German American Bancorp, Inc.

NEWS RELEASE

German American Bancorp Announces Intent to Extend a Self Tender Offer, Reports Fourth Quarter and 2002 Earnings Increase, and Declares Quarterly Cash Dividend

2003-01-30

Jasper, Indiana January 30, 2003 (Business Wire)

German American Bancorp (GABC) announced today that it intends to commence a self-tender offer on or about February 6, 2003 for up to 1,000,000 shares of its Common Stock, or approximately 9% of its outstanding shares. The tender offer will allow shareholders to tender their shares to the Company at a price of $20.00 per share. On Wednesday, January 29, 2003, the last transaction in the Company's Common Stock as reported by NASDAQ was completed at $15.55 per share. The offer, which is expected to expire on or about March 14, 2003, unless extended, will be subject to other conditions that will be described in the Offer to Purchase that will be mailed to shareholders effective with the commencement date of the offering.

Mark A. Schroeder, the Company's President & CEO, commenting on the pending tender offer stated, "Our Company's capital level has grown, over the course of the past several years, to the point at which it is significantly in excess of the "well capitalized" level prescribed by banking regulators and in excess of the level required to support our current and future operations. As interest rates have declined to 50 year lows, the incremental current earnings on this excess capital is quite low and we believe it has had a detrimental effect on the level of the Company's return on equity and earnings per share. After a thorough evaluation of a variety of alternatives, management and the Board have determined that a repurchase of our own shares at this time would be in the best interests of our shareholders. Through participating in our tender offer, both large and small shareholders will have an opportunity to enhance their liquidity or diversify their holdings at a premium to the market. Additionally, for the remaining GABC shareholders, we believe this action will result in enhanced earnings per share and return on equity going forward. We are extremely pleased that the strength of our capital position allows us to make this offer

to our shareholders."

The Company also announced that its year 2002 earnings were $9,442,000, or $.82 per share. Earnings for 2002 increased by approximately 2.7% from the $9,193,000, or $.79 per share, reported for 2001. Fourth quarter earnings in 2002 were $2,229,000, or $.19 per share, an increase of approximately 22.1% from the $1,825,000, or $.15 per share, in the fourth quarter of 2001.

The Company's 2002 earnings increases were generated by the Company's core banking segment. German American's mortgage banking operations were adversely affected during the fourth quarter of 2001 and throughout 2002 due to the impact of historic low levels of interest rates on the valuation of mortgage servicing rights and net interest income. The mortgage banking segment experienced net losses of $963,000 and $324,000 for the twelve and three months ended December 31, 2002, compared to net income of $28,000 and a net loss of $302,000 for the comparable periods of 2001. Excluding the mortgage banking segment, the Company would have posted earnings growth of 13.5% and 20.0% for the twelve and three months ended December 31, 2002 compared with the same periods of 2001.

The Company's Board of Directors also declared a regular quarterly cash dividend of $0.14 per share, payable on or before February 20, 2003 to shareholders of record as of February 10, 2003. The maintenance of the per share dividend following the issuance of the Company's five percent annual stock dividend in December 2002 results in an effective five percent increase in the cash dividends paid to shareholders. This latest dividend action represents the eighth consecutive year of effective cash dividend increases in connection with the annual stock dividend declaration in December of each year.

German American Bancorp, a $1 billion financial services company, operates 5 affiliated community banks with 26 retail banking offices in the eight contiguous Southwestern Indiana counties of Daviess, Dubois, Gibson, Knox, Martin, Perry, Pike, and Spencer and a business lending center in Evansville, Indiana. The Company also operates German American Financial Advisors & Trust Company as well as 4 independent insurance agencies located throughout its market area. The Company's lines of business include retail and commercial banking, mortgage banking, comprehensive financial planning, full service brokerage and trust administration, title insurance, and a full range of personal and corporate property and casualty insurance products. German American Bancorp is based in Jasper, Indiana and its common stock is traded on NASDAQ's National Market System under the symbol GABC.

