Investor Presentation

Symbol: SRCE

www.1stsource.com



Forward-looking Statement Disclosure

Except for historical information, the matters discussed may include “forward-looking statements.” Generally, words such as “believe,” “possible,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will,” “contemplate,” “seek,” “plan,” “assume,” “targeted,” “continue,” “remain,” “should,” “indicate,” “would,” “may” indicate forward-looking statements. Those statements 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. The audience is 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. Such factors, among others, include changes in laws, regulations or accounting principles generally accepted in the United States; 1st Source’s competitive position within its markets served; increasing consolidation within the banking industry; unforeseen changes in interest rates; unforeseen downturns in the local, regional or national economies or in the industries in which 1st Source has credit concentrations; and other risks discussed in 1st Source’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K, which filings are available from the SEC. 1st Source undertakes no obligation to publicly update or revise any forward-looking statements.



1st Source Corporation

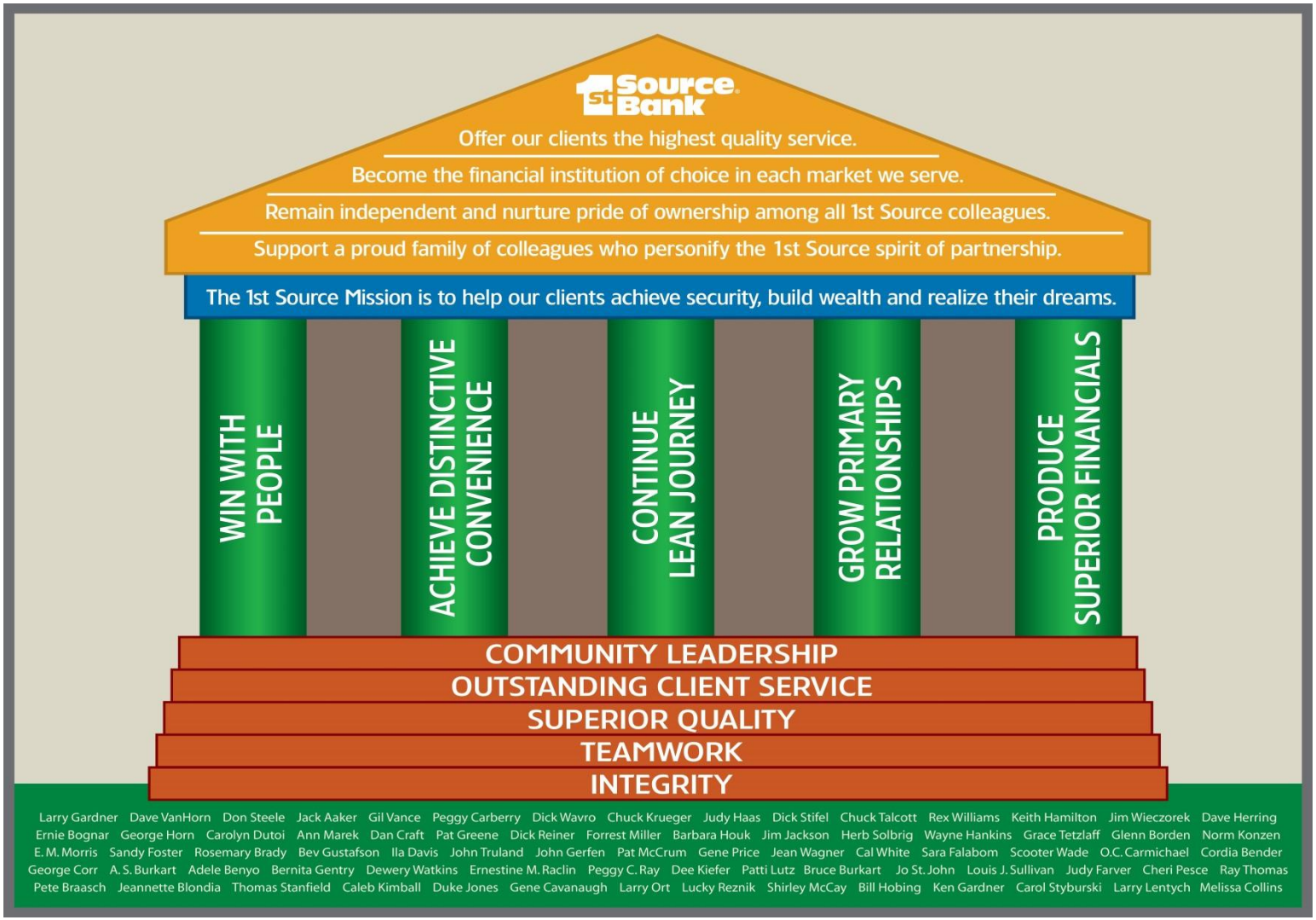
Company Overview

- $4.86 billion bank holding company
- Headquartered in South Bend, Indiana since 1863
- Diversified banking model, offering personal and business banking, specialty finance, investment management, trust & estate planning, insurance sales and mortgage banking operations
- National specialty finance markets include aircraft, construction equipment, medium and heavy duty trucks, and leasing and rental car agencies
- 1st Source Corporation Locations:
  - 80 community banking centers in 17 counties with 2 new banking centers in development
  - 8 trust & wealth management locations with approximately $4 billion in assets under management
  - 8 insurance locations
  - 22 specialty finance locations nationwide
  - 1,100 FTEs

