German American Bancorp, Inc. (GABC)

Updated January 28th, 2026, by Kody Kester

Key Metrics

Current Price:	$41	**5 Year CAGR Estimate:**	14.2%	**Market Cap:**	$1.5B
Fair Value Price:	$51	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	02/10/26
% Fair Value:	80%	**5 Year Valuation Multiple Estimate:**	4.6%	**Dividend Payment Date:**	02/20/26
Dividend Yield:	3.0%	**5 Year Price Target**	$72	**Years Of Dividend Growth:**	14
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

In 1910, German American Bancorp, Inc. began in Jasper, Indiana, a community with a rich history of German American heritage (thus the company name). That serves as the holding company for its German American Bank subsidiary.

The community bank provides a variety of services to customers across the following subsidiaries:

1. German American Bank: This subsidiary offers deposit products like savings and checking accounts, certificates of deposit, and money market accounts. It also provides loan products to customers, such as residential mortgage loans, agricultural loans, and commercial loans.
2. German American Investment Services, Inc.: The subsidiary provides customers with investment advisory, trust, brokerage, and retirement planning services.

As part of its growth strategy, GABC occasionally executes bolt-on acquisitions. Last February, GABC completed its acquisition of Heartland Bancorp (HLAN). This bank had 20 retail banking offices in Columbus, Ohio, and Greater Cincinnati - two of the Midwest's fastest-growing markets. At the closing of the transaction, HLAN had $1.9 billion in total assets. As of December 31st, 2025, GABC had $8.4 billion in total assets.

On January 26th, GABC released its financial results for the fourth quarter ended December 31st, 2025. The company's net interest income rocketed 54.2% higher year-over-year to $78.7 million during the quarter (though provision for credit losses ticked up from $0.6 million to $2.2 million). That higher net interest income base was mostly powered by the deal for HLAN, with the remaining growth coming from a 59 basis-point expansion in the net interest margin to 4.13% in the quarter. GABC's non-interest income climbed 22.6% over the year-ago period to $17.3 million for the quarter, which was also the result of its recent acquisition. GABC's adjusted EPS vaulted 21.5% higher year-over-year to $0.96 during the quarter. This topped the analyst consensus in the quarter by $0.05. On the same day, GABC also upped its quarterly dividend per share by 6.9% to $0.31. That marks the 14th consecutive year the company has raised its payout to shareholders.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.57	$1.67	$1.99	$2.29	$2.34	$3.17	$2.78	$2.91	$2.83	$3.06	***$3.66***	***$5.13***
DPS	$0.48	$0.52	$0.60	$0.68	$0.76	$0.84	$0.92	$1.00	$1.08	$1.16	***$1.24***	***$1.74***
Shares[1]	22.9	22.9	25.0	26.7	26.5	26.6	29.5	29.6	29.7	37.5	***37.5***	***40.8***

Over the last decade, GABC has grown adjusted EPS by a high single-digit rate annually. We continue to think that earnings growth will be comparable in the years ahead (growing 7% annually off an anticipated 2026 base of $3.66). This is because GABC's net interest margin improved by seven basis points sequentially in Q4 2025. Unlocking further efficiencies with HLAN and executing further bolt-on acquisitions remain two positives moving forward.

[1] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	22.3	21.2	14.0	15.4	14.1	12.3	13.4	11.1	14.2	12.8	***11.2***	***14.0***
Avg. Yld.	1.4%	1.5%	2.2%	1.9%	2.3%	2.2%	2.5%	3.1%	2.7%	3.0%	***3.0%***	***2.4%***

Since 2016, GABC's P/E ratio has ranged from as low as the low double-digits to as high as the upper 20s. Over that time, the average P/E ratio was 15.1. Overall, we still believe GABC's growth profile is holding up. This is why we maintain that its fair value multiple is around 14. The community bank's current-year multiple of 11.2 implies that shares are deeply undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	31%	30%	30%	32%	26%	33%	34%	38%	38%	***34%***	***34%***

GABC stands out from its peers with its 116-year operating history. This extensive corporate history has allowed it to build deep and meaningful relationships with existing customers. Thanks to this reputation, prospective customers are also more likely to become customers.

