German American Bancorp, Inc.

NEWS RELEASE

German American Bancorp, Inc. (GABC) Reports Solid Third Quarter 2023 Earnings

10/30/2023

JASPER, Ind., Oct. 30, 2023 (GLOBE NEWSWIRE) -- German American Bancorp, Inc. (Nasdaq: GABC) reported solid third quarter earnings of $21.5 million, or $0.73 per share. This level of quarterly earnings reflected a linked quarter decrease of $0.7 million, or approximately 3% on a per share basis, from 2023 second quarter earnings of $22.1 million or $0.75 per share.

The Company remained well-positioned at the end of the third quarter of 2023 with continued solid liquidity and strong capital. Third quarter 2023 operating performance was highlighted by marginal net interest margin compression, solid loan growth, a stable/diversified deposit base, continued strong credit metrics, reductions in non-interest expense and stable/diversified non-interest income.

The net interest margin declined marginally from 3.63% to 3.57%, or 6 basis points, during the third quarter of 2023 on a linked quarter basis as the earning asset yield increase of 14 basis points mostly kept pace with the funding cost increase of 20 basis points. The rise in the cost of funds in the third quarter of 2023 was driven by the continued historic pace of Federal Reserve interest rate increases, extremely competitive deposit pricing in the marketplace, and a continued re-mixing of the Company’s deposit composition as customers looked for higher yield opportunities.

Third quarter 2023 deposits decreased approximately $44 million, or 3%, on an annualized basis compared to the second quarter of 2023. Non-interest bearing accounts remained stable at a healthy 29% of total deposits. The core deposit base remains diverse with stable and manageable exposure to uninsured and uncollateralized deposits of approximately 21%.

During the third quarter of 2023, total loans increased $63.1 million or 7% on an annualized basis with most categories of loans showing growth. The Company’s loan portfolio composition remained diverse with a low commercial real estate office concentration. Credit metrics remained strong as non-performing assets were 0.21% of period end assets and non-performing loans totaled 0.32% of period end loans.

Non-interest income for the third quarter of 2023 remained stable when compared to the second quarter of 2023, as most revenue lines reflected minor changes over the linked second quarter. Non-interest expenses were stable as well with an overall reduction in non-interest expense of approximately 1% over the second quarter.

The Company also announced that its Board of Directors declared a regular quarterly cash dividend of $0.25 per share, which will be payable on November 20, 2023 to shareholders of record as of November 10, 2023. As previously reported, this dividend rate represents a 9% increase over the rate in effect during 2022.

D. Neil Dauby, German American’s Chairman & CEO stated, “We are extremely pleased to deliver yet another solid quarterly operating performance. German American remains extremely well-positioned with solid liquidity, strong capital and a diverse core deposit base which continues to speak to the strength and resilience of our Company. Thanks to the dedicated efforts of our relationship-focused team of professionals, we are confident that our strong community presence, healthy financial condition and disciplined approach to risk management and earnings growth will continue to drive future profitability. We remain excited and committed to the vitality and growth of our Indiana and Kentucky communities.”

Balance Sheet Highlights

Total assets for the Company totaled $6.006 billion at September 30, 2023, representing a decline of $47.6 million compared with June 30, 2023 and a decline of $254.2 million compared with September 30, 2022. The decline in total assets at September 30, 2023 compared with June 30, 2023 was primarily related to a decline in the market value of the securities portfolio partially offset by an increase in total loans, while the decline in total assets compared to September 30, 2022 was largely attributable to a decline in total deposits which in turn has led to a decline in short-term investments as well as the Company's securities portfolio. Federal funds sold and other short-term investments totaled $60.4 million at September 30, 2023 compared with $62.4 million at June 30, 2023 and $302.4 million at September 30, 2022.

Securities available for sale declined $123.8 million as of September 30, 2023 compared with June 30, 2023 and declined $224.7 million compared with September 30, 2022. The decline in the available for sale securities portfolio during the third quarter of 2023 compared with the end of the second quarter of 2023 was largely attributable to fair value adjustments on the portfolio caused by a rise in market interest rates while the decline from the third quarter of 2022 was primarily the result of the Company's utilization of cash flows from the securities portfolio to fund loan growth. Total cash flow generated from the portfolio totaled approximately $35.0 million during the third quarter of 2023, reflecting principal and interest payments. Current projections indicate approximately $140.0 million in principal and interest cash flows from the portfolio over the next twelve months with rates unchanged.

