
INVESTIndiana

September 9, 2010



Forward-looking Statement Disclosure

Except for historical information contained herein, the matters discussed in this document express “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions indicate forward-looking statements. Those statements, including statements, projections, estimates or assumptions concerning future events or performance, and other statements that are other than statements of historical fact, are subject to material risks and uncertainties. 1st Source cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. 1st Source may make other written or oral forward-looking statements from time to time. Readers are advised that various important factors could cause 1st Source’s actual results or circumstances for future periods to differ materially from those anticipated or projected in such forward-looking statements.



Corporate Overview

\$4.5 billion community bank with international reach

- Personal and business banking, specialty finance, leasing, investment management, trust & estate planning, insurance sales, and mortgage banking operations
- Founded in 1863, headquartered in South Bend, Indiana
- Market cap - \$407 Million (8/27/10)



1st Source Strategy

- Deliver personalized, community banking to individuals, businesses and institutions within northern Indiana and southwestern Michigan through knowledgeable, local members of the community
- Diversify and add growth through our national and international specialty finance markets including aircraft, construction equipment, trucks, rental agency cars and environmental equipment



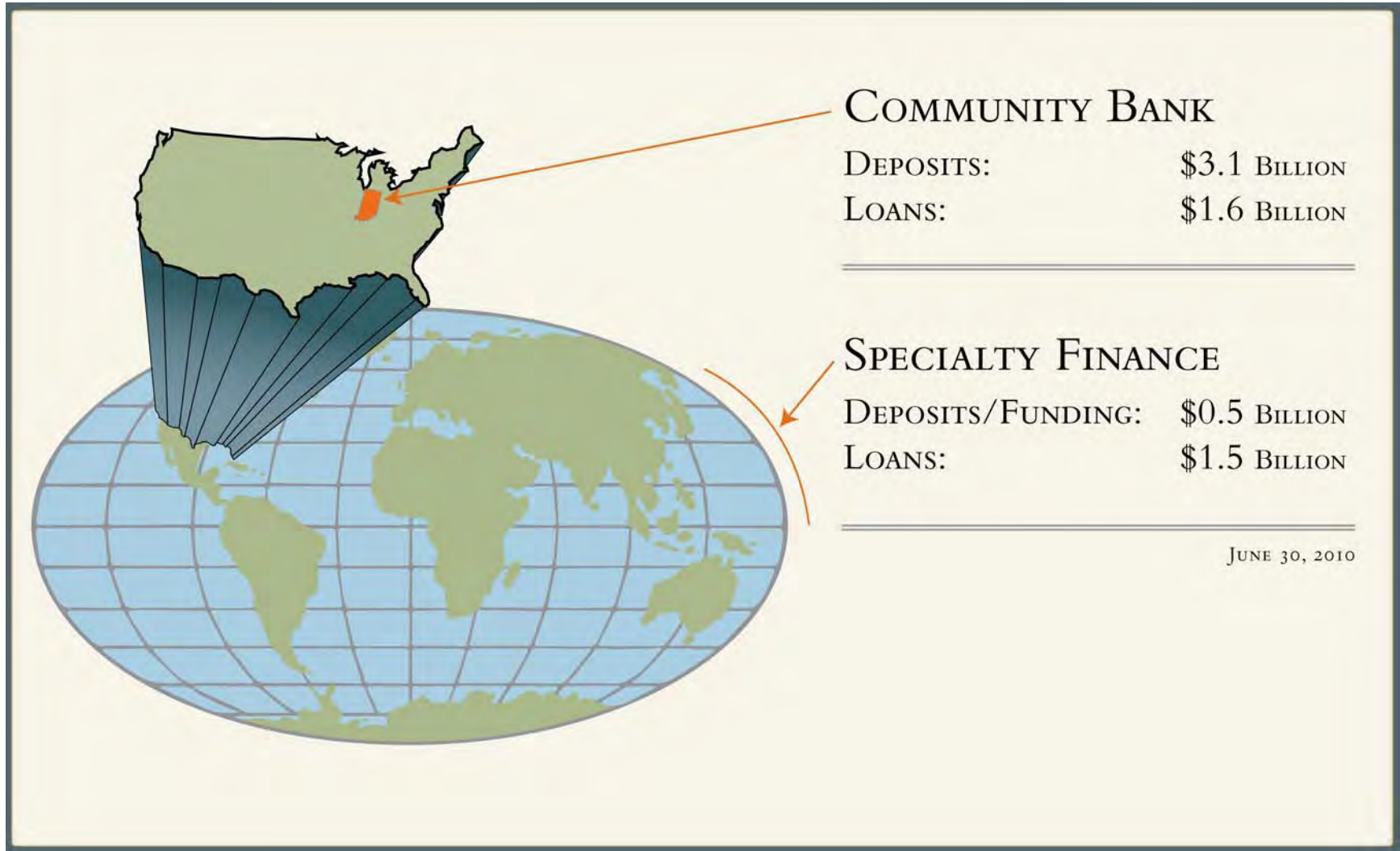
Locations



- 76 Banking Centers
- 94 Twenty-four hour ATMs
- 22 Specialty Finance locations nationwide
- 7 1st Source Insurance offices
- 7 Trust & Wealth Management locations



