricted Period to Participant that his or her association with them in all capacities (whether as a director, officer, employee or consultant) is being terminated. For the avoidance of doubt, Clauses (i), (ii) and (iii) concerning termination of association shall apply even if Participant's termination of association is planned or stated not to become effective until after the end of the Restricted Period and Participant's termination shall be deemed effective for purposes of this Section 5 as of the date of the notice or action described in Clauses (i), (ii), or (iii).

6. Non-Transferability. Prior to expiration of the Restricted Period, Participant may not sell, assign, transfer, pledge or otherwise encumber any of Participant's unvested rights under the Award, including the unvested portion of the Restricted Stock and of the LTI Cash Right.

7. Disclaimer of Employment Contract. Nothing contained in this Agreement shall be construed as an obligation of the Company or any of its Subsidiaries or any other person to retain Participant in its employ.

8. Securities Laws. The Company's obligation to issue to Participant, or to deliver to Participant any stock certificates evidencing, Shares hereunder shall, if the Committee so requests, be conditioned upon the Company's receipt of a representation by Participant as to Participant's investment intention, in such form as the Committee shall determine to be necessary or advisable to comply with the provisions of the Securities Act of 1933, as amended, or any other federal, state or local securities legislation. The Company shall not be required to deliver any certificates for shares under this Agreement or to issue any shares hereunder prior to (i) the admission of such shares to listing on any stock exchange on which the Shares may then be listed, and (ii) the completion of such registration or other qualification of such shares under any state or federal law, rule or regulation, as the Committee shall determine to be necessary or advisable.

9. Code Section 409A.

(a) The parties hereto intend that all benefits and payments to be made to the Participant hereunder will be provided or paid to the Participant in compliance with all applicable provisions of Code Section 409A and the regulations issued thereunder, and the rulings, notices and other guidance issued by the Internal Revenue Service interpreting the same, and this Agreement shall be construed and administered in accordance with such intent. The parties also agree that this Agreement may be modified, as reasonably requested by either party, to the extent necessary to comply with all applicable requirements of, and to avoid the imposition of any additional tax, interest and penalties under, Code Section 409A in connection with, the benefits and payments to be provided or paid to the Participant hereunder. Any such modification shall maintain the original intent and benefit to the Company and the Participant of the applicable provision of this Agreement, to the maximum extent possible without violating Code Section 409A.

(b) All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Code Section 409A. In no event may the Participant, directly or indirectly, designate the calendar year of a payment.

(c) Any payments hereunder that qualify for the "short-term deferral" exception or another exception under Code Section 409A shall be paid under the applicable exception.

(d) Notwithstanding the foregoing or anything to the contrary contained in any other provision of this Agreement, if the Participant is a "specified employee" at the time of his "separation from service" within the meaning of Code Section 409A, then any payment hereunder designated as being subject to Code Section 409A and this Subsection shall not be made until the first business day after (i) the expiration of six (6) months from the date of his separation from service, or (ii) if earlier, the date of his death (the "Delayed Payment Date"). On the Delayed Payment Date, there shall be paid to the Participant or, if he has died, to his estate, in a single cash lump sum, an amount equal to the aggregate amount of the payments delayed pursuant to the preceding sentence. The term "specified employee" shall mean any individual who, at any time during the twelve (12) month period ending on the identification date (as determined by the Company or its delegate), is a "specified employee" under Code Section 409A, as determined by the Company (or its delegate). The determination of "specified employees," including the number and identity of persons considered "specified employees" and identification date, shall be made by the Company (or its delegate) in accordance with the provisions of Sections 416(i) and 409A of the Code.

