German American Bancorp, Inc.

NEWS RELEASE

German American Bancorp Announces Completion of Acquisition of Stone City Bank

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JASPER, Ind.--(BUSINESS WIRE)--Jan. 3, 2006--German American Bancorp, Jasper, Indiana (NASDAQ:GABC), announced today the completion of the previously announced merger acquisition of Stone City Bancshares, Inc. and its subsidiary bank, Stone City Bank of Bedford, Indiana. Stone City Bank will continue operations as an independent, state chartered banking institution.

Under the terms of the merger, which was effective January 1, 2006, Stone City shareholders received a combination of approximately $4.6 million in GABC stock and $6.4 million in cash consideration representing a total transaction value of approximately $11 million. The transaction, which is expected to be accretive to German American's earnings per share within the first twelve months following the transaction, expands German American's geographic footprint to the South Central Indiana markets of Bedford and Lawrence County.

Mark A. Schroeder, President & Chief Executive Officer of German American stated, "The addition of Stone City Bank to our family of community banks affords German American the opportunity for a logical expansion of our geographic base to a growing market area immediately adjacent to our existing footprint. I am pleased to welcome the customers and staff of Stone City Bank, along with the Bedford and Lawrence County communities, to the German American Bancorp family."

Schroeder continued, "As a community-focused financial services holding company, German American is firmly committed to a strategic operating philosophy which focuses on the winning combination of local management decision-making coupled with a full array of financial products and services. We look forward to enhancing Stone City's capabilities in terms of being able to offer customers leading-edge financial products and services as well as increasing the Bank's ability to handle larger loan requests from its small business, farm, and commercial clients."

Robert F. Richards, who continues to lead Stone City Bank as its President, noted, "Our historic philosophy of community banking and service to our customers is consistent with that of the entire German American organization. Through this affiliation with German American, we will be able to provide our customers access to a broader offering of financial products and services, including cash management, financial advisory, and trust services for both our consumer and business clients. German American's commitment to community banking, local decision-making, and to the communities served by its affiliate banks, was an important element in our decision to join their organization."

German American's legal adviser for the transaction was Ice Miller LLP, an Indianapolis-based firm, while Stone City was represented by Jenkens & Gilchrist PC of Dallas as legal counsel and Howe Barnes Investments, Inc., of Chicago as financial adviser.

Stone City Bank has been headquartered in Lawrence County, Indiana since its establishment in 1890 and operates two banking offices located in Bedford, Indiana. Stone City Bancshares had consolidated total assets of approximately $61.1 million, total deposits of $47.0 million, and total shareholder's equity of $5.8 million as November 30, 2005.

German American Bancorp is a financial services holding company based in Jasper, Indiana. The Company's Common Stock is traded on NASDAQ's National Market System under the symbol GABC. Including Stone City Bank, the Company now operates six affiliated community banks with 29 retail banking offices in the nine contiguous Southwestern Indiana counties of Daviess, Dubois, Gibson, Knox, Lawrence, Martin, Perry, Pike, and Spencer. The Company also operates German American Financial Advisors & Trust Company, a trust, brokerage and financial planning subsidiary operating from the banking offices of the bank subsidiaries and German American Insurance, Inc., a full-line property and casualty insurance subsidiary with five independent insurance offices throughout its market area. The Company's lines of business include retail and commercial banking, mortgage banking, comprehensive wealth management, full service brokerage and trust administration, title insurance, and a full range of personal and corporate insurance products.

Forward-Looking Statements

German American's statements in this press release regarding the anticipated success of the Stone City Bancshares, Inc., merger transaction (including the expectation of German American's management that this transaction will be accretive to German American's earnings per share) may be deemed to include "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. 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 the press release. Factors which could cause future results to differ from these expectations include the following: general economic conditions; deposit flows; the costs of funds; general market rates of interest; demand for deposit and loan products; demand for financial services; changes in accounting policies or guidelines; changes in the quality or composition of German American's and Stone City Bank's loan and investment portfolios; and the success of merger integration efforts between German American and Stone City Bank. These forward-looking statements speak only as of the date of this press release and German American undertakes no obligation to update any such forward-looking statement to reflect events or circumstances that occur after the date hereof.

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SOURCE: German American Bancorp