Market Area



Business Mix

6/30/10



Personal
Community Banking

\$505 million



Business
Community Banking

\$1.1 billion



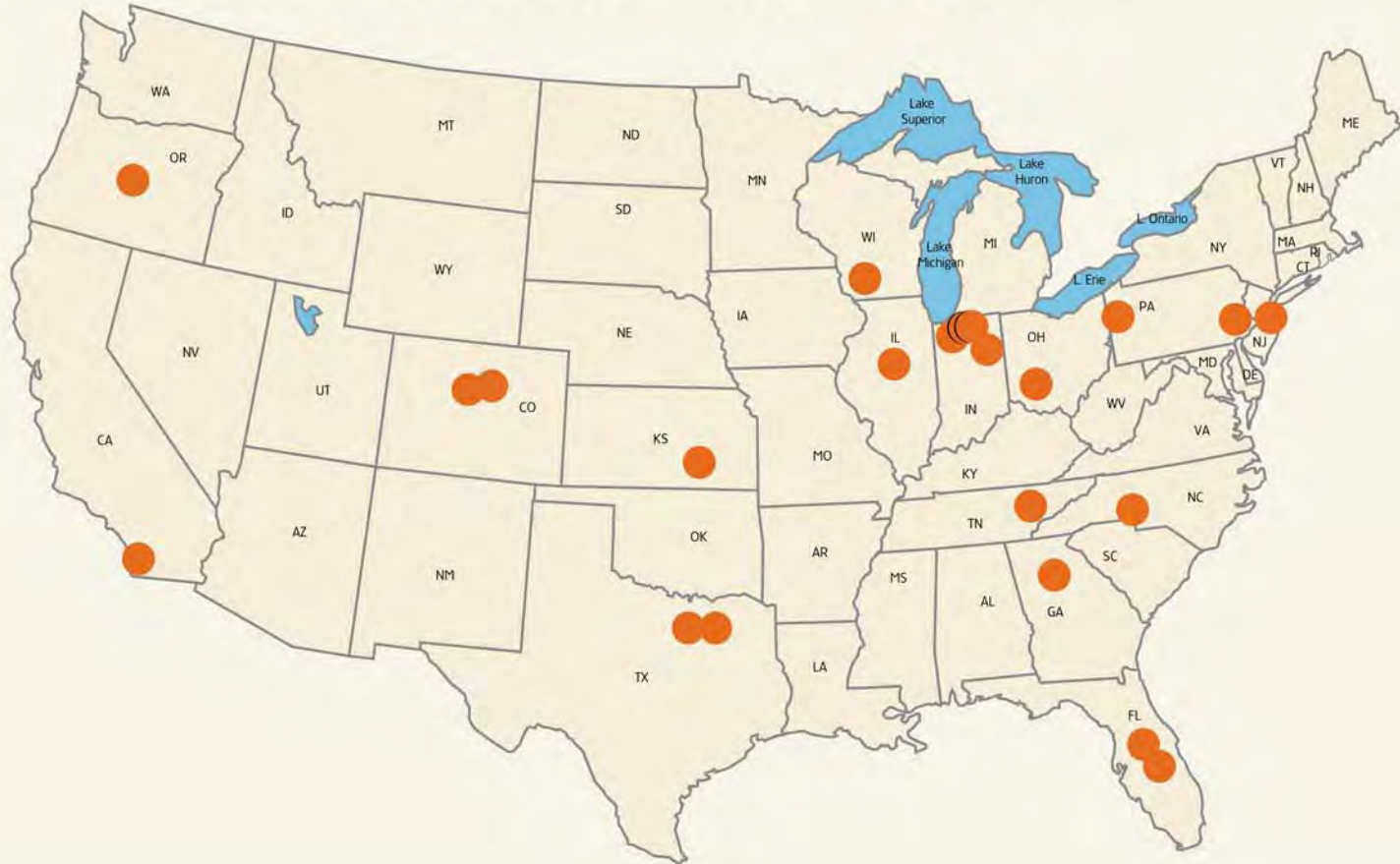
Specialty Finance

\$1.5 billion

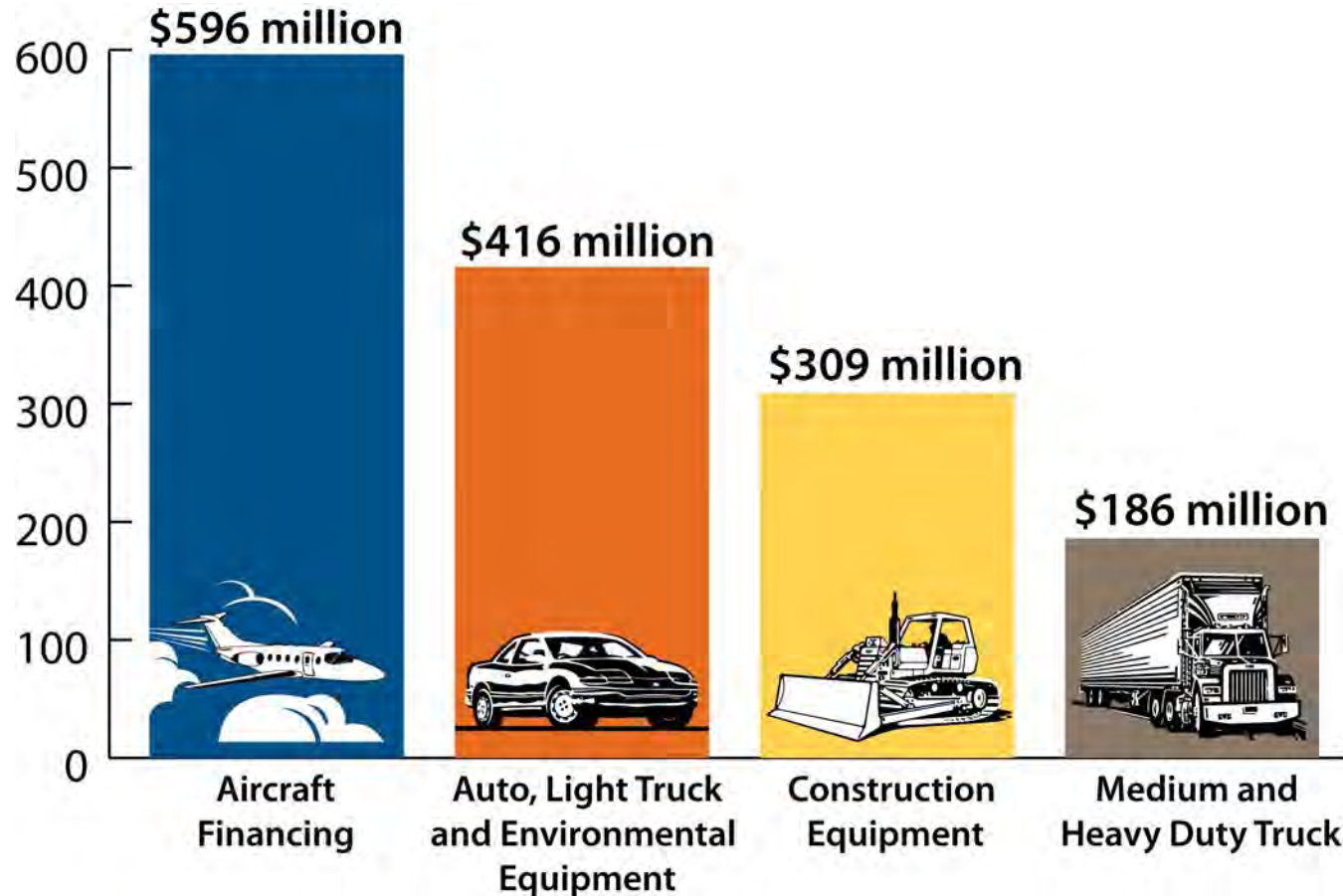


Market Area