Community Banking Franchise



History, Values, Mission, and Vision



Experienced and Proven Team

Executive Team

- ✓ 7 executives with an average 37 years of banking experience and 24 years with 1st Source

Business Banking Officers

- ✓ 39 business banking officers with an average 23 years of lending experience and 12 years with 1st Source

Specialty Finance Group Officers

- ✓ 26 specialty finance group officers with an average 28 years of lending experience and 12 years with 1st Source



Community Banking Market Area



Higher education



Steel production



Regional medical hub



Medical devices



Agriculture



Distribution hub



Recreational vehicle manufacturing

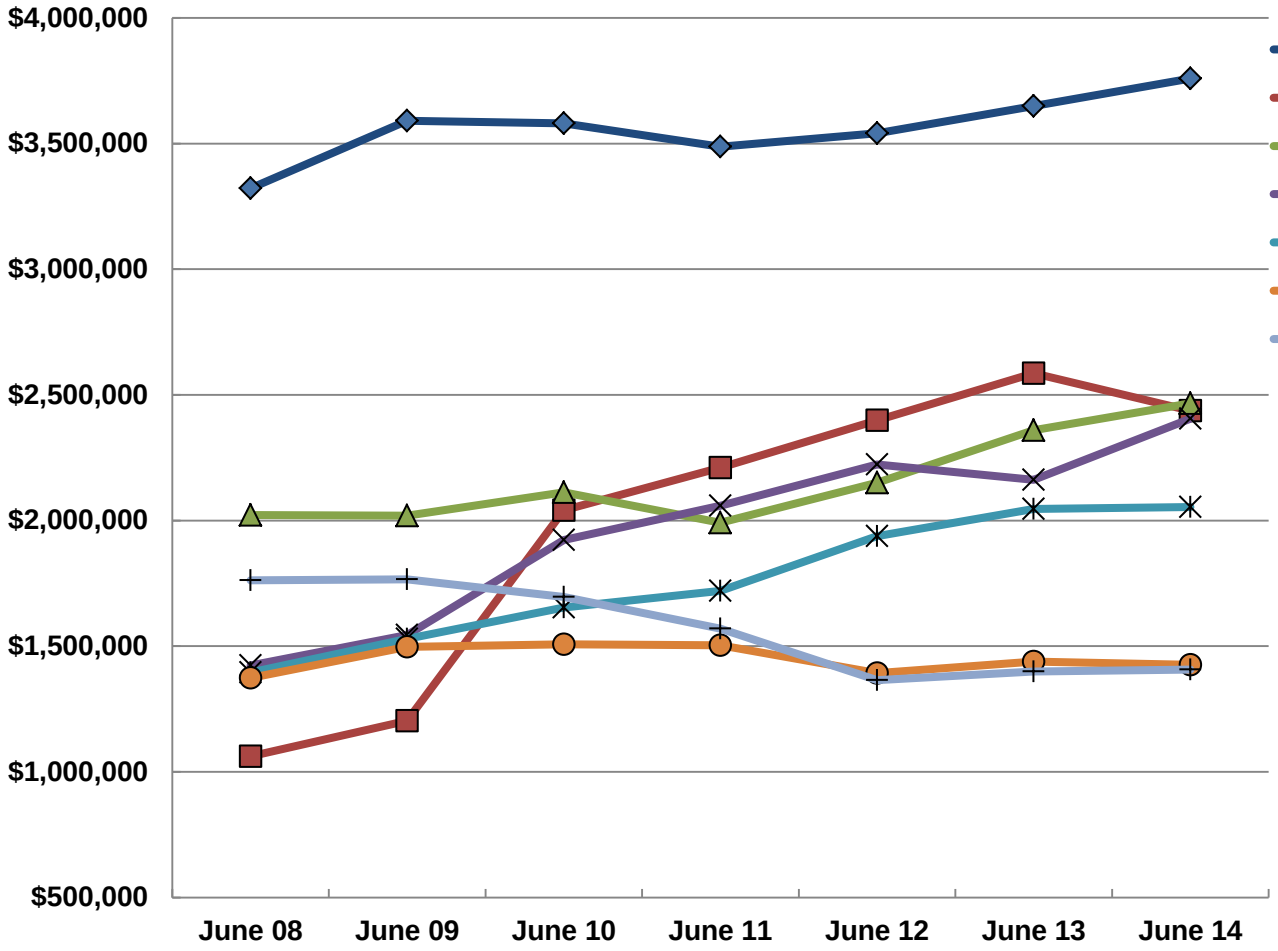
17 – County Market

Market Households	**788,652**
Client Households	**99,897**
Penetration	**12.7%**
Businesses (approx)	**74,600**
Business Clients	**14,545**
Penetration	**19.5%**

As of December 31, 2014

Deposit Market Share – 15 County Market*

Leading Market Share in Community Banking Markets ($000)



	2014
1st Source	12.05%
Wells Fargo	7.82%
Chase	7.91%
Lake City Bank	7.71%
TCU	6.58%
Fifth Third	4.57%
PNC	4.51%