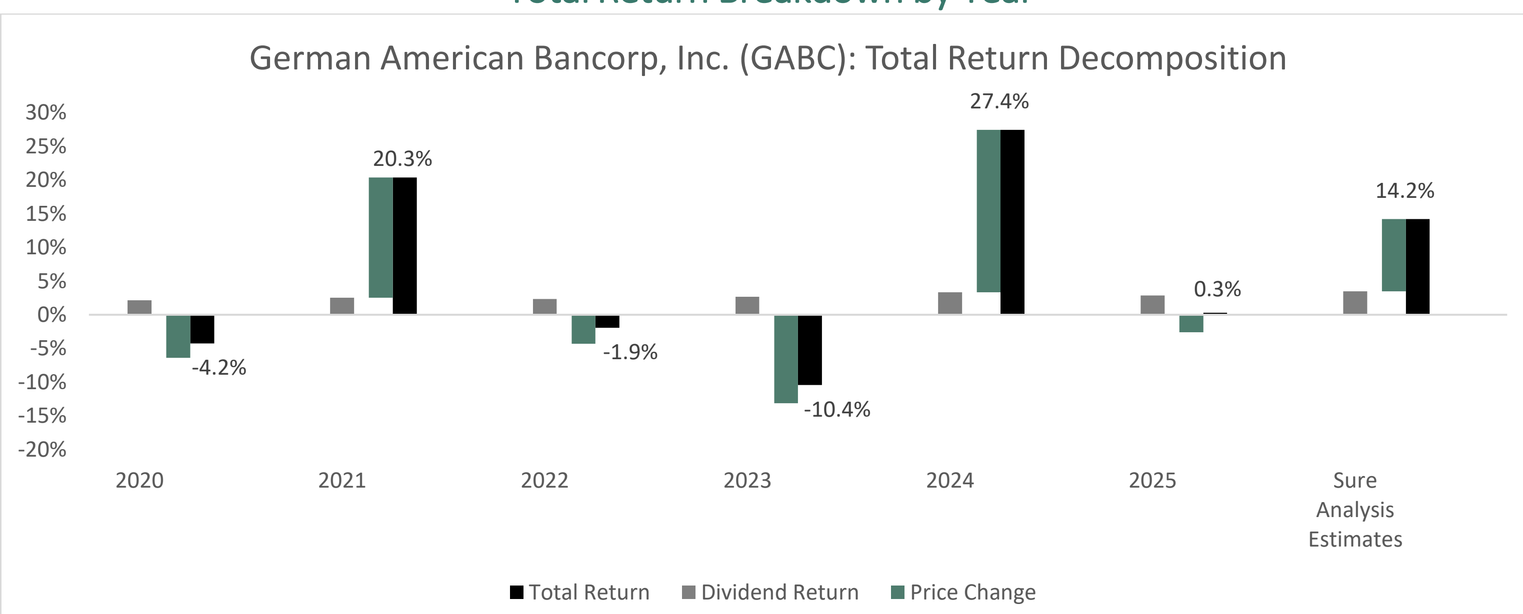
GABC's asset quality is also respectable. As of December 31st, 2025, the company's nonperforming assets were 0.35% of its portfolio (a seven-basis point deterioration sequentially, which stemmed from acquired credits that were adversely classified at acquisition and were subsequently placed on non-accrual status). GABC's Common Tier 1 or CET1 ratio was 13.52% (up 22 basis points sequentially), which exceeds the Federal Reserve Board's minimum of 4.5%. That suggests the bank's financial position is vigorous.

GABC's payout ratio looks to be positioned to be in the mid-30% range for 2026. This sets the bank up to keep increasing its payout in the future.

Final Thoughts & Recommendation

GABC's 3.0% dividend yield, 7.0% annual diluted EPS growth prospects, and 4.6% annual valuation multiple expansion could deliver 14.2% annual total returns through 2031. That's why we're reiterating our Buy rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	103	127	132	152	191	210	220	260	251	253
SG&A Exp.	40	48	51	56	69	72	74	90	91	93
D&A Exp.	4	4	5	6	9	9	9	10	10	9
Net Profit	30	35	41	47	59	62	84	82	86	84
Net Margin	29.2%	27.7%	30.9%	30.7%	31.1%	29.7%	38.2%	31.5%	34.3%	33.2%
Free Cash Flow	30	37	44	47	56	85	96	102	101	91
Income Tax	12	14	12	10	12	13	19	17	18	20

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,374	2,956	3,144	3,929	4,398	4,978	5,609	6,156	6,152	6,296
Cash & Equivalents	36	48	47	65	62	59	48	76	79	189
Goodwill & Int.	22	57	56	114	134	131	128	190	187	183
Total Liabilities	2,121	2,626	2,780	3,470	3,824	4,353	4,940	5,598	5,489	5,581
Long-Term Debt	196	208	230	318	303	138	81	125	125	151
Shareholder's Equity	252	330	365	459	574	625	668	558	664	715
LTD/E Ratio	0.78	0.63	0.63	0.69	0.53	0.22	0.12	0.22	0.19	0.21

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.3%	1.3%	1.3%	1.3%	1.4%	1.3%	1.6%	1.4%	1.4%	1.3%
Return on Equity	12.5%	12.1%	11.7%	11.3%	11.5%	10.4%	13.0%	13.3%	14.1%	12.2%
Shares Out.	19.9	22.9	22.9	25.0	26.7	26.5	26.6	29.5	29.6	37.4
Revenue/Share	5.18	5.67	5.75	6.49	7.39	7.90	8.30	8.81	8.48	6.76
FCF/Share	1.49	1.64	1.91	2.02	2.16	3.22	3.62	3.47	3.43	2.43

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.