SPECIALTY FINANCE GROUP LOCATIONS



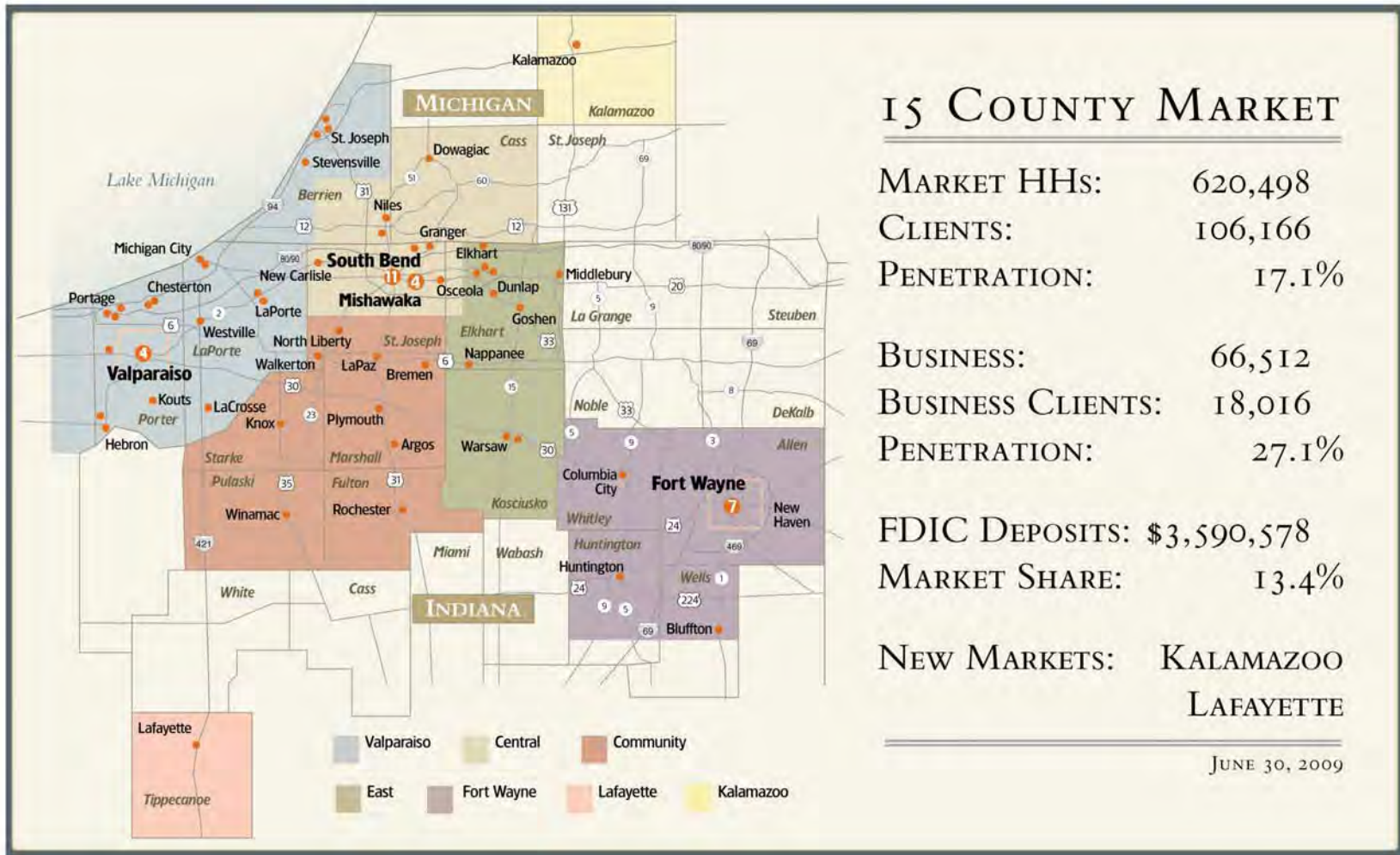
Specialty Finance



6/30/2010



Community Banking



Community Bank Industry



Higher Education



Regional Medical Hub



Medical Devices



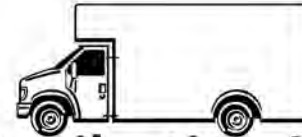
Auto Supply Mfg.