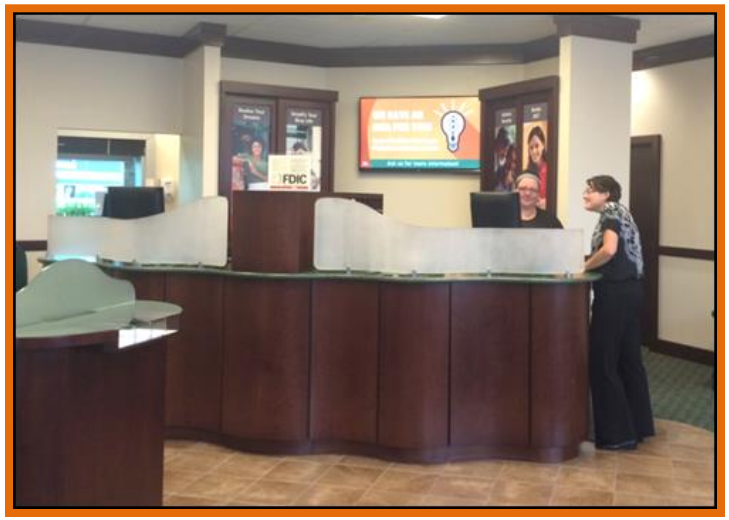
Data as of June 2014 – FDIC (via Bancography)

*Includes Allen, Elkhart, Fulton, Huntington, Kosciusko, LaPorte, Marshall, Porter, Pulaski, St. Joseph, Starke, Wells, and Whitley counties in the State of Indiana, and Berrien and Cass counties in the State of Michigan.

Growth Opportunities in Fort Wayne Market

$8 Million Investment Completed in 2014

- ✓ Three new banking centers in Fort Wayne and Columbia City
- ✓ Six banking centers remodeled
- ✓ Feature side-by-side banking with banker at your side, sharing their screen and work space
- ✓ Future banking center improvements in outlying markets





Specialty Finance Group Services



✓ Aircraft Financing

- Aircraft financing consists of financings for new and used general aviation aircraft (including helicopters) for private and corporate aircraft users, aircraft distributors and dealers, air charter operators, air cargo carriers, and other aircraft operators



✓ Auto and Light Truck Division

- Auto/light truck rental consists of financings to automobile rental and leasing companies, light truck rental and leasing companies, and special purpose vehicles



✓ Construction Equipment Financing

- Construction equipment financing includes financing of equipment (i.e., asphalt and concrete plants, bulldozers, excavators, cranes, and loaders, etc.) to the construction industry



✓ Medium and Heavy Duty Truck Division

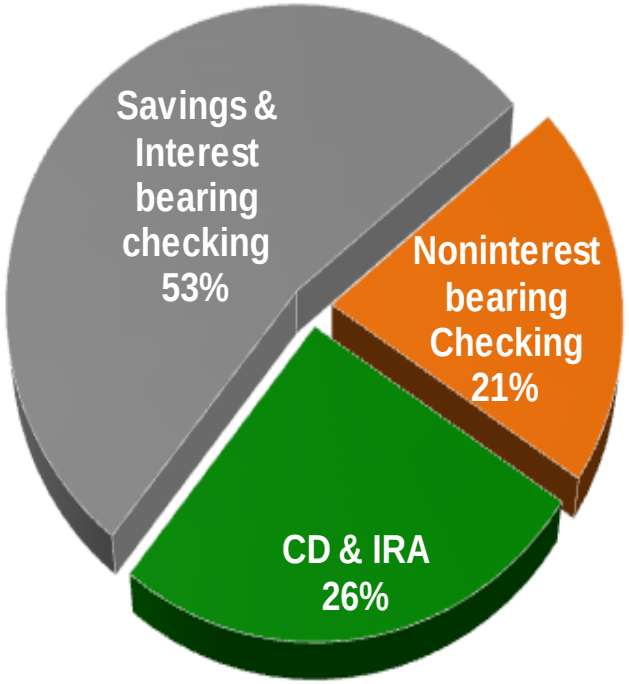
- The medium and heavy duty truck division provides financing for highway tractors and trailers and delivery trucks to the commercial trucking industry and trash and recycling equipment for municipalities and private businesses as well as equipment for landfills