September 30, 2023 total loans increased $63.1 million, or 7% on an annualized basis, compared with June 30, 2023 and increased $207.2 million, or 6%, compared with September 30, 2022. The increase during the third quarter of 2023 compared with June 30, 2023 was broad-based across most segments of the portfolio. Commercial real estate loans increased $55.9 million, or 11% on an annualized basis, while agricultural loans grew $2.6 million, or 3% on an annualized basis, and retail loans grew by $7.8 million, or 4% on an annualized basis. Partially offsetting these increases was a modest decline in commercial and industrial loans of $3.2 million, or 2% on an annualized basis, as line of credit utilization remains muted.

The composition of the loan portfolio has remained relatively stable and diversified over the past several years, including 2023. The portfolio is most heavily concentrated in commercial real estate loans at 53% of the portfolio, followed by commercial and industrial loans at 17% of the portfolio, and agricultural loans at 10% 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. The Company's commercial real estate portfolio has limited exposure to office real estate, with office exposure totaling approximately 4% of the total loan portfolio.

End of Period Loan Balances (dollars in thousands)	9/30/2023	6/30/2023	9/30/2022
Commercial & Industrial Loans	$ 665,892	$ 669,137	$ 644,284
Commercial Real Estate Loans	2,076,962	2,021,109	1,923,794
Agricultural Loans	398,109	395,466	401,608
Consumer Loans	396,000	389,440	370,335
Residential Mortgage Loans	356,610	355,329	346,347
	$ 3,893,573	$ 3,830,481	$ 3,686,368

The Company’s allowance for credit losses totaled $44.6 million at September 30, 2023 compared to $44.3 million at June 30, 2023 and $44.7 million at September 30, 2022. The allowance for credit losses represented 1.15% of period-end loans at September 30, 2023 compared with 1.16% at June 30, 2023 and 1.21% of period-end loans at September 30, 2022.

Non-performing assets totaled $12.4 million at both September 30, 2023 and June 30, 2023 and $13.8 million at September 30, 2022. Non-performing assets represented 0.21% of total assets at both September 30, 2023 and June 30, 2023 and 0.22% at September 30, 2022. Non-performing loans totaled $12.4 million at both September 30, 2023 and June 30, 2023 and $13.8 million at September 30, 2022. Non-performing loans represented 0.32% of total loans at both September 30, 2023 and June 30, 2023 and 0.37% at September 30, 2022.

Non-performing Assets (dollars in thousands)	9/30/2023	6/30/2023	9/30/2022
Non-Accrual Loans	$ 11,206	$ 11,423	$ 13,054
Past Due Loans (90 days or more)	1,170	1,000	726
Total Non-Performing Loans	12,376	12,423	13,780
Other Real Estate	24	—	—
Total Non-Performing Assets	$ 12,400	$ 12,423	$ 13,780
Restructured Loans	$ —	$ —	$ —

Overall deposits remained relatively stable during the third quarter of 2023 compared with the overall level of deposits at June 30, 2023. September 30, 2023 total deposits declined $43.8 million, or 1% on a linked quarter basis, compared to June 30, 2023 and declined $438.5 million, or 8%, compared with September 30, 2022. The Company has continued to see customer movement from both interest bearing and non-interest bearing transactional accounts to time deposits due primarily to the rising interest rate environment. Non-interest bearing deposits have remained relatively stable as a percent of total deposits with September 30, 2023 non-interest deposits totaling 29% of total deposits compared with 30% at June 30, 2023 and 31% at September 30, 2022.

A competitive market driven by rising interest rates has been a significant contributing factor to the decline in total deposits over the course of the past year. Additionally, a meaningful level of the outflow of deposits experienced during the past year was captured within the Company's wealth management group.

September 30, 2023 total borrowings increased $58.7 million compared to June 30, 2023 and increased $140.2 million compared with September 30, 2022. The increase in total borrowings over the course of the third quarter of 2023 and past year has been to fund loan growth and mitigate deposit outflows.

End of Period Deposit Balances (dollars in thousands)	9/30/2023	6/30/2023	9/30/2022
Non-interest-bearing Demand Deposits	$ 1,502,175	$ 1,540,564	$ 1,755,065
IB Demand, Savings, and MMDA Accounts	2,932,180	3,056,396	3,381,082
Time Deposits < $100,000	269,829	256,504	248,455
Time Deposits > $100,000	431,687	326,241	189,739
	$ 5,135,871	$ 5,179,705	$ 5,574,341

At September 30, 2023, the capital levels for the Company and its subsidiary bank, German American Bank (the "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.

