

Dear Shareholders,

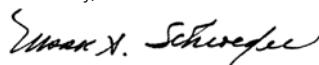
We're pleased to report that your Company reported another quarter of solid financial performance in the third quarter of this year, with reported net income of \$9.7 million, or \$0.42 per share, resulting in 2017 year-to-date net income of \$29.1 million, or \$1.27 per share, for the nine months ended on September 30, 2017. On a comparative per share basis, this level of quarterly earnings was a 2.3% decrease from reported net income of \$9.8 million, or \$0.43 per share, in the second quarter of 2017. The 2017 year-to-date earnings comparison reflects a 12.4% increase, on a per share basis, over 2016 year-to-date net income of \$25.1 million, or \$1.13 per share, for the nine months ended on September 30, 2016.

The Company experienced strong loan growth of \$54.6 million, or 10.7% on a linked-quarter annualized basis during the current quarter, as measured from June 30, 2017 end-of-period loan balances. This quarterly growth in loans follows a similar level of loan growth in the second quarter of 2017 of \$48.2 million, or 9.7% on a linked-quarter annualized basis. Year-to-date third quarter 2017 earnings performance, relative to the same period 2016 results, was enhanced by an increase of \$4.4 million, or approximately 6.3%, of net interest income, driven in part, by the aforementioned loan growth.

While there were several revenue and expense items in the third quarter related to the disposition of two former branch facilities closed in the current year, which made quarterly earnings comparisons difficult, we are very encouraged about the level of our current year-to-date earnings and future earnings potential. The strong level of both loan and deposit growth we've experienced during the past two quarters is reflective of the economic growth and vitality throughout our southern Indiana market area, which we believe bodes well for our future profitability.

We are also extremely pleased by the strong double-digit growth we've reported in 2017 year-to-date net income, and anticipate this positive current year to prior year comparison will continue in the fourth quarter.

Sincerely,



Mark A. Schroeder
Chairman & CEO

Cautionary Note Regarding Forward-Looking Statements
Our statements in this report contain 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 stated in our press release dated October 30, 2017 under the caption "Cautionary Note Regarding Forward-Looking Statements" and in our reports and other documents that we file with the Securities and Exchange Commission. That press release, and those SEC reports and other documents, are available on our website, www.germanamerican.com, by clicking on the tab "Investor Relations." These forward-looking statements speak only as of November 7, 2017 (when we finalized this report for mailing to our shareholders) and we do not promise to update any such forward-looking statements to reflect events or circumstances that occur after November 7, 2017.

2017 3rd Quarter Report



German American Bancorp, Inc.

DRIVEN
by our
FUTURE

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Consolidated Balance Sheets

unaudited, dollars in thousands except per share data

	September 30,	
	2017	2016
Assets		
Cash and Due from Banks	\$ 44,804	\$ 38,329
Short-term Investments	9,758	16,455
Interest-bearing Time Deposits with Banks	-	744
Investment Securities	741,710	732,911
Loans Held-for-Sale	8,484	12,967
Loans, Net of Unearned Income	2,086,325	2,002,380
Allowance for Loan Losses	(15,321)	(15,154)
Net Loans	2,071,004	1,987,226
Stock in FHLB and Other Restricted Stock	13,048	13,048
Premises and Equipment	51,355	48,074
Goodwill and Other Intangible Assets	56,378	56,767
Other Assets	76,348	73,019
TOTAL ASSETS	\$3,072,889	\$2,979,540
Liabilities		
Non-interest-bearing Demand Deposits	\$ 589,315	\$ 534,620
Interest-bearing Demand, Savings, and Money Market Accounts	1,454,073	1,361,522
Time Deposits	381,184	433,521
Total Deposits	2,424,572	2,329,663
Borrowings	261,941	279,110
Other Liabilities	25,751	29,776
TOTAL LIABILITIES	2,712,264	2,638,549
Shareholders' Equity		
Common Stock and Surplus	187,917	186,519
Retained Earnings	169,859	142,347
Accumulated Other Comprehensive Income	2,849	12,125
TOTAL SHAREHOLDERS' EQUITY	360,625	340,991
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,072,889	\$2,979,540
End of Period Shares Outstanding ⁽¹⁾	22,930,017	22,900,575
Tangible Book Value per Share ⁽¹⁾⁽²⁾	\$ 13.27	\$ 12.41