Financial Results

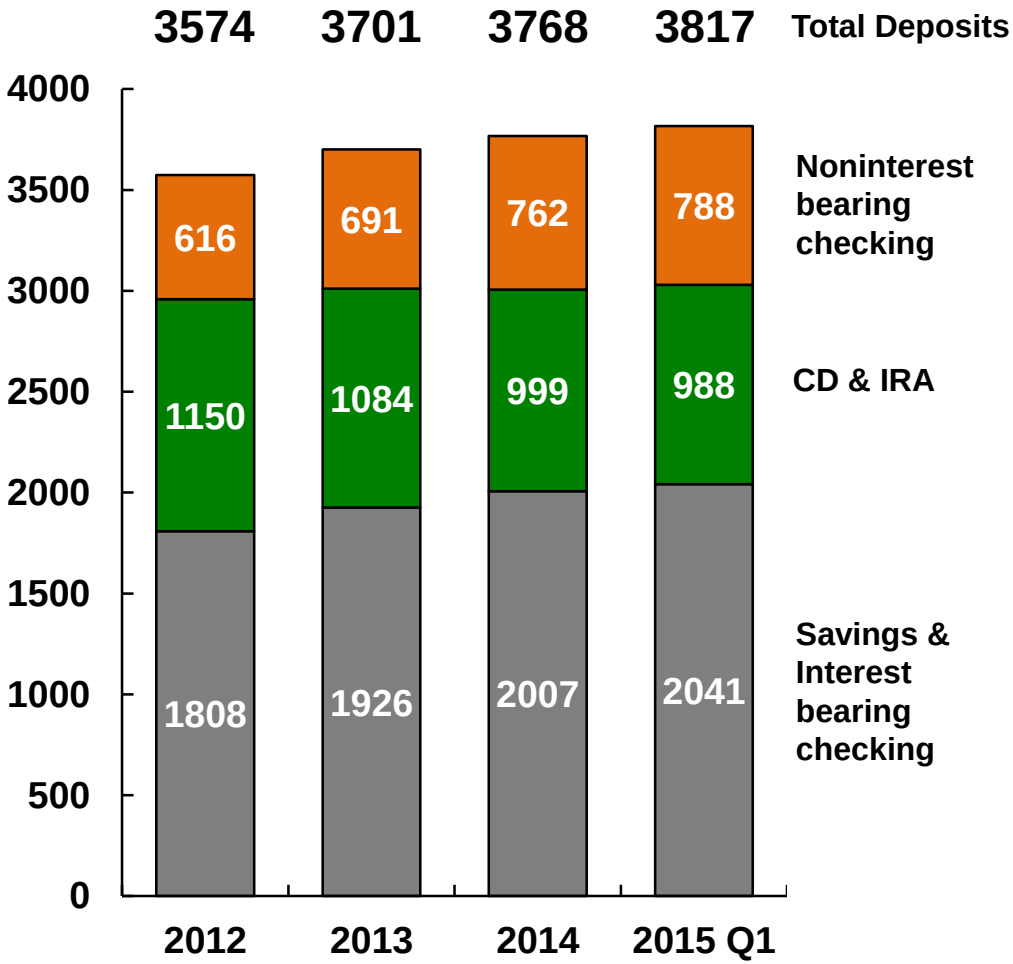


Deposit Composition

Deposits By Type (3/31/15)

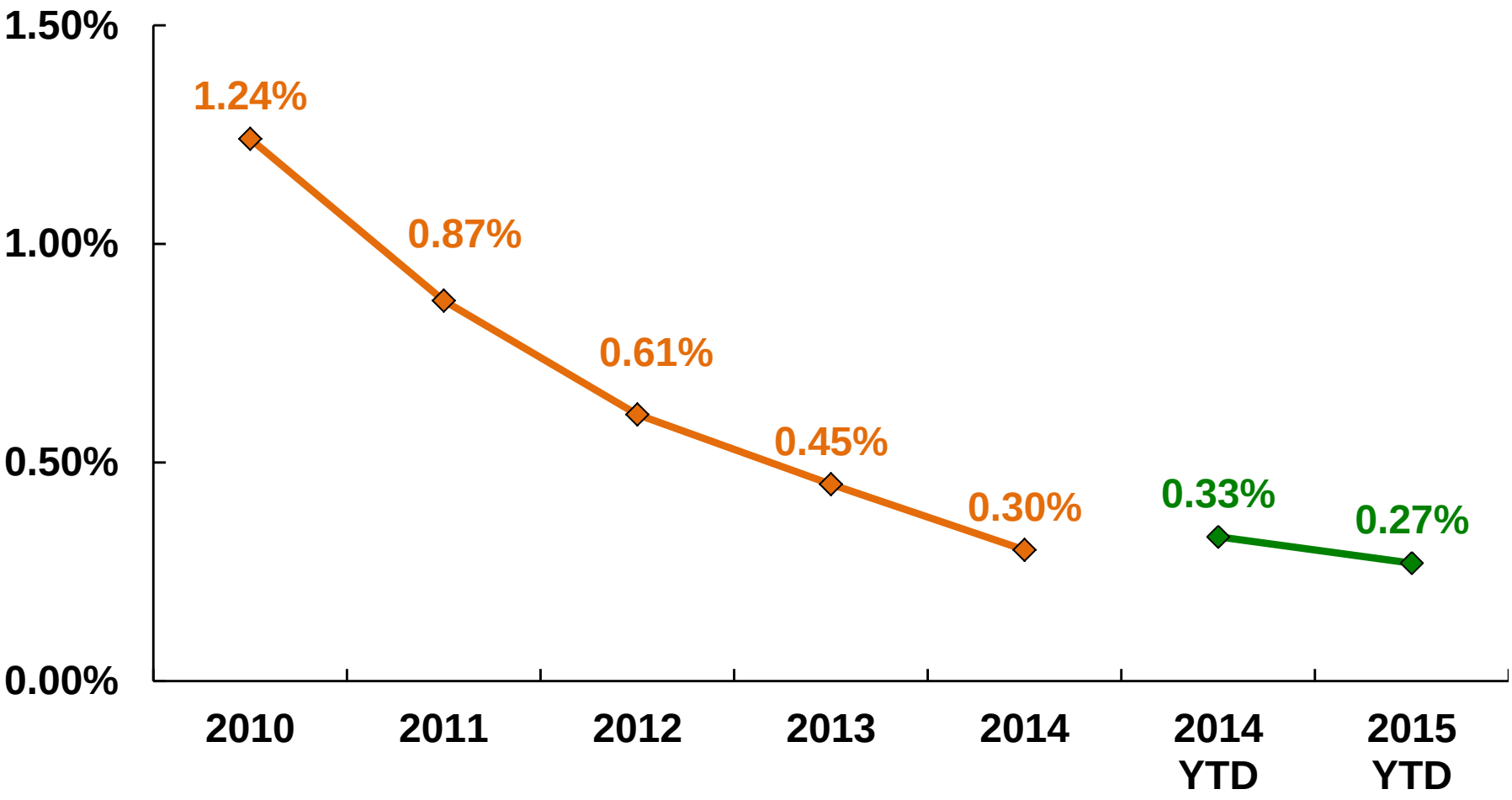


Total Average Deposits ($MM)