	9/30/2023 Ratio	6/30/2023 Ratio	9/30/2022 Ratio
Total Capital (to Risk Weighted Assets)			
Consolidated	16.21%	16.06%	15.21%
Bank	14.83%	14.50%	13.88%
Tier 1 (Core) Capital (to Risk Weighted Assets)			
Consolidated	14.66%	14.50%	13.76%
Bank	14.10%	13.76%	13.26%
Common Tier 1 (CET 1) Capital Ratio (to Risk Weighted Assets)			
Consolidated	13.95%	13.78%	13.04%
Bank	14.10%	13.76%	13.26%
Tier 1 Capital (to Average Assets)			
Consolidated	11.70%	11.44%	10.10%
Bank	11.26%	10.87%	9.75%

Results of Operations Highlights – Quarter ended September 30, 2023

Net income for the quarter ended September 30, 2023 totaled $21,451,000, or $0.73 per share, a decline of 3% on a per share basis, compared with the second quarter 2023 net income of $22,123,000, or $0.75 per share, and a decline of 12% on a per share basis compared with the third quarter 2022 net income of $24,596,000, or $0.83 per share. The decline in net income in the third quarter of 2023 compared to both periods was largely driven by a reduced level of average earning assets and net interest margin resulting in a decline in net interest income.

Summary Average Balance Sheet
(Tax-equivalent basis / dollars in thousands)

	Quarter Ended September 30, 2023			Quarter Ended June 30, 2023			Quarter Ended September 30, 2022		
	Principal Balance	Income/ Expense	Yield/ Rate	Principal Balance	Income/ Expense	Yield/ Rate	Principal Balance	Income/ Expense	Yield/ Rate
Assets									
Federal Funds Sold and Other Short-term Investments	$ 20,243	$ 199	3.91%	$ 54,228	$ 660	4.88%	$ 402,006	$ 2,053	2.03%
Securities	1,596,653	11,677	2.93%	1,667,871	12,094	2.90%	1,848,165	12,955	2.80%
Loans and Leases	3,855,586	55,343	5.70%	3,787,436	52,350	5.54%	3,676,862	43,251	4.67%
Total Interest Earning Assets	$5,472,482	$ 67,219	4.88%	$5,509,535	$ 65,104	4.74%	$5,927,033	$ 58,259	3.91%
Liabilities									
Demand Deposit Accounts	$1,524,682			$1,545,455			$1,738,237		
IB Demand, Savings, and MMDA Accounts	$2,973,909	$ 10,601	1.41%	$3,118,225	$ 10,035	1.29%	$3,477,902	$ 3,131	0.36%
Time Deposits	640,992	4,977	3.08%	546,982	3,322	2.44%	451,390	466	0.41%
FHLB Advances and Other Borrowings	219,371	2,505	4.53%	177,146	1,899	4.30%	143,548	1,229	3.39%
Total Interest-Bearing Liabilities	$3,834,272	$ 18,083	1.87%	$3,842,353	$ 15,256	1.59%	$4,072,840	$ 4,826	0.47%

Cost of Funds		1.31%		1.11%		0.32%
Net Interest Income	$ 49,136		$ 49,848		$ 53,433	
Net Interest Margin		3.57%		3.63%		3.59%

During the third quarter of 2023, net interest income, on a non tax-equivalent basis, totaled $47,559,000, a decline of $699,000, or 1%, compared to the second quarter of 2023 net interest income of $48,258,000 and a decline of $4,139,000, or 8%, compared to the third quarter of 2022 net interest income of $51,698,000.

The decline in net interest income during the third quarter of 2023 compared with the second quarter of 2023 was primarily attributable to a decline in the Company's net interest margin. The decline in net interest income during the third quarter of 2023 compared with the third quarter of 2022 was primarily attributable to a decline in average earning assets, driven by a reduced level of average deposits, and a modestly lower net interest margin.

