



German American Bancorp, Inc. (GABC)

Updated July 28th, 2026, by Kody Kester

Key Metrics

Current Price:	\$51	5 Year CAGR Estimate:	10.1%	Market Cap:	\$1.9B
Fair Value Price:	\$53	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	08/10/26
% Fair Value:	95%	5 Year Valuation Multiple Estimate:	0.9%	Dividend Payment Date:	08/20/26
Dividend Yield:	2.4%	5 Year Price Target	\$75	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). It 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 Jun. 30, 2026, GABC had over \$8.4 billion in total assets.

On Jul. 28, GABC released its financial results for the second quarter ended Jun. 30, 2026. The company's net interest income after provision for credit losses rose by 10.8% year-over-year to \$79.7 million during the quarter. That was driven by a 38 basis point expansion in the net interest margin to 4.30% and a slight uptick in total loans in the quarter. GABC's non-interest income surged 12% over the year-ago period to \$18.7 million for the quarter. The company's diluted EPS vaulted 21.4% higher year-over-year to \$1.02 during the quarter. This topped the analyst consensus in the quarter by \$0.10.

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	\$3.80	\$5.33
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
Shares¹	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 at 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 \$3.80). This is because GABC's net interest margin improved by four basis points sequentially in Q2 2026. Unlocking further efficiencies with HLAN and executing further bolt-on acquisitions remain two positives moving forward.

¹Share 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	13.4	14.0
Avg. Yld.	1.4%	1.5%	2.2%	1.9%	2.3%	2.2%	2.5%	3.1%	2.7%	3.0%	2.4%	2.3%

Since 2016, GABC's P/E ratio has ranged from as little 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 intact. This is why we maintain that its fair value multiple is around 14. The community bank's current-year multiple of 13.4 implies that shares are slightly 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%	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.

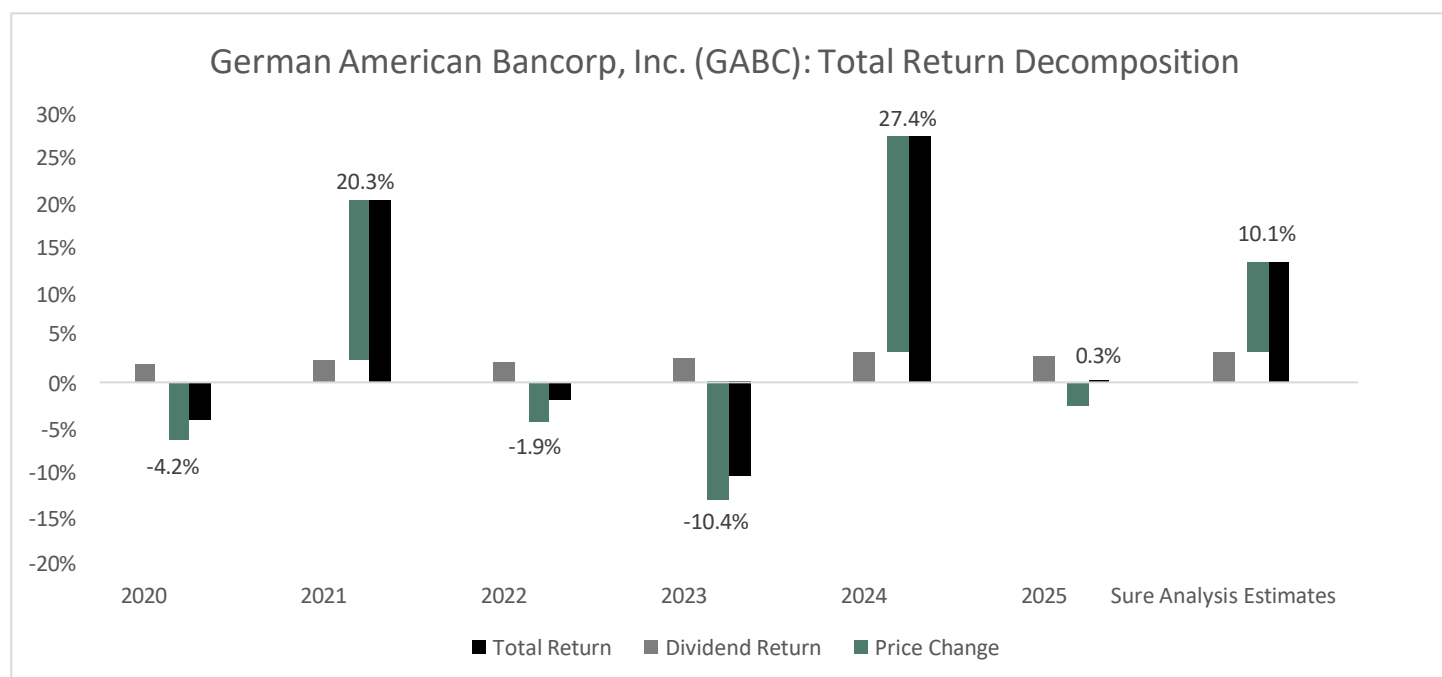
GABC's asset quality is also respectable. As of Jun. 30, 2026, the company's nonperforming assets were 0.32% of its portfolio (a three basis point improvement sequentially). GABC's Common Tier 1 or CET1 ratio was 14.06% (up 23 basis points sequentially), which exceeds the Federal Reserve Board's minimum 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 2.4% dividend yield, 7.0% annual diluted EPS growth prospects, and 0.9% annual valuation multiple expansion could deliver 10.1% annual total returns through 2031. In closing, this is why we're maintaining 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.

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