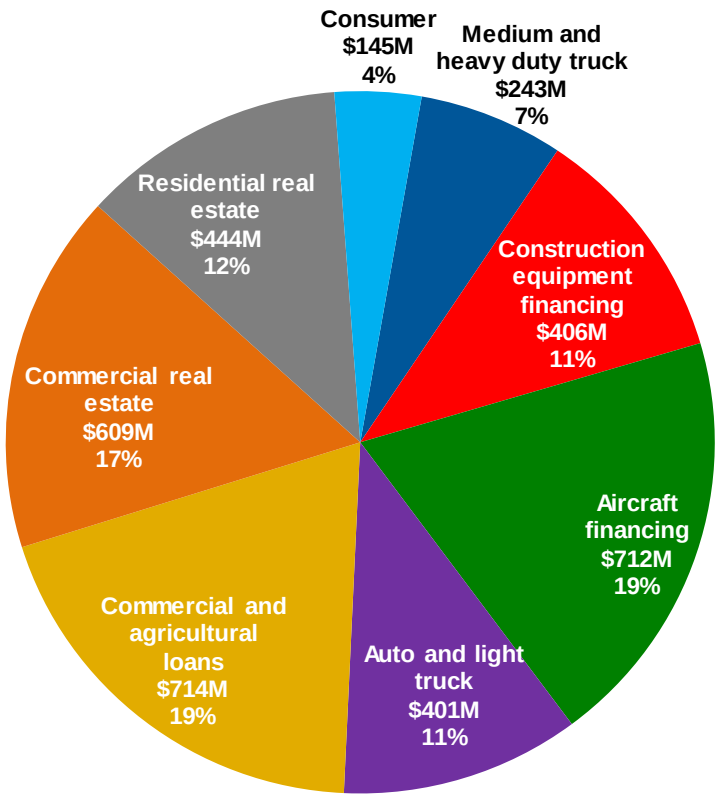
Deposit Rates

Cost of Total Average Deposits (%)

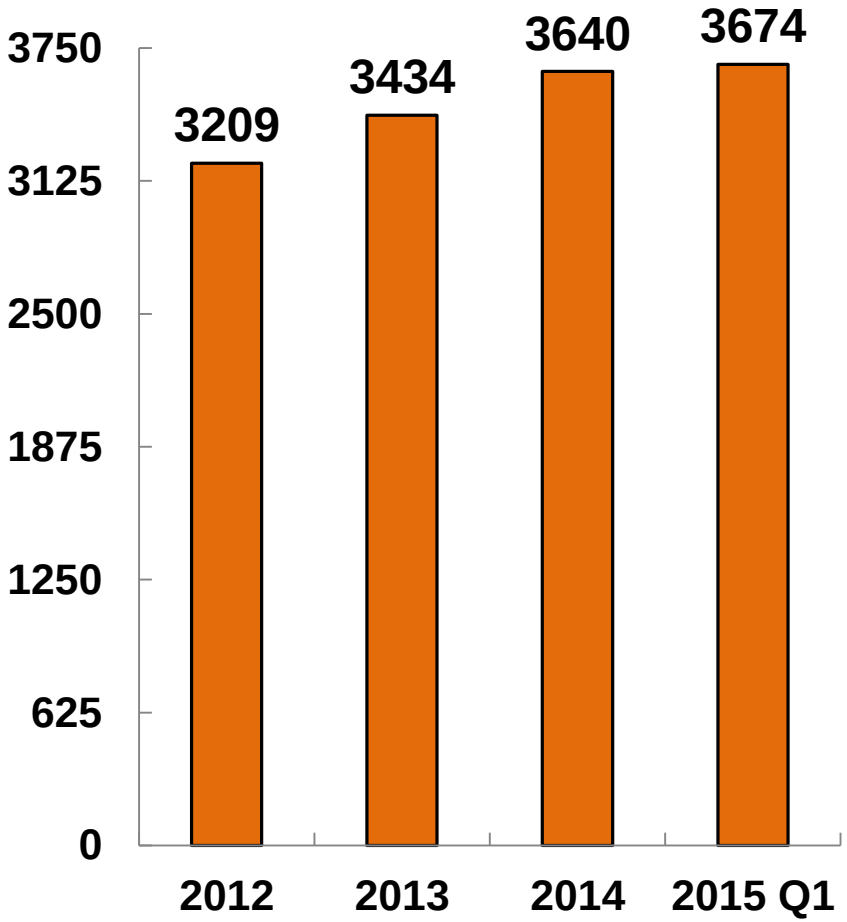


Loan Distribution and Performance

Loans By Type (3/31/15)