The tax equivalent net interest margin for the quarter ended September 30, 2023 was 3.57% compared with 3.63% in the second quarter of 2023 and 3.59% in the third quarter of 2022. The decline in the net interest margin during the third quarter of 2023 compared with both the second quarter of 2023 and the third quarter of 2022 was largely driven by an increase in the cost of funds. The cost of funds continued to accelerate higher in the third quarter of 2023 due to the continued increase of market interest rates, very competitive deposit pricing in the marketplace, customers actively looking for yield opportunities within and outside the banking industry and a change in the Company's deposit composition.

The Company's net interest margin and net interest income have been impacted by accretion of loan discounts on acquired loans. Accretion of discounts on acquired loans totaled $1,288,000 during the third quarter of 2023, $716,000 during the second quarter of 2023 and $1,099,000 during the third quarter of 2022. Accretion of loan discounts on acquired loans contributed approximately 9 basis points to the net interest margin in the third quarter of 2023, 5 basis points in the second quarter of 2023 and 7 basis points in the third quarter of 2022.

During the quarter ended September 30, 2023, the Company recorded a provision for credit losses of $900,000 compared with a provision for credit losses of $550,000 in the second quarter of 2023 and a provision for credit losses of $350,000 during the third quarter of 2022.

Net charge-offs totaled $520,000, or 5 basis points on an annualized basis, of average loans outstanding during the third quarter of 2023 compared with $599,000, or 6 basis points on an annualized basis, of average loans during the second quarter of 2023 and compared with $682,000, or 7 basis points, of average loans during the third quarter of 2022.

During the quarter ended September 30, 2023, non-interest income totaled $14,804,000, a decline of $92,000, or less than 1%, compared with the second quarter of 2023 and an increase of $707,000, or 5%, compared with the third quarter of 2022.

Non-interest Income (dollars in thousands)	Quarter Ended 9/30/2023	Quarter Ended 6/30/2023	Quarter Ended 9/30/2022
Wealth Management Fees	$ 2,957	$ 2,912	$ 2,376
Service Charges on Deposit Accounts	2,982	2,883	3,014
Insurance Revenues	2,065	2,130	1,995
Company Owned Life Insurance	446	429	416
Interchange Fee Income	4,470	4,412	4,054
Other Operating Income	1,270	1,462	1,365
Subtotal	14,190	14,228	13,220
Net Gains on Sales of Loans	614	630	854
Net Gains on Securities	—	38	23
Total Non-interest Income	$ 14,804	$ 14,896	$ 14,097

Wealth management fees increased $45,000, or 2%, during the third quarter of 2023 compared with the second quarter of 2023 and increased by $581,000, or 24%, compared with the third quarter of 2022. The increase during the third quarter of 2023 was largely attributable to increased assets under management within the Company's wealth management group as compared with both the second quarter of 2023 and third quarter of 2022.

Interchange fee income increased $58,000, or 1%, during the quarter ended September 30, 2023 compared with the second quarter of 2023 and increased $416,000, or 10%, compared with the third quarter of 2022. The increased level of fees during the third quarter of 2023 compared with both the second quarter of 2023 and the third quarter of 2022 was due to increased card utilization by customers.

Other operating income declined $192,000, or 13%, during the third quarter of 2023 compared with the second quarter of 2023 and declined $95,000, or 7%, compared with the third quarter of 2022. The decline during the third quarter of 2023 compared with both periods was largely attributable to a fair value adjustment to the asset held for the Company's lender risk account with the Federal Home Loan Bank.

Net gains on sales of loans decreased $16,000, or 3%, during the third quarter of 2023 compared with the second quarter of 2023 and declined $240,000, or 28%, compared with the third quarter of 2022. The decline in the third quarter of 2023 compared with the second quarter of 2022 was largely related to a lower volume of loans sold and lower pricing levels. Loan sales totaled $33.8 million during the third quarter of 2023 compared with $24.8 million during the second quarter of 2023 and $40.9 million during the third quarter of 2022.

During the quarter ended September 30, 2023, non-interest expense totaled $35,421,000, a decline of $305,000, or

1%, compared with the second quarter of 2023, and increased $705,000, or 2%, compared with the third quarter of 2022.