Agriculture



Steel Production



Distribution Hub

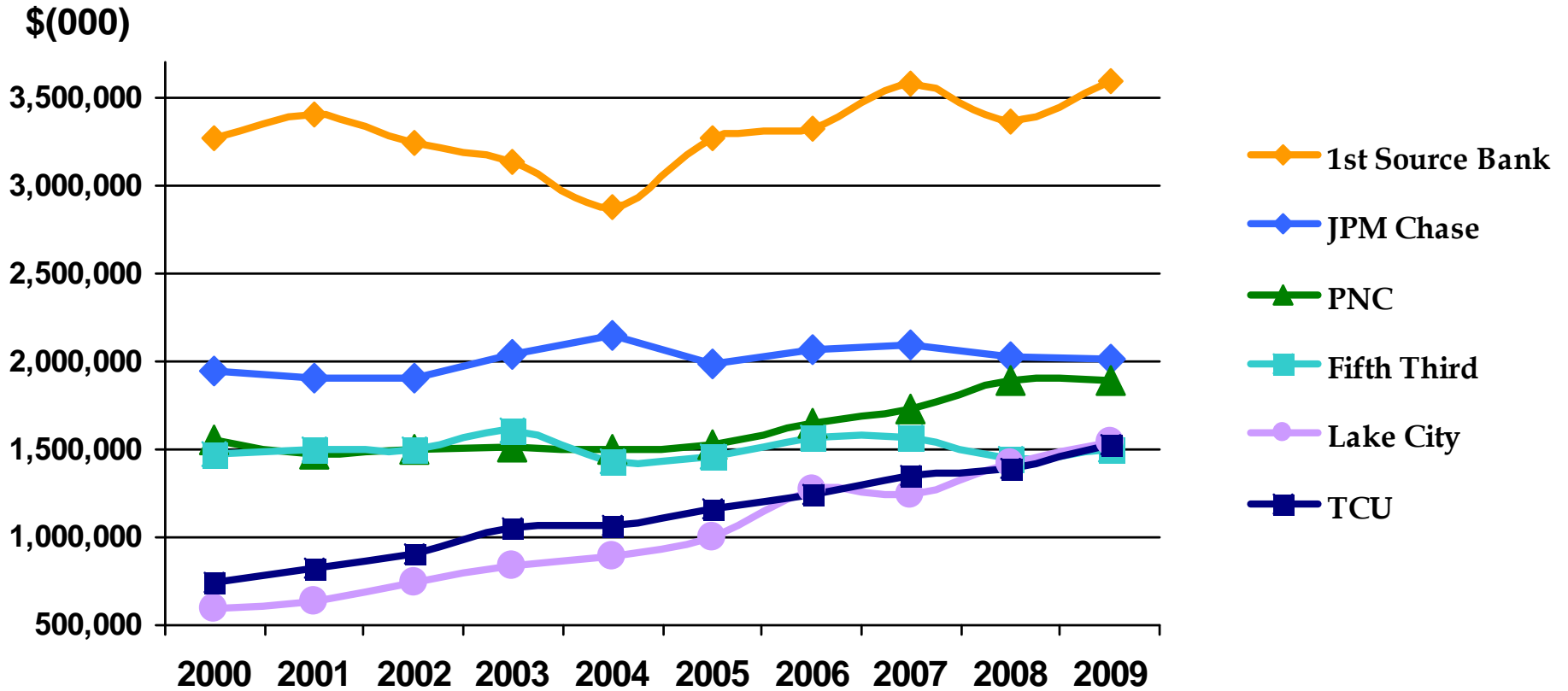


RV & Manufactured Housing



Deposit Market Share

15-County Market



Data as of 6/2009 – Highline Financial



Market Share



#1 market share
in mortgage loans.

#1 provider of SBA*
loans in northwest Indiana
and southwest Michigan.



* Small Business Administration



#3 provider
of loans for
home improvement.



Local Newspapers' Reader Polls



- "Favorite Bank in Michiana Region" by readers of The South Bend Tribune for the 7th consecutive year, 2010
- "Best of Marshall County" by readers of The Plymouth Pilot, 2009
- "Best of the Best" by readers in southwestern Michigan, 2010 (Niles, Cassopolis, Edwardsburg, Dowagiac, etc)
- "Best of Starke County" by readers of The Starke County Reader, 2010



Larry Lentych
Chief Financial Officer



Balance Sheet Highlights

(\$ Millions)	12/31/09	6/30/10	Change
Total Assets	\$4,542.1	\$4,531.3	(0.2)%
Total Loans & Leases	\$3,093.2	\$3,131.7	1.2 %
Total Deposits	\$3,652.5	\$3,609.6	(1.2)%
Total Common Equity	\$ 465.4	\$ 483.9	4.0 %
Total Common Equity to Assets	10.3%	10.7%	-

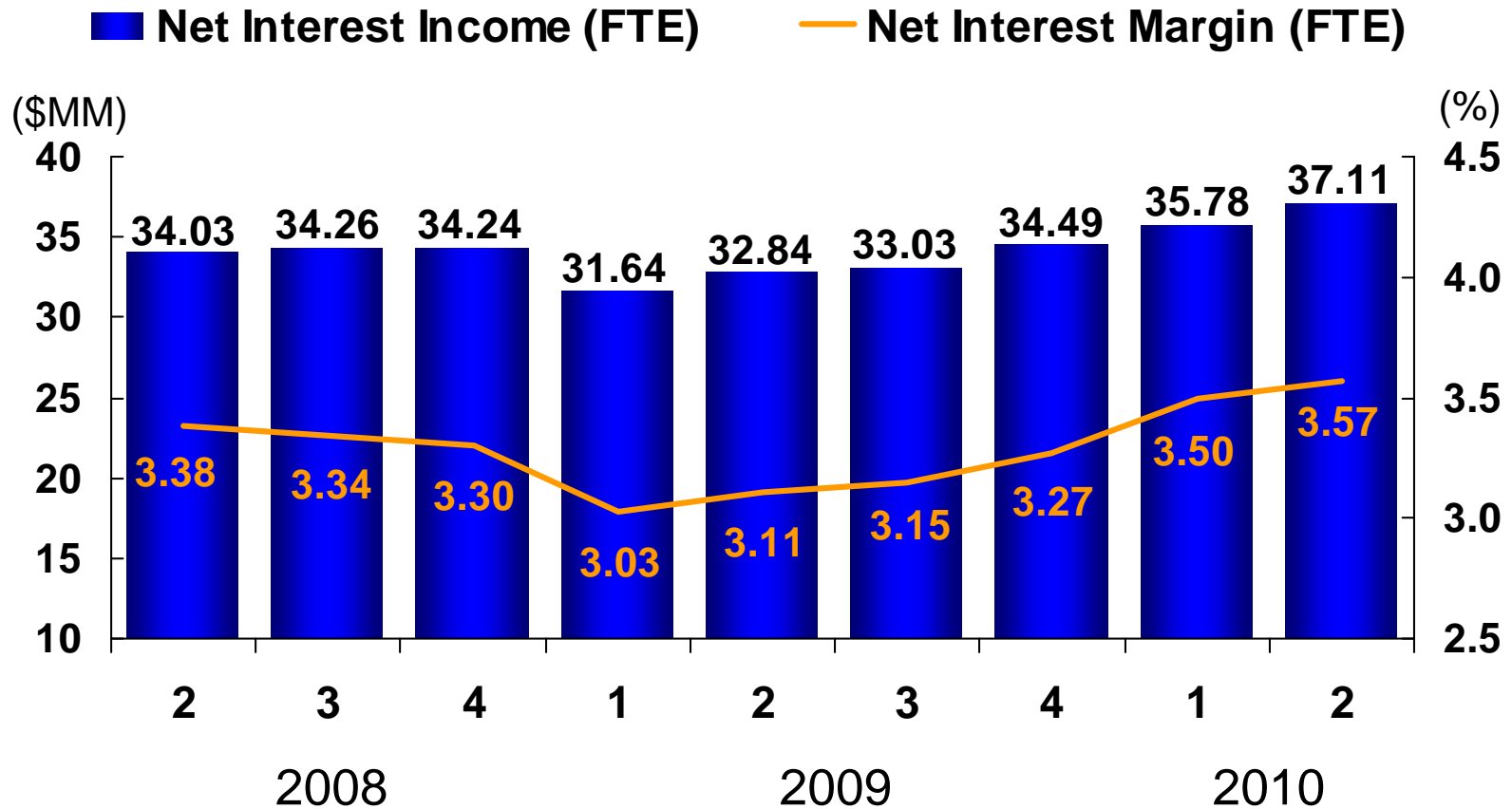


Second Quarter Earnings Highlights

	2nd Quarter			Year-to-Date		
	2009	2010	Change	2009	2010	Change
Net Income (000's)	\$ 6,283	\$ 7,795	24.1%	\$ 12,534	\$ 17,474	39.4%
EPCS (Diluted)	\$ 0.19	\$ 0.25	31.6%	\$ 0.39	\$ 0.57	46.2%
ROA	0.56%	0.69%	-	0.56%	0.78%	-
ROCE	3.93%	5.06%	-	4.12%	5.93%	-