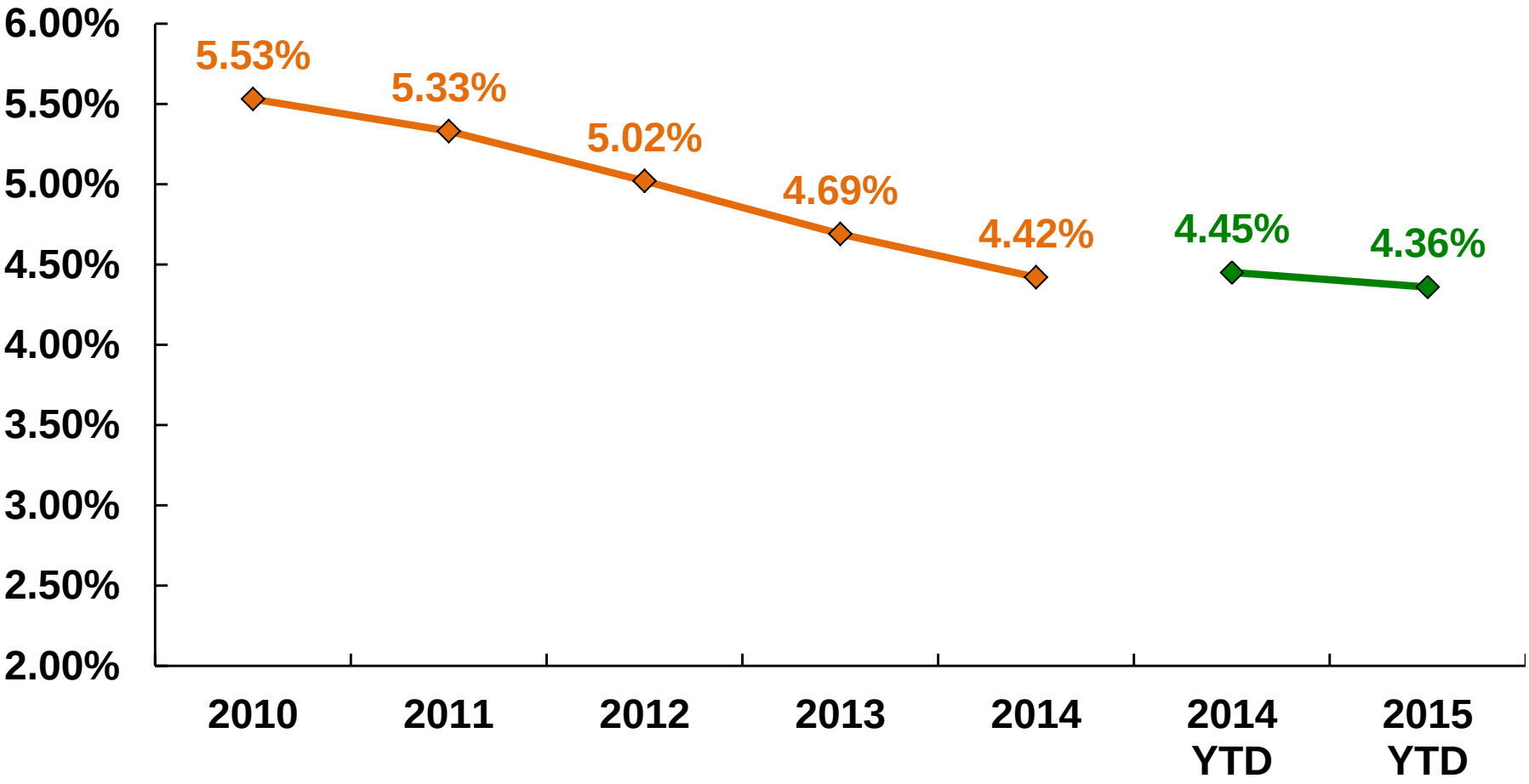


Total Average Loans and Leases ($MM)