Non-interest Expense (dollars in thousands)	Quarter Ended 9/30/2023	Quarter Ended 6/30/2023	Quarter Ended 9/30/2022
Salaries and Employee Benefits	$ 20,347	$ 20,103	$ 19,751
Occupancy, Furniture and Equipment Expense	3,691	3,443	3,685
FDIC Premiums	700	687	477
Data Processing Fees	2,719	2,803	2,712
Professional Fees	1,229	1,614	1,188
Advertising and Promotion	1,278	1,261	1,215
Intangible Amortization	685	734	897
Other Operating Expenses	4,772	5,081	4,791
Total Non-interest Expense	$ 35,421	$ 35,726	$ 34,716

Salaries and benefits increased $244,000, or 1%, during the quarter ended September 30, 2023 compared with the second quarter of 2023 and increased $596,000, or 3%, compared with the third quarter of 2022. The increase in salaries and benefits during the third quarter of 2023 compared with the second quarter of 2023 was primarily due to higher employee benefit costs including health insurance benefit costs. The increase in salaries and benefits during the third quarter of 2023 compared with the third quarter of 2022 was due in large part to higher salary costs primarily associated with annual adjustments for employees throughout the past year.

Occupancy, furniture and equipment expense increased $248,000, or 7%, during the quarter ended September 30, 2023 compared with the second quarter of 2023 and remained stable compared with the second quarter of 2022. The increase in the third quarter of 2023 compared with the second quarter of 2023 was primarily attributable to increased repairs and maintenance costs, utility costs and real and personal property tax expense.

FDIC premiums increased $13,000, or 2%, during the quarter ended September 30, 2023 compared with the second quarter of 2023 and increased $223,000, or 47%, compared with the third quarter of 2022. The increase in the third quarter of 2023 compared with the third quarter of 2022 was primarily related to an industry-wide 2 basis point increase in the base FDIC premium assessment effective January 1, 2023.

Professional fees declined $385,000, or 24%, in the third quarter of 2023 compared with the second quarter of 2023 and increased $41,000, or 3%, compared with the third quarter of 2022. The decline during the third quarter of 2023 compared with the second quarter of 2023 was largely attributable to increased professional fees in the second quarter of 2023 related to fiduciary related tax services for wealth management customers, fees for certain retirement plan services and the timing of other professional fees.

Other operating expenses declined $309,000, or 6%, during the quarter ended September 30, 2023 compared with the second quarter of 2023 and declined $19,000, or less than 1%, compared with the third quarter of 2022. The decline in the third quarter of 2023 compared with the second quarter of 2023 was due in large part to a reduced liability for unfunded commitments and various fees associated with ATM/debit cards.

About German American

German American Bancorp, Inc. is a Nasdaq-traded (symbol: GABC) financial holding company based in Jasper, Indiana. German American, through its banking subsidiary German American Bank, operates 76 banking offices in 20 contiguous southern Indiana counties and 14 counties in Kentucky. The Company also owns an investment brokerage subsidiary (German American Investment Services, Inc.) and a full line property and casualty insurance agency (German American Insurance, Inc.).

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this press release may be deemed “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that, by their nature, forward-looking statements are based on assumptions and are subject to risks, uncertainties, and other factors. Forward-looking statements can often, but not always, be identified by the use of words like “believe”, “continue”, “pattern”, “estimate”, “project”, “intend”, “anticipate”, “expect” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “might”, “can”, “may”, or similar expressions. Actual results and experience could differ materially from the anticipated results or other expectations expressed or implied by these forward-looking statements as a result of a number of factors, including but not limited to, those discussed in this press release. Factors that could cause actual experience to differ from the expectations expressed or implied in this press release include:

a. changes in interest rates and the timing and magnitude of any such changes;
b. unfavorable economic conditions, including a prolonged period of inflation, and the resulting adverse impact on, among other things, credit quality;
c. the impacts related to or resulting from recent bank failures or adverse developments at other banks on general investor sentiment regarding the stability and liquidity of banks;
d. the impacts of epidemics, pandemics or other infectious disease outbreaks;
e. changes in competitive conditions;
f. the introduction, withdrawal, success and timing of asset/liability management strategies or of mergers and acquisitions and other business initiatives and strategies;

g. changes in customer borrowing, repayment, investment and deposit practices;
h. changes in fiscal, monetary and tax policies;
i. changes in financial and capital markets;
j. capital management activities, including possible future sales of new securities, or possible repurchases or redemptions by German American of outstanding debt or equity securities;
k. risks of expansion through acquisitions and mergers, such as 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;
l. factors driving impairment charges on investments;
m. the impact, extent and timing of technological changes;
n. potential cyber-attacks, information security breaches and other criminal activities;
o. litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future;
p. actions of the Federal Reserve Board;
q. the possible effects of the replacement of the London Interbank Offered Rate (LIBOR);
r. 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;
s. changes in accounting principles and interpretations;
t. potential increases of federal deposit insurance premium expense, and possible future special assessments of FDIC premiums, either industry wide or specific to German American's banking subsidiary;
u. 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;
v. 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;
w. the continued availability of earnings and excess capital sufficient for the lawful and prudent declaration and payment of cash dividends; and
x. other risk factors expressly identified in German American's filings with the SEC.

