# German American Bancorp, Inc. (GABC)

*Updated April 30th, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $43 | **5 Year CAGR Estimate:** | 13.4% | **Market Cap:** | $1.6B |
| **Fair Value Price:** | $52 | **5 Year Growth Estimate:** | 7.0% | **Ex-Dividend Date:** | 05/08/26 |
| **% Fair Value:** | 83% | **5 Year Valuation Multiple Estimate:** | 3.9% | **Dividend Payment Date:** | 05/20/26 |
| **Dividend Yield:** | 2.9% | **5 Year Price Target** | $73 | **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. In February 2025, 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 March 31st, 2026, GABC had $8.4 billion in total assets.

On April 27th, GABC shared its earnings report for the first quarter ended March 31st, 2026. The company's net interest income after provision for credit losses soared 49.9% higher over the year-ago period to $76.9 million in the quarter. Full contributions from the HLAN acquisition, a 30-basis-point expansion in the net interest margin to 4.26%, and a sharp drop-off in provision for credit losses from Q1 2025 to Q1 2026 were each contributing factors to these strong results. The company's non-interest income rose by 16.1% year-over-year to $17.2 million during the quarter. GABC's diluted EPS nearly tripled over the year-ago period (which included one-time merger expenses) to $0.88 for the quarter.

## 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 | ***$3.73*** | ***$5.23*** |
| **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 | ***37.6*** | ***40.8*** |

Over the last decade, GABC has grown adjusted EPS by a high single-digit rate annually. We still believe that earnings growth will be comparable in the years ahead (growing 7% annually off an anticipated 2026 base of $3.73). This is because GABC's net interest margin improved by 13 basis points sequentially in Q1 2026. Unlocking further efficiencies with HLAN and executing further bolt-on acquisitions remain two positives moving forward.

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[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 | ***11.6*** | ***14.0*** |
| **Avg. Yld.** | 1.4% | 1.5% | 2.2% | 1.9% | 2.3% | 2.2% | 2.5% | 3.1% | 2.7% | 3.0% | ***2.9%*** | ***2.4%*** |

Since 2016, GABC's P/E ratio has varied from as low as the low double-digits to as much 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 11.6 implies that shares are moderately discounted.

## 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% | ***33%*** | ***33%*** |

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.

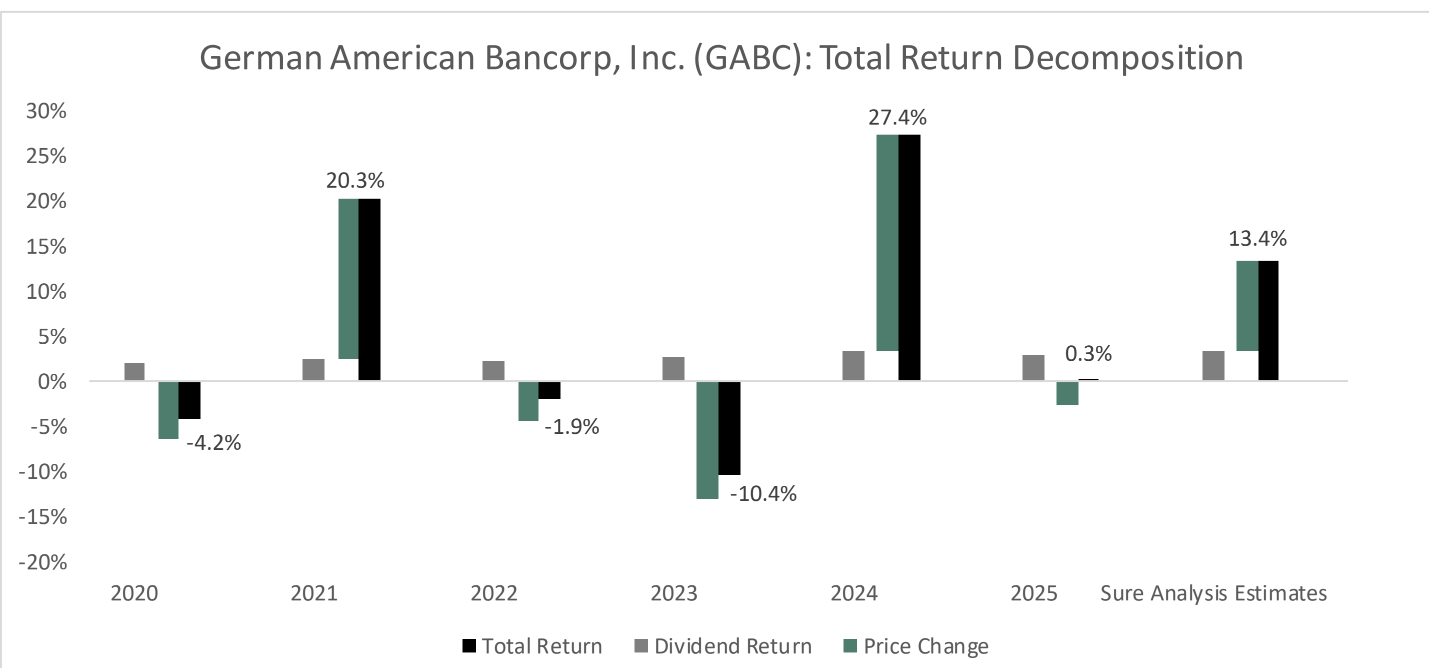
GABC's asset quality is also respectable. As of March 31st, 2026, the company's nonperforming assets were 0.35% of its portfolio (unchanged sequentially). GABC's Common Tier 1 or CET1 ratio was 13.83% (up 31 basis points sequentially), which exceeds the Federal Reserve Board's minimum of 4.5%. That suggests the bank's financial position is vigorous.