Net Interest Income



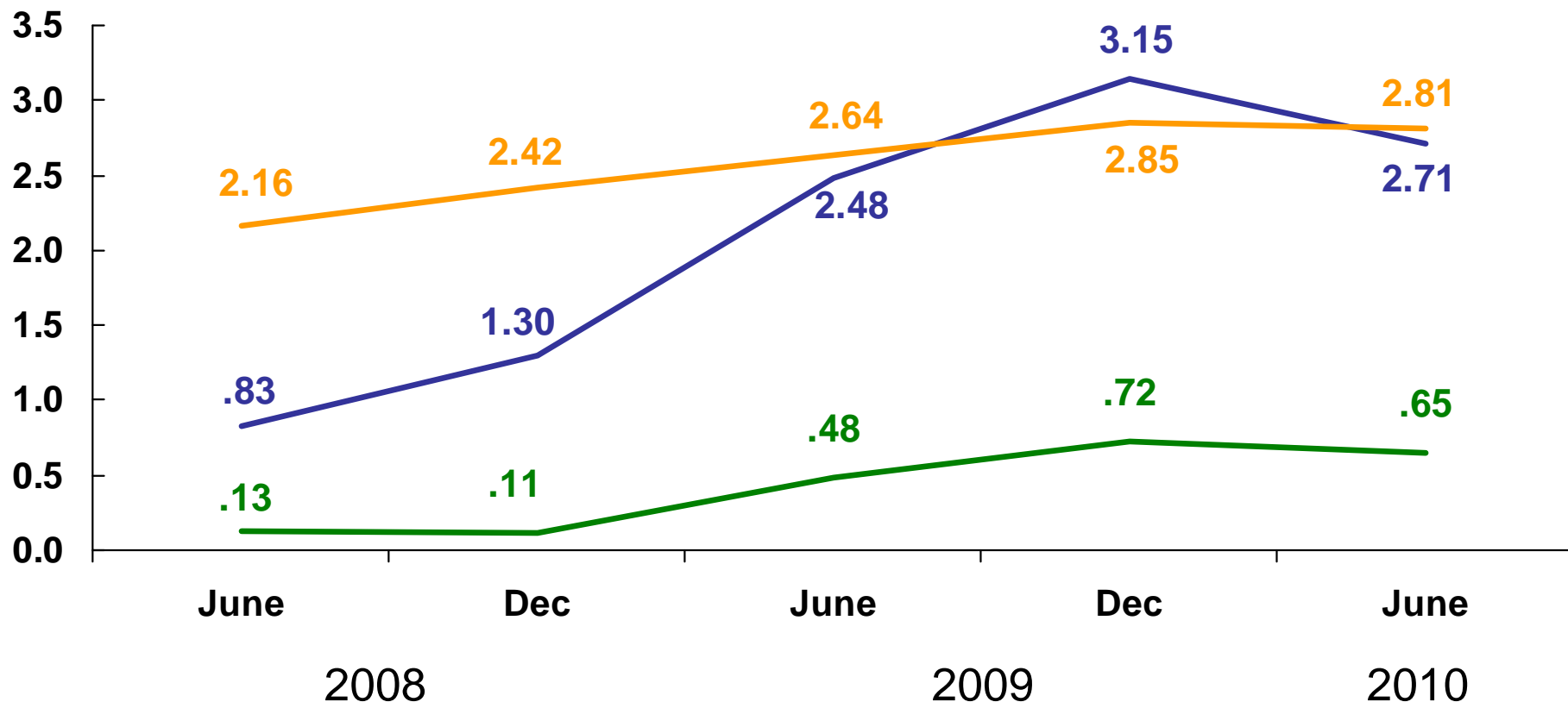
Loan & Lease Quality

(% of Loans and Leases)