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, including the statements concerning management's expectations that the planned self tender offer will commence and end on certain dates, that shareholders will have the opportunity to sell their shares to the Company under the offer at a premium to current market prices, and that the Company's purchase of shares pursuant to the planned self tender offer may result in enhanced earnings per share and return on equity. With

respect to these statements, readers are cautioned that the Company's obligation to purchase shares under the self tender offer will be subject to compliance with applicable law and to a number of other conditions and, if those conditions are not satisfied, the Company could determine not to commence the offer or could withdraw the offer once it is commenced without purchasing any shares; that the Company is not obligated to purchase all shares tendered by each shareholder if more than the maximum amount sought is tendered to it under the offer; and that the Company's expectations regarding enhanced earnings per share and return on equity as a result of the offer assume that the Company purchases the maximum number of shares that it is seeking to purchase at the offer price, and that the Company's earnings and financial condition are not materially different from its recent earnings and current financial condition, except to the extent that earnings and financial condition are affected by the purchase of the shares pursuant to the offer. Readers are further cautioned that a variety of factors could cause the Company's actual results to differ from those described herein, including general and local economic conditions, interest rate changes, risks associated with acquisitions, credit risks, regulatory risks and competition. For a more complete description of factors that could cause future results to differ from those described in forward-looking statements, see the discussions captioned "Forward-Looking Statements" in Item 1 of the Company's annual report on Form 10-K for the year ended December 31, 2001 and in the Company's quarterly reports on Form 10-Q filed during 2002.

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(unaudited,dollars in thousands except per share data)
Consolidated Balance Sheets

	December 31, 2002	2001
ASSETS		
Cash and Due from Banks	$27,627	$36,893
Short-term Investments	8,118	62,534
Investment Securities	257,143	203,746
Loans Held for Sale	13,138	5,538
Loans, Net of Unearned Income	610,741	657,166
Allowance for Loan Losses	(8,301)	(8,388)
Net Loans	602,440	648,778
Premises and Equipment	21,966	20,016
Other Assets	26,573	37,606
TOTAL ASSETS	$957,005	$1,015,111
LIABILITIES		
Non-interest-bearing Demand Deposits	$95,655	$106,613
Interest-bearing Demand, Savings, and Money Market Accounts	243,202	241,925

Time Depositsless than$100,000	311,489	327,510
Time Deposits $100,000 or more and Brokered Deposits	56,848	50,826
Total Deposits	707,194	726,874
Borrowings	132,319	174,385
Other Liabilities	12,973	11,643
TOTAL LIABILITIES	852,486	912,902
SHAREHOLDERS' EQUITY		
Common Stock and Surplus	90,297	83,277
Retained Earnings	12,298	18,133
Accumulated Other Comprehensive Income (Loss)	1,924	799
TOTAL SHAREHOLDERS' EQUITY	104,519	102,209
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$957,005	$1,015,111
BOOK VALUE PER SHARE	$9.12	$8.82 (1)
END OF PERIOD SHARES OUTSTANDING	11,460,731	11,038,675 (2)

(1) Restated for December 2002 stock dividend.

(2) End of period shares outstanding were not restated for the effect of stock dividends.

Consolidated Statements of Income

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
INTEREST INCOME				
Interest and Fees on Loans	$11,544	$13,433	$48,471	$58,445
Interest on Short-term Investments	147	457	754	2,093
Interest on Investment Securities	2,691	2,439	11,269	10,531
TOTAL INTEREST INCOME	14,382	16,329	60,494	71,069
INTEREST EXPENSE				
Interest on Deposits	4,335	5,765	18,676	27,465
Interest on				

Borrowings	2,474	2,616	9,882	11,452
TOTAL INTEREST EXPENSE	6,809	8,381	28,558	38,917
Net Interest Income	7,573	7,948	31,936	32,152
Provision for Loan Losses	323	165	1,115	660
Net Interest Income after Provision for Loan Losses	7,250	7,783	30,821	31,492
NON-INTEREST INCOME				
Other Operating Income	1,997	1,955	7,867	8,262
Net Gain on Sales of Loans,Related Assets, & Provision for Loss on Loans Held for Sale	663	383	1,625	1,509
Net Gain / (Loss) on Sales of Securities	17	-	17	1
TOTAL NON-INTEREST INCOME	2,677	2,338	9,509	9,772
NON-INTEREST EXPENSE				
Salaries and Benefits	4,318	4,510	17,443	16,669
Other Operating Expenses	2,992	3,532	11,458	12,639
TOTAL NON-INTEREST EXPENSE	7,310	8,042	28,901	29,308
Income before				

Income Taxes	2,617	2,079	11,429	11,956
Income Tax Expense	388	254	1,987	2,763
NET INCOME	$2,229	$1,825	$9,442	$9,193
EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE	$0.19	$0.15 (1)	$0.82	$0.79 (1)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	11,451,300	11,581,239 (1)	11,486,776	11,572,927 (1)
Diluted	11,482,686	11,614,609 (1)	11,517,825	11,585,218 (1)

German American Bancorp
Mark A. Schroeder, 812/482-1314