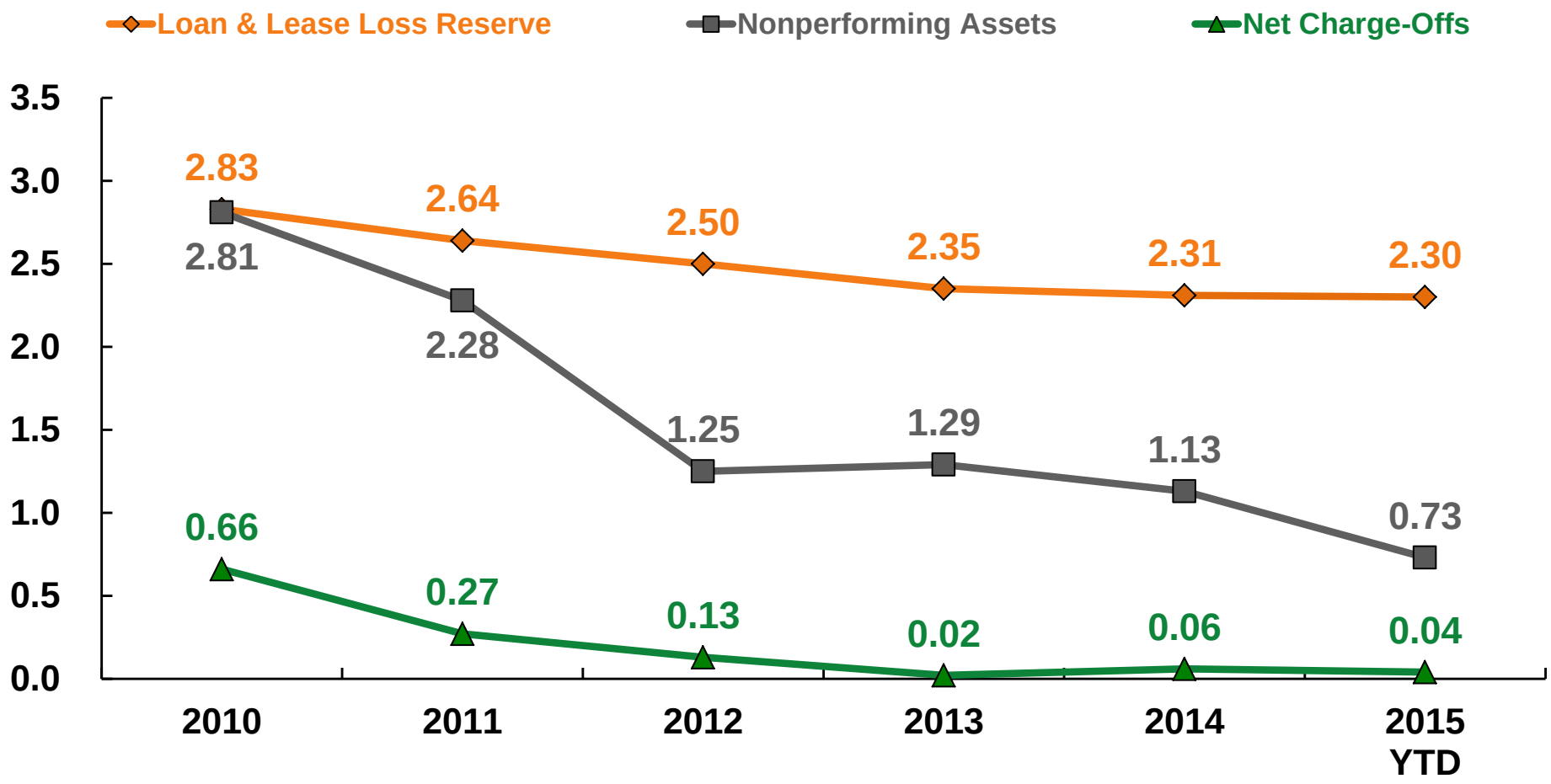
Loan Yields

Return on Net Loans and Leases (%)



Strong Credit Quality

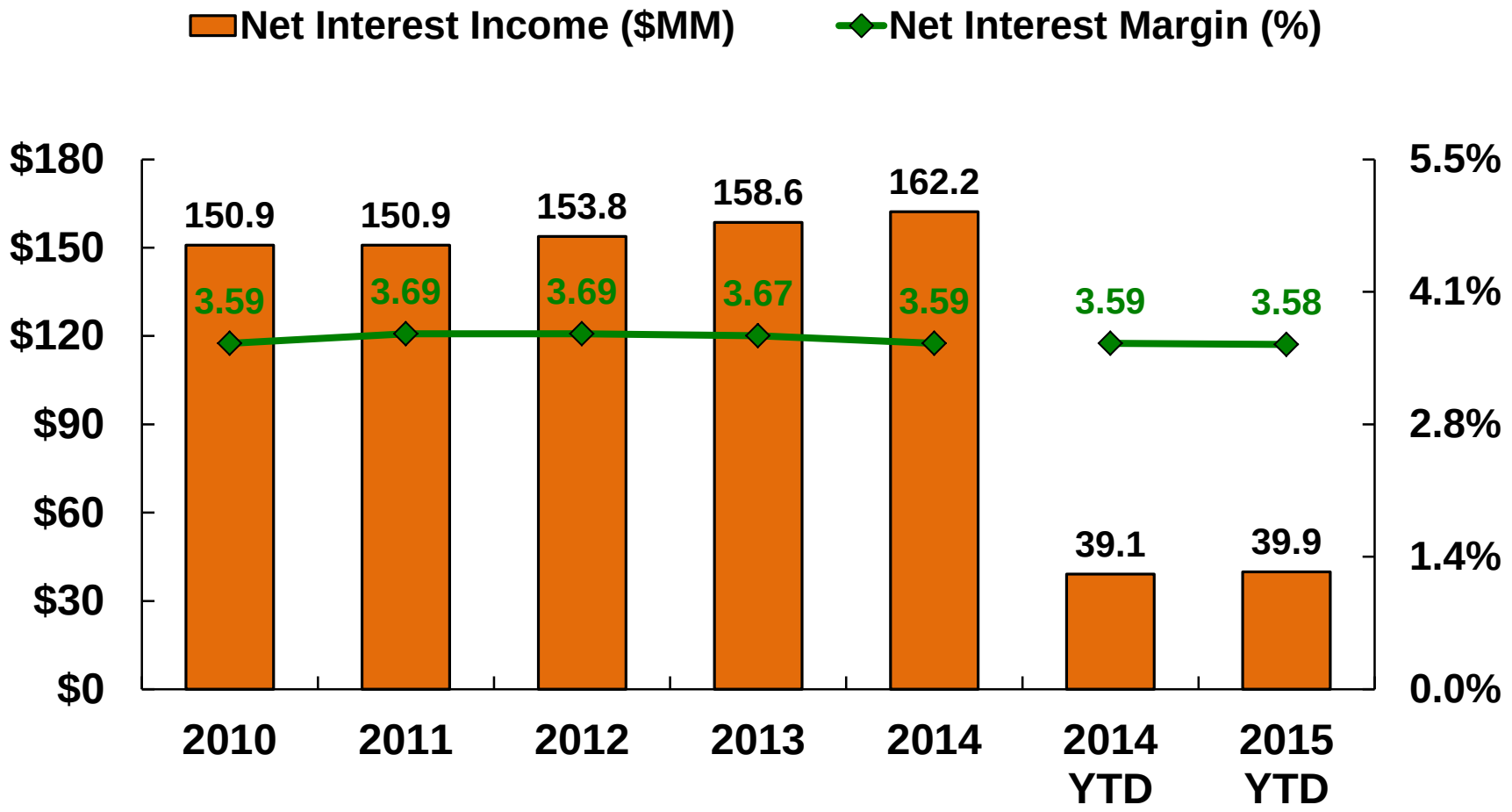
% of Net Loans and Leases



* Note: 2015 YTD net charge-offs have been annualized

Net Interest Margin (FTE)