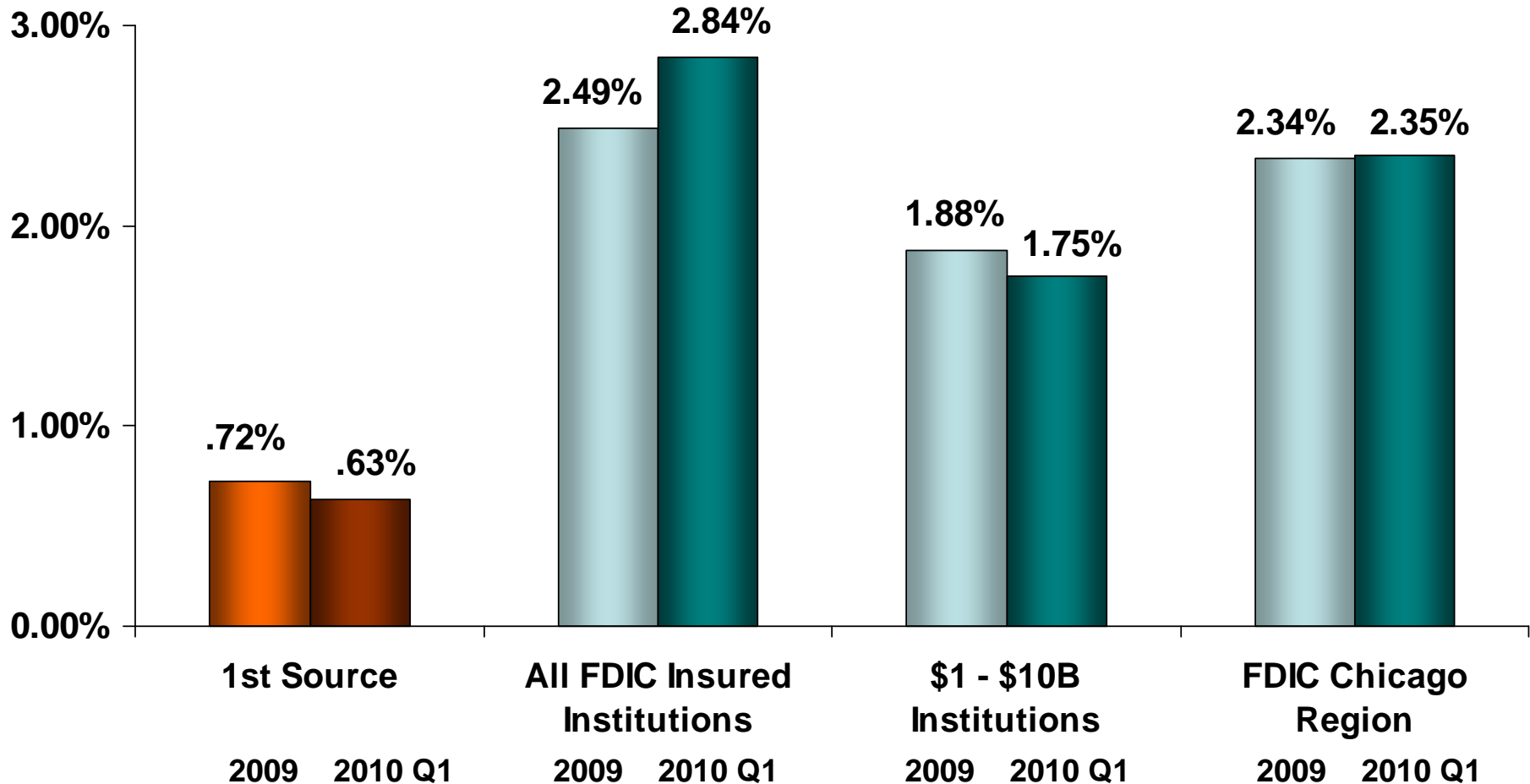
— Nonperforming Assets

— Net Charge-Offs
Rolling Four Qtr Annual

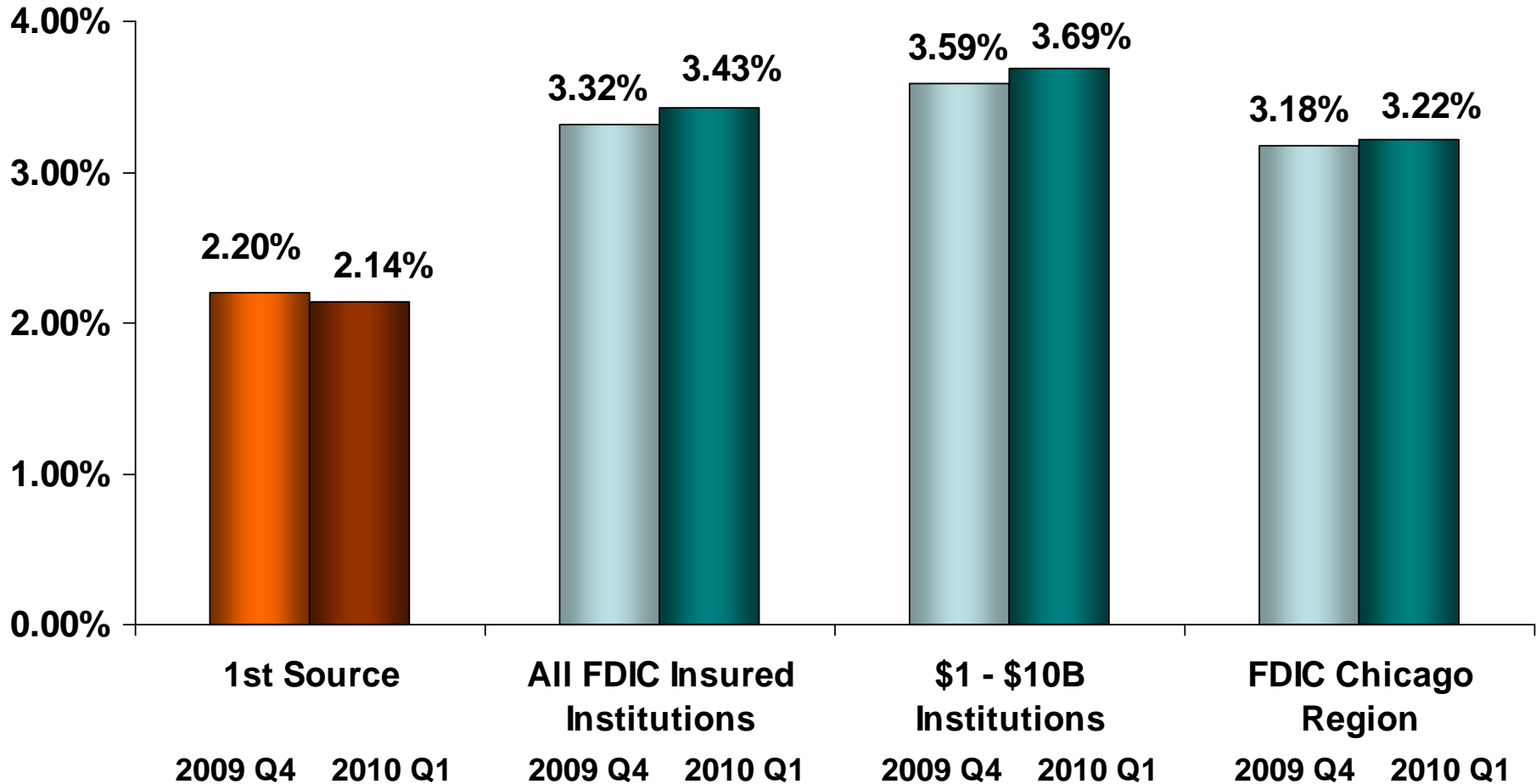
— Loan & Lease Loss Reserve