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

German American. Readers are cautioned not to place undue reliance on these forward-looking statements. It is intended that these forward-looking statements speak only as of the date they are made. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

GERMAN AMERICAN BANCORP, INC.
(unaudited, dollars in thousands except per share data)

Consolidated Balance Sheets

	September 30, 2023	June 30, 2023	September 30, 2022
ASSETS			
Cash and Due from Banks	$ 72,063	$ 78,223	$ 70,660
Short-term Investments	60,856	62,948	303,133
Investment Securities	1,477,309	1,601,062	1,701,981
Loans Held-for-Sale	7,085	8,239	10,418
Loans, Net of Unearned Income	3,887,550	3,826,009	3,682,516
Allowance for Credit Losses	(44,646)	(44,266)	(44,699)
Net Loans	3,842,904	3,781,743	3,637,817
Stock in FHLB and Other Restricted Stock	14,763	14,856	15,106
Premises and Equipment	111,252	112,629	111,098
Goodwill and Other Intangible Assets	187,373	188,130	190,812
Other Assets	232,061	205,439	218,880
TOTAL ASSETS	$ 6,005,666	$ 6,053,269	$ 6,259,905
LIABILITIES			
Non-interest-bearing Demand Deposits	$ 1,502,175	$ 1,540,564	$ 1,755,065
Interest-bearing Demand, Savings, and Money Market Accounts	2,932,180	3,056,396	3,381,082
Time Deposits	701,516	582,745	438,194
Total Deposits	5,135,871	5,179,705	5,574,341
Borrowings	286,193	227,484	146,015
Other Liabilities	45,210	43,515	44,848
TOTAL LIABILITIES	5,467,274	5,450,704	5,765,204
SHAREHOLDERS' EQUITY			
Common Stock and Surplus	418,530	418,033	416,249
Retained Earnings	447,475	433,384	387,510
Accumulated Other Comprehensive Income (Loss)	(327,613)	(248,852)	(309,058)
SHAREHOLDERS' EQUITY	538,392	602,565	494,701
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,005,666	$ 6,053,269	$ 6,259,905
END OF PERIOD SHARES OUTSTANDING	29,575,451	29,572,783	29,485,121
TANGIBLE BOOK VALUE PER SHARE (1)	$ 11.87	$ 14.01	$ 10.31

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

GERMAN AMERICAN BANCORP, INC.
(unaudited, dollars in thousands except per share data)

Consolidated Statements of Income

	Three Months Ended September 30, 2023	Three Months Ended June 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
INTEREST INCOME					
Interest and Fees on Loans	$ 55,196	$ 52,202	$ 43,128	$ 156,459	$ 122,050
Interest on Short-term Investments	199	660	2,053	1,204	3,565
Interest and Dividends on Investment Securities	10,247	10,652	11,343	31,982	32,450
TOTAL INTEREST INCOME	65,642	63,514	56,524	189,645	158,065
INTEREST EXPENSE					
Interest on Deposits	15,578	13,357	3,597	37,906	6,475
Interest on Borrowings	2,505	1,899	1,229	6,913	3,387
TOTAL INTEREST EXPENSE	18,083	15,256	4,826	44,819	9,862
NET INTEREST INCOME	47,559	48,258	51,698	144,826	148,203
Provision for Credit Losses	900	550	350	2,550	5,850
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	46,659	47,708	51,348	142,276	142,353
NON-INTEREST INCOME					
Net Gain on Sales of Loans	614	630	854	1,831	3,324
Net Gain on Securities	—	38	23	40	473
Other Non-interest Income	14,190	14,228	13,220	42,796	41,668
TOTAL NON-INTEREST INCOME	14,804	14,896	14,097	44,667	45,465
NON-INTEREST EXPENSE					
Salaries and Benefits	20,347	20,103	19,751	62,296	63,223
Other Non-interest Expenses	15,074	15,623	14,965	46,467	55,354
TOTAL NON-INTEREST EXPENSE	35,421	35,726	34,716	108,763	118,577
Income before Income Taxes	26,042	26,878	30,729	78,180	69,241
Income Tax Expense	4,591	4,755	6,133	13,799	11,831
NET INCOME	$ 21,451	$ 22,123	$ 24,596	$ 64,381	$ 57,410
BASIC EARNINGS PER SHARE	$ 0.73	$ 0.75	$ 0.83	$ 2.18	$ 1.95
DILUTED EARNINGS PER SHARE	$ 0.73	$ 0.75	$ 0.83	$ 2.18	$ 1.95
WEIGHTED AVERAGE SHARES OUTSTANDING	29,573,461	29,573,042	29,484,394	29,551,558	29,457,396
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	29,573,461	29,573,042	29,484,394	29,551,558	29,457,396