10. Tax and Other Withholding Obligations. The Company's obligation to pay or deliver to Participant the Restricted Stock and the LTI Cash Right payments that together constitute the Award shall be subject to the Company's compliance with applicable tax withholding and other required withholding or deductions, if any, with respect to the compensation realized by Participant as a result of having received the Award (including the non-cash compensation income that Participant may be deemed to realize for income tax purposes upon the lapsing of the restrictions upon all or any portion of the Award) including any deductions that may be required under the Company's employee benefit plans (collectively, the "Withholding"). The Company intends to satisfy its Withholding with respect to any vesting or other taxable event with respect to the Award by charging the aggregate amount of the Withholding against the LTI Cash Right portion of the Award, if any, or against any other incentive cash payments that, in each case, may be payable to Participant on the Vesting Date (collectively, the "Vesting Cash Payments"). In the event that the aggregate of the Vesting Cash Payments payable on the Vesting Date is greater than the aggregate amount of the Withholding, the Company shall, as soon as practicable following the Vesting Date, pay to Participant the excess amount, without interest. In the event that the aggregate of the Vesting Cash Payments payable on the Vesting Date is less than the aggregate amount of the Withholding, then the Company (a) shall have the right to adjust subsequent withholdings, and to withhold from other forms of compensation, in order to cover the deficiency, and/or (b) may require that Participant immediately "cover" the amount of such deficiency by (i) paying such amount to the Company in cash or (ii) by delivering to the Company Shares with a Fair Market Value equal to the amount of any such deficiency already owned by Participant for a period of at least six (6) months (or such longer or shorter period as may be required to avoid a charge to earnings for financial accounting purposes).

11. Potential Repayment Obligation.

(a) *Basis of Value of Award*. Participant acknowledges that the values of this Award (including the number of shares of Restricted Stock specified by this Agreement and the amount of the LTI Cash Right specified by this Agreement, which is a function of the Restricted Stock valued as of the Grant Date) have been determined by the Company under the Management Incentive Plan by reference, in part, to certain financial and operating metrics of the Company that are reflected by its financial statements or otherwise reported (publicly or internally) for some or all of the three years that ended on December 31 immediately prior to the Grant Date.

(b) *Automatic Forfeiture under Sarbanes-Oxley*. Participant further acknowledges and agrees that, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, and Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, to the extent required by such Section 304, Participant shall reimburse the Company for (i) the amount of any Award received by such Participant during the 12-month period following the first public issuance or filing with the Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement, and (ii) any profits received from the sale of securities of the Company during that 12-month period.

(c) *Recovery under Other Applicable Law, Regulation or Listing Standards*. Participant further acknowledges and agrees that the Company shall be entitled to seek to recover from Participant all or any part of the Award, including any cash, stock, or other property received by Participant with respect to the Award, if and as required by the Company's Incentive Compensation Recovery Policy, in effect from time to time, which shall be designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended, and the listing standards of the national securities exchange on which the Company's securities are listed.

(d) *Repayment as a Result of Other Improper Conduct*. In addition to any repayment obligation that may be imposed upon Participant under paragraphs (b) and (c) of this Section,

(i) if an Award has been paid to Participant or to his or her spouse or beneficiary, and the Committee later determines either (A) that financial results used to determine the amount of that Award must be materially restated and that Participant engaged in fraud or intentional misconduct related thereto, or (B) that recovery or repayment of the Award is required by applicable law, Participant, or his or her spouse or beneficiary, shall be required to transfer back to the Company (or repay the Company the amounts or value of any Shares or other securities or property or cash payments previously deemed vested for Participant's account, or delivered or paid to Participant (or for Participant's account), under this Agreement in respect of the Award, to the extent overpaid, notwithstanding any contrary provision of the Equity Plan; and

(ii) the Company may also (by written notice delivered to Participant at any time on or before the third anniversary of the Grant Date) (A) cancel any or all of the unvested or unpaid portion of the Award that has not previously been forfeited or cancelled under this Agreement, and (B) require that Participant or Participant's spouse or beneficiary (if applicable) transfer back to the Company (or repay the Company the amounts or value of) (I) any Shares or other securities or property or cash payments previously vested for Participant's account, or delivered or paid to Participant (or for Participant's account), under this Agreement in respect of the Award or (II) previously deemed earned or vested under this Agreement, where, in the sole judgment of the Committee, Participant has (x) engaged in fraud or intentional misconduct in the performance of Participant's duties to the Company, (y) been indicted or charged with any criminal violation, regardless of whether in connection with Participant's duties to the Company (other than minor traffic violations not involving use of intoxicants or possession of illegal substances), or (z) violated Participant's duties to the Company under the Company's Code of Business Conduct in any material respect.