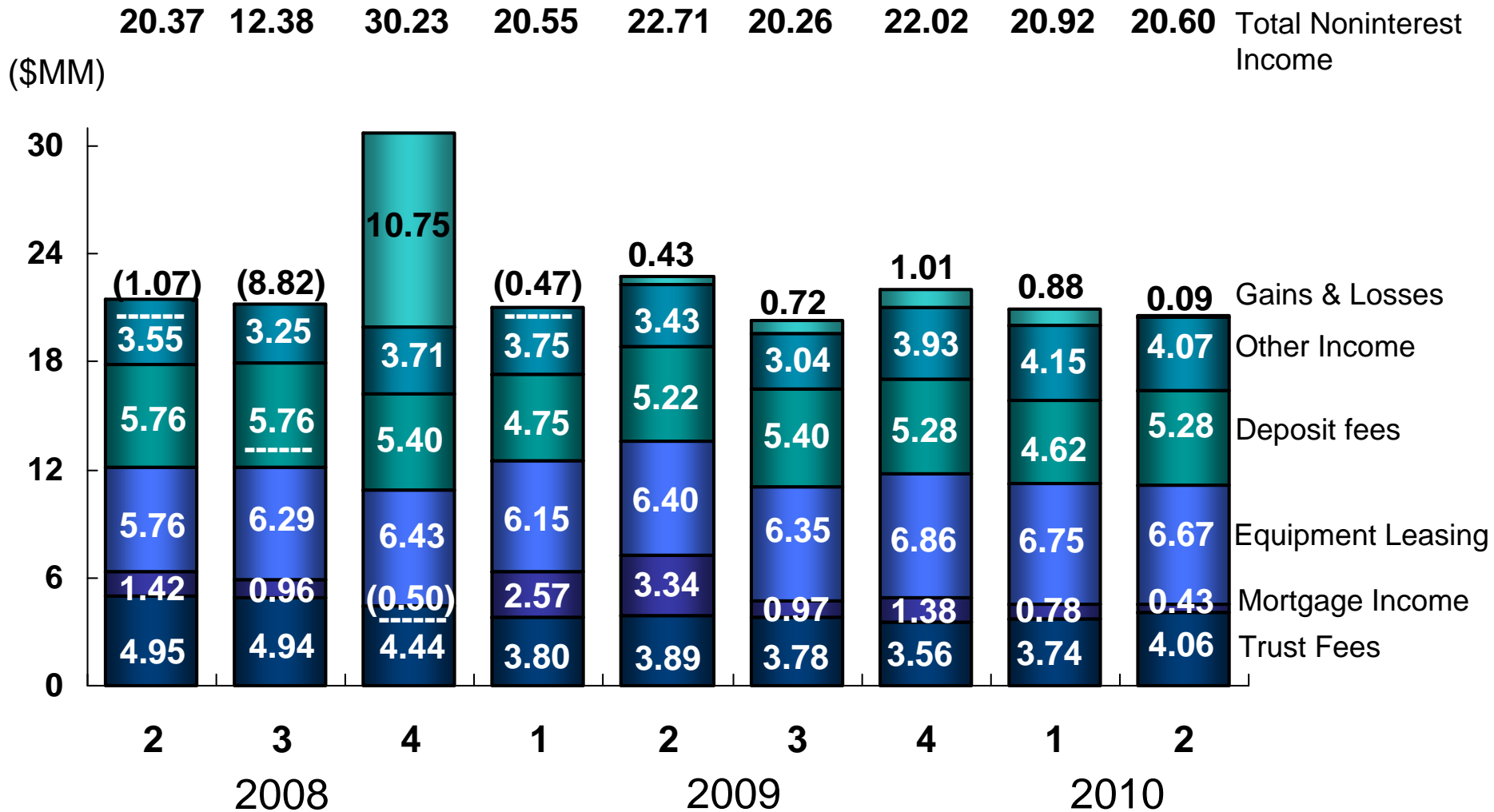
Asset Quality – Net Charge-offs to Loans and Leases



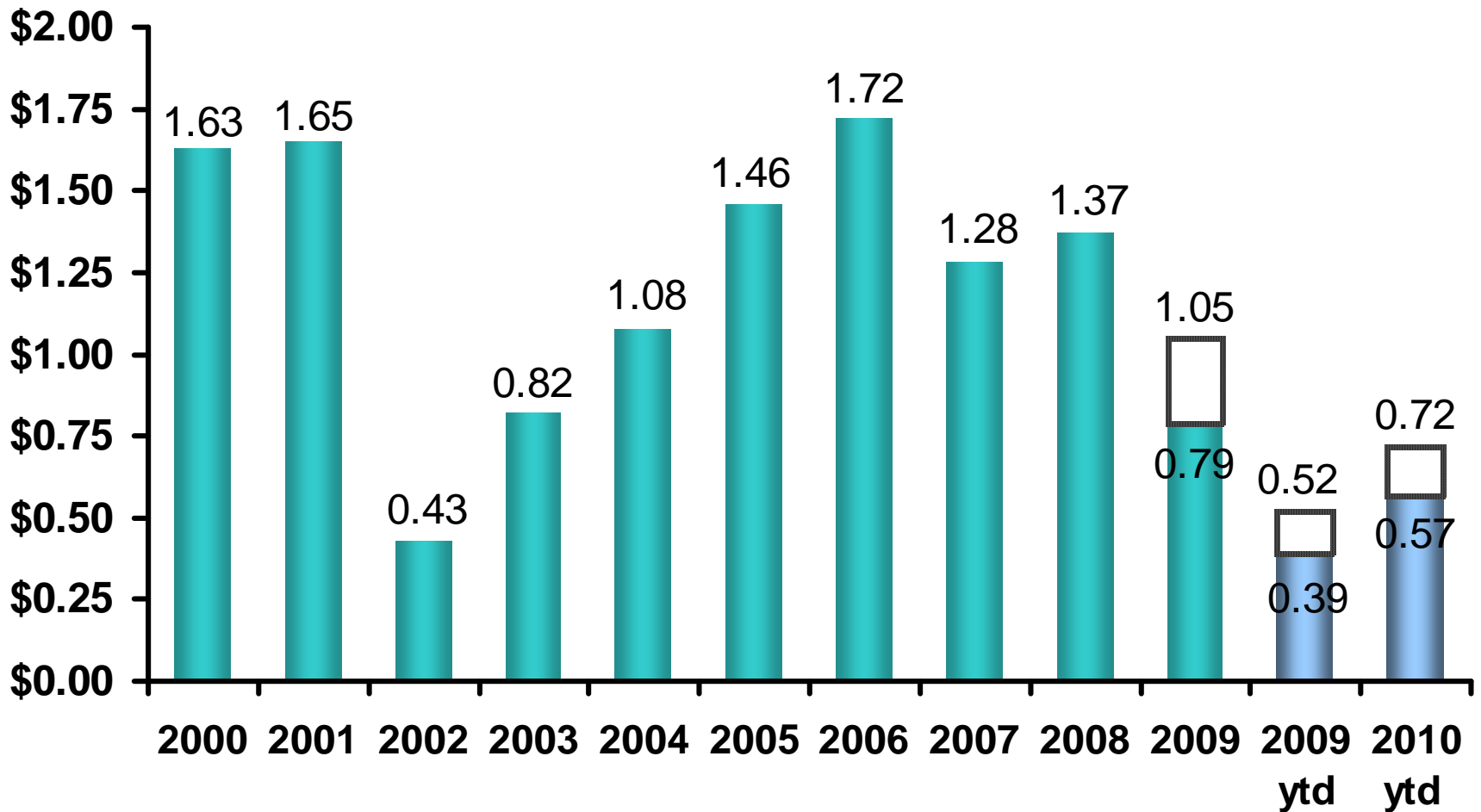
Asset Quality – Noncurrent Assets plus OREO to Assets