GERMAN AMERICAN BANCORP, INC.
(unaudited, dollars in thousands except per share data)

	Three Months Ended September 30, 2023	Three Months Ended June 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
EARNINGS PERFORMANCE RATIOS					
Annualized Return on Average Assets	1.43%	1.47%	1.53%	1.42%	1.16%
Annualized Return on Average Equity	14.36%	14.66%	16.77%	14.47%	11.92%
Annualized Return on Average Tangible Equity(1)	20.95%	21.32%	24.87%	21.21%	16.95%
Net Interest Margin	3.57%	3.63%	3.59%	3.63%	3.35%
Efficiency Ratio(2)	54.33%	54.08%	50.10%	54.84%	58.40%
Net Overhead Expense to Average Earning Assets(3)	1.51%	1.51%	1.39%	1.55%	1.60%
ASSET QUALITY RATIOS					
Annualized Net Charge-offs to Average Loans	0.05%	0.06%	0.07%	0.07%	0.05%
Allowance for Credit Losses to Period End Loans	1.15%	1.16%	1.21%		
Non-performing Assets to Period End Assets	0.21%	0.21%	0.22%		
Non-performing Loans to Period End Loans	0.32%	0.32%	0.37%		
Loans 30-89 Days Past Due to Period End Loans	0.33%	0.29%	0.31%		
SELECTED BALANCE SHEET & OTHER FINANCIAL DATA					
Average Assets	$ 6,003,069	$ 6,034,900	$ 6,440,580	$ 6,038,423	$ 6,605,076
Average Earning Assets	$ 5,472,482	$ 5,509,535	$ 5,927,033	$ 5,510,292	$ 6,101,184
Average Total Loans	$ 3,855,586	$ 3,787,436	$ 3,676,862	$ 3,805,903	$ 3,664,506

Average Demand Deposits	$ 1,524,682	$ 1,545,455	$ 1,738,237	$ 1,568,348	$ 1,739,389
Average Interest Bearing Liabilities	$ 3,834,272	$ 3,842,353	$ 4,072,841	$ 3,831,030	$ 4,179,344
Average Equity	$ 597,375	$ 603,666	$ 586,744	$ 593,270	$ 642,326
Period End Non-performing Assets(4)	$ 12,400	$ 12,423	$ 13,780		
Period End Non-performing Loans(5)	$ 12,376	$ 12,423	$ 13,780		
Period End Loans 30-89 Days Past Due(6)	$ 12,673	$ 11,045	$ 11,445		
Tax Equivalent Net Interest Income	$ 49,136	$ 49,848	$ 53,433	$ 149,690	$ 153,147
Net Charge-offs during Period	$ 520	$ 599	$ 682	$ 2,072	$ 1,285

(1) Average Tangible Equity is defined as Average Equity less Average Goodwill and Other Intangibles.
(2) Efficiency Ratio is defined as Non-interest Expense less Intangible Amortization divided by the sum of Net Interest Income, on a tax equivalent basis, and Non-interest Income less Net Gain on Securities.
(3) Net Overhead Expense is defined as Total Non-interest Expense less Total Non-interest Income.
(4) Non-performing assets are defined as Non-accrual Loans, Loans Past Due 90 days or more, and Other Real Estate Owned.
(5) Non-performing loans are defined as Non-accrual Loans and Loans Past Due 90 days or more.
(6) Loans 30-89 days past due and still accruing.

For additional information, contact:

D. Neil Dauby, Chairman and Chief Executive Officer

Bradley M Rust, President and Chief Financial Officer

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Source: German American Bancorp, Inc.