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

## Final Thoughts & Recommendation

GABC's 2.9% dividend yield, 7.0% annual diluted EPS growth prospects, and 3.9% annual valuation multiple expansion could deliver 13.4% annual total returns through 2031. As a result, we're reaffirming 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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 134 | 142 | 171 | 222 | 229 | 229 | 278 | 317 | 353 | 487 |
| D&A Exp. | 4 | 5 | 6 | 9 | 9 | 9 | 10 | 10 | 9 | 19 |
| Net Profit | 35 | 41 | 47 | 59 | 62 | 84 | 82 | 86 | 84 | 113 |
| Net Margin | 26.2% | 28.6% | 27.2% | 26.7% | 27.2% | 36.8% | 29.5% | 27.1% | 23.7% | 23.1% |
| Free Cash Flow | 38 | 32 | 42 | 64 | 75 | 81 | 94 | 96 | 91 | 154 |
| Income Tax | 14 | 12 | 10 | 12 | 13 | 19 | 17 | 18 | 20 | 27 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 2,956 | 3,144 | 3,929 | 4,398 | 4,978 | 5,609 | 6,156 | 6,152 | 6,296 | 8,389 |
| Cash & Equivalents | 48 | 58 | 65 | 60 | 58 | 47 | 77 | 79 | 69 | 71 |
| Goodwill & Int. | 57 | 56 | 114 | 134 | 131 | 128 | 190 | 187 | 183 | 409 |
| Total Liabilities | 2,626 | 2,780 | 3,470 | 3,824 | 4,353 | 4,940 | 5,598 | 5,489 | 5,581 | 7,226 |
| Long-Term Debt | 121 | 142 | 127 | 189 | 148 | 89 | 108 | 132 | 157 | 143 |
| Shareholder's Equity | 330 | 365 | 459 | 574 | 625 | 668 | 558 | 664 | 715 | 1,162 |
| LTD/E Ratio | 0.78 | 0.75 | 0.82 | 0.63 | 0.32 | 0.24 | 0.38 | 0.30 | 0.30 | 0.16 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 1.3% | 1.3% | 1.3% | 1.4% | 1.3% | 1.6% | 1.4% | 1.4% | 1.3% | 1.5% |
| Return on Equity | 12.1% | 11.7% | 11.3% | 11.5% | 10.4% | 13.0% | 13.3% | 14.1% | 12.2% | 12.0% |
| Shares Out. | 22.9 | 22.9 | 25.0 | 26.7 | 26.5 | 26.6 | 29.5 | 29.6 | 29.7 | 37.5 |
| Revenue/Share | 5.99 | 6.21 | 7.30 | 8.58 | 8.61 | 8.62 | 9.42 | 10.71 | 11.90 | 13.24 |
| FCF/Share | 1.68 | 1.39 | 1.78 | 2.49 | 2.83 | 3.06 | 3.18 | 3.24 | 3.06 | 4.19 |

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