Noninterest Income



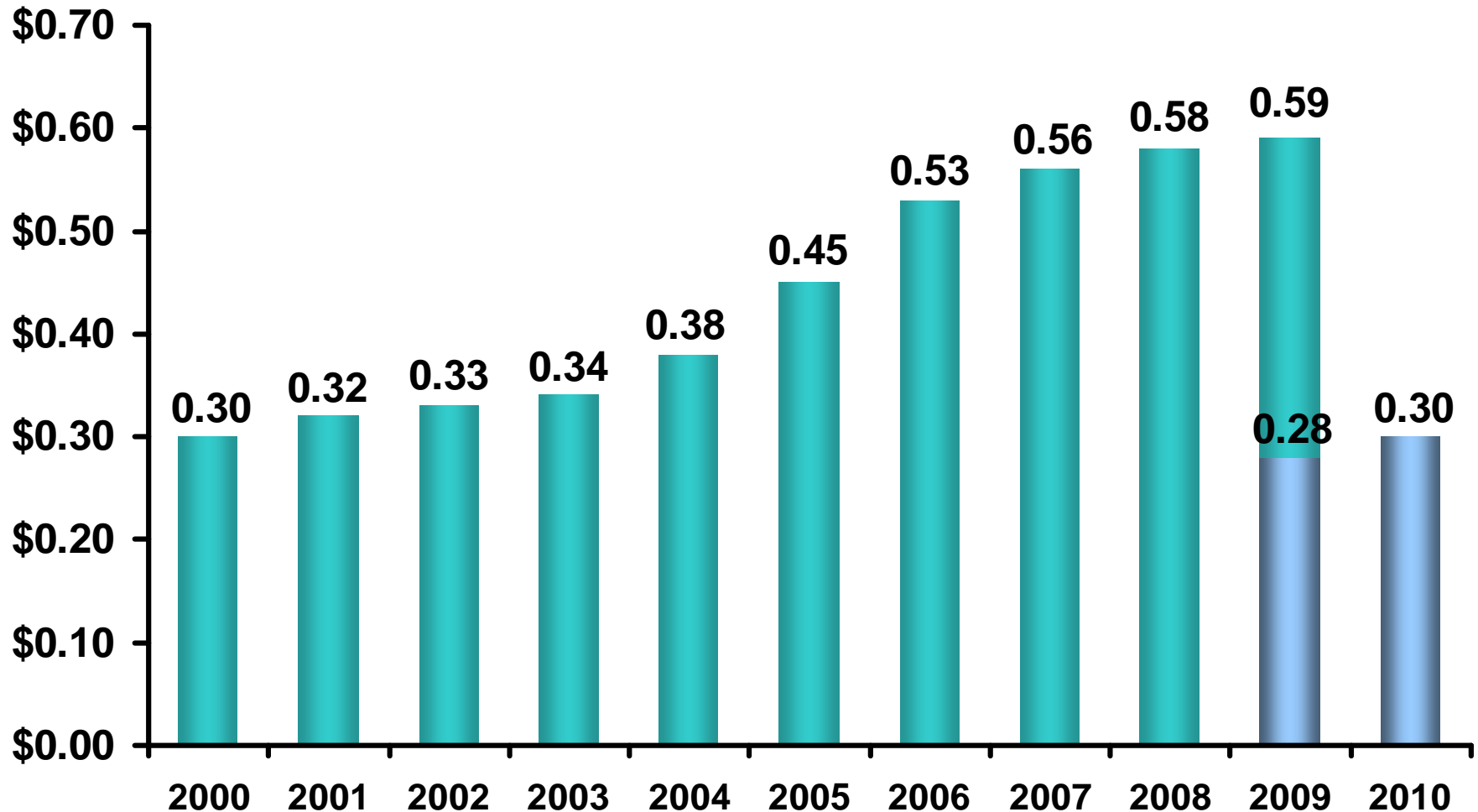
Diluted Net Income per Common Share



----- : Preferred Stock Impact



Common Dividends per Share



Compound Growth Rate: 7.57%



Why Invest in 1st Source?



Why 1st Source?

- Strongly capitalized

	<u>with TARP</u>	<u>Estimated without TARP</u>
• Risk-based capital Tier 1	16.58%	13.45%
• Risk-based capital – total	17.87%	14.74%

- Stable credit quality, strongly reserved

- 2.81% loan loss reserve
- NPAs mainly collateralized

- Diversification of income mix

- 37% of net revenue in fee income

- Diversification of product mix & geography

- Asset generation capability



Why 1st Source?

- Dominant local market share
- Improving cost efficiencies
- Recently improving margins
- Historically consistent and growing dividend



Why 1st Source?

- No sub-prime exposure
- No highly inflated real estate markets
- Majority of commercial real estate lending is owner occupied



Why 1st Source?

The Top 150 Performers

- # 8 – 2010 Bank Performance Scorecard
- *Bank Director Magazine*, banks over \$3.0 billion
- Based on Profitability, Capital Adequacy, and Asset Quality
- Up from # 30 in 2009, # 43 in 2008 and # 65 in 2007



Five-Star Rating from Bauer Financial

- Highest rating possible
- Based on capital ratio, profitability/loss trend, credit quality, CRA ratings, etc.



Why 1st Source?

100 Most Trustworthy Public Companies

Forbes, April 2009

Selected out of 12,000 publicly traded companies

Recognized for transparent and conservative accounting practices, solid corporate governance and management, according to rankings compiled by Audit Integrity.

“These companies do not play games with revenue and expense recognition, or with asset valuation.” Forbes 4/2/09



Contact Information

- 1st Source common stock is traded on the NASDAQ Global Select Market under “SRCE”
- Website: www.1stsource.com
- Investor Relations:
Melissa Collins
574-235-2495