Consolidated Statements of Income

unaudited, dollars in thousands except per share data

	Three Months Ended September 30,	
	2017	2016
Interest Income		
Interest and Fees on Loans	\$ 23,182	\$ 22,311
Interest on Short-term Investments and Time Deposits	46	25
Interest and Dividends on Investment Securities	4,758	4,398
TOTAL INTEREST INCOME	27,986	26,734
Interest Expense		
Interest on Deposits	1,959	1,323
Interest on Borrowings	1,110	851
TOTAL INTEREST EXPENSE	3,069	2,174
NET INTEREST INCOME	24,917	24,560
Provision for Loan Losses	250	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	24,667	24,560
Non-interest Income		
Net Gain on Sales of Loans	952	1,004
Net Gain on Securities	575	458
Other Non-interest Income	6,748	6,922
TOTAL NON-INTEREST INCOME	8,275	8,384
Non-interest Expense		
Salaries and Benefits	11,570	10,572
Other Non-interest Expenses	8,201	8,081
TOTAL NON-INTEREST EXPENSE	19,771	18,653
Income before Income Taxes	13,171	14,291
Income Tax Expense	3,511	4,106
NET INCOME	\$ 9,660	\$ 10,185
Basic Earnings per Share ⁽¹⁾	\$ 0.42	\$ 0.45
Diluted Earnings per Share ⁽¹⁾	\$ 0.42	\$ 0.45
Weighted Average Shares Outstanding ⁽¹⁾	22,929,864	22,886,721
Diluted Weighted Average Shares Outstanding ⁽¹⁾	22,929,864	22,886,721

	Nine Months Ended September 30,	
	2017	2016
Interest Income		
Interest and Fees on Loans	\$ 68,046	\$ 63,645
Interest on Short-term Investments and Time Deposits	100	62
Interest and Dividends on Investment Securities	14,274	12,557
TOTAL INTEREST INCOME	82,420	76,264
Interest Expense		
Interest on Deposits	5,028	3,804
Interest on Borrowings	2,937	2,445
TOTAL INTEREST EXPENSE	7,965	6,249
NET INTEREST INCOME	74,455	70,015
Provision for Loan Losses	1,100	1,200
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	73,355	68,815
Non-interest Income		
Net Gain on Sales of Loans	2,598	2,607
Net Gain on Securities	575	1,426
Other Non-interest Income	21,087	19,623
TOTAL NON-INTEREST INCOME	24,260	23,656
Non-interest Expense		
Salaries and Benefits	34,474	32,357
Other Non-interest Expenses	23,329	24,875
TOTAL NON-INTEREST EXPENSE	57,803	57,232
Income before Income Taxes	39,812	35,239
Income Tax Expense	10,757	10,120
NET INCOME	\$ 29,055	\$ 25,119
Basic Earnings per Share ⁽¹⁾	\$ 1.27	\$ 1.13
Diluted Earnings per Share ⁽¹⁾	\$ 1.27	\$ 1.13
Weighted Average Shares Outstanding ⁽¹⁾	22,922,724	22,221,780
Diluted Weighted Average Shares Outstanding ⁽¹⁾	22,922,724	22,224,419

⁽¹⁾ As adjusted for the 3 for 2 Stock Split distributed on April 21, 2017.

⁽²⁾ Tangible Book Value per Share is defined as Total Shareholders' Equity less Goodwill and Other Intangible Assets divided by End of Period Shares Outstanding.

⁽¹⁾ As adjusted for the 3 for 2 Stock Split distributed on April 21, 2017.

⁽¹⁾ As adjusted for the 3 for 2 Stock Split distributed on April 21, 2017.