Further, the Committee may also impose additional repayment, recoupment or "clawback" obligations upon Participant with respect to all or any portion of the Award, any other payments of cash, stock, or other property or any other deliveries of securities made by or on behalf of the Company to Participant with respect to any component of this Award (including any payments or deliveries of shareholder dividends or distributions or other cash or other property in respect of securities previously credited or delivered to Participant under this Award), whenever the Committee may determine that such action is appropriate by reason of applicable securities, banking, tax or other laws, exchange listing standards, or accounting principles or interpretations (regardless of whether such laws, principles or interpretations have been changed since the Grant Date), by reason of changes in circumstances occurring after the Grant Date, or by reason of the Committee's subsequent discovery of any error or other miscalculation by the Committee in its determination of the amount of Award issuable or payable to Participant hereunder.

(e) *Committee Authority and Participant's Acceptance thereof*. The Committee shall have authority, in its sole judgment (which shall be conclusive and binding upon Participant), to determine whether Participant is obligated to the Company under this Section 11 to return or repay any portion of the Award previously granted and/or paid or delivered to Participant, and to determine the exact amount(s) of any such return or repayment obligation under this Section and the procedures and currencies for any such return. By accepting this Award, Participant also accepts the Committee's authority under this Agreement to make final and binding determinations with respect to all issues pertaining to the existence and amount(s) of Participant's repayment obligation(s) under this Agreement.

(f) *Interest, Fees and Tax Reporting*. If Participant fails to satisfy any obligation to the Company established or claimed by the Company under this Section in full by the due date stated for satisfaction of such obligation, then Participant shall also pay to the Company interest on the fair value of such obligation from such due date until paid in full at a rate of interest equal to the prevailing national "prime rate" of interest on such due date plus an amount equal to the reasonable attorneys' fees incurred by the Company in collecting amounts due from Participant under this Section. After shares or payments have been transferred (and/or paid) back to the Company as may be required pursuant to this Section 11, the Company shall file such federal and state tax returns or amended returns, amended W-2 forms, or other tax filings as shall be required of it by applicable law or as reasonably requested by Participant with respect to all excess income and FICA taxes withheld and/or paid by the Company in connection with or attributable to the such transfers or payments back to the Company.

12. Amendment of Awards. The Committee may unilaterally amend the terms of this Award Agreement, except that no such amendment may materially impair the rights of Participant under the Award without Participant's consent, unless such amendment is necessary to comply with applicable law, stock exchange rules or the provisions of Section 11.

Exhibit 31.1

Sarbanes-Oxley Act of 2002, Section 302 Certification of Principal Executive Officer

I, D. Neil Dauby, Chairman and Chief Executive Officer of German American Bancorp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of German American Bancorp, Inc. (the “registrant”):

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2025
Date

/s/ D. Neil Dauby
D. Neil Dauby
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Sarbanes-Oxley Act of 2002, Section 302 Certification of Principal Financial Officer

I, Bradley M. Rust, President and Chief Financial Officer of German American Bancorp, Inc. certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of German American Bancorp, Inc. (the “registrant”):

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2025
Date

/s/ Bradley M. Rust
Bradley M. Rust
President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Sarbanes-Oxley Act of 2002, Section 906 Certification of Principal Executive Officer

I, D. Neil Dauby, Chairman and Chief Executive Officer of German American Bancorp, Inc. certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that:

1. The Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Periodic Report"), which this statement accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2. Information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of German American Bancorp, Inc.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Periodic Report.

May 12, 2025
Date

/s/ D. Neil Dauby
D. Neil Dauby
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Sarbanes-Oxley Act of 2002, Section 906 Certification of Principal Financial Officer

I, Bradley M. Rust, President and Chief Financial Officer of German American Bancorp, Inc. certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that:

1. The Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Periodic Report"), which this statement accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2. Information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of German American Bancorp, Inc.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Periodic Report.

May 12, 2025
Date

/s/ Bradley M. Rust
Bradley M. Rust
President and Chief Financial Officer
(Principal Financial Officer)