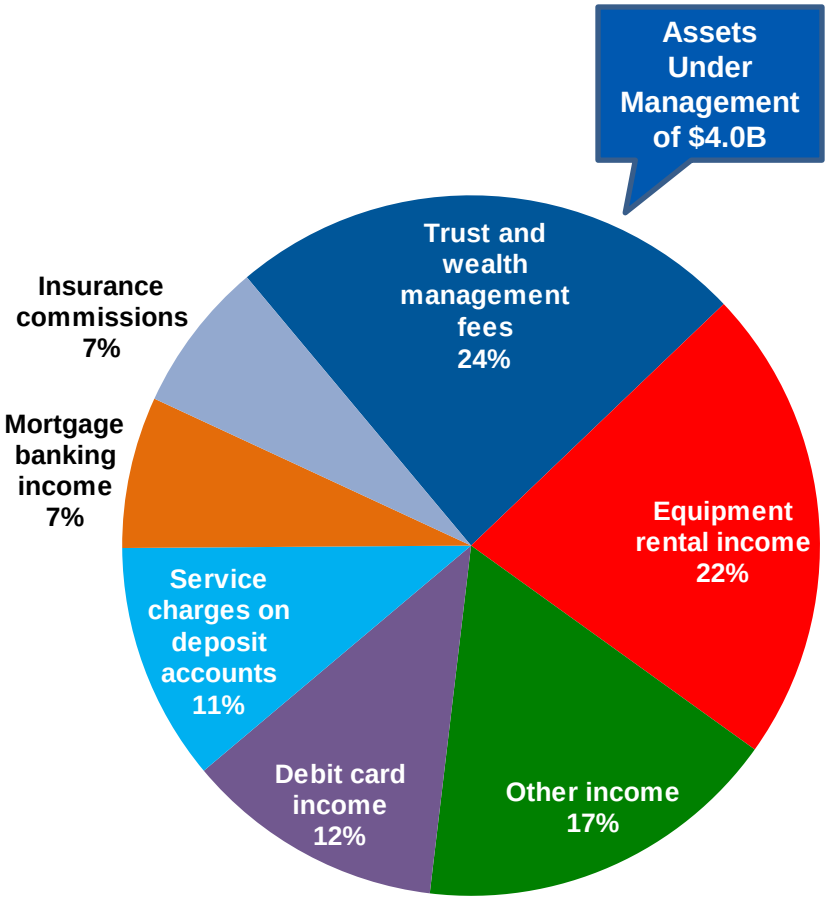
Maintained Net Interest Margin



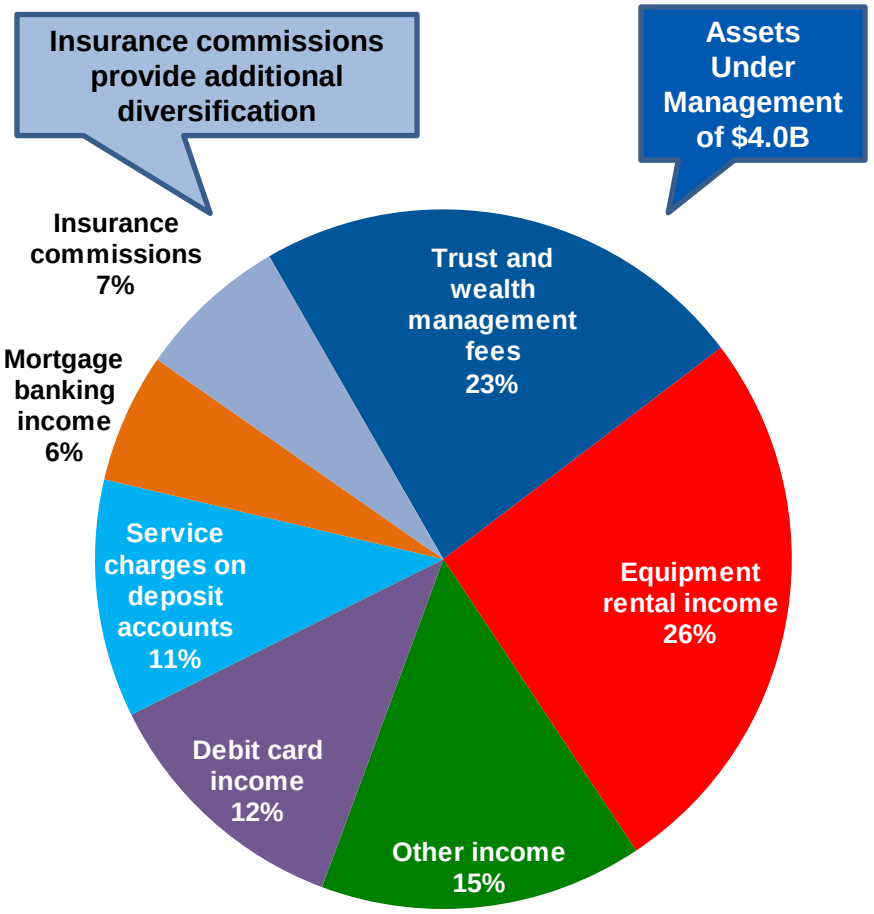
Diverse Sources of Noninterest Income

Noninterest Income Composition

YTD 12/31/14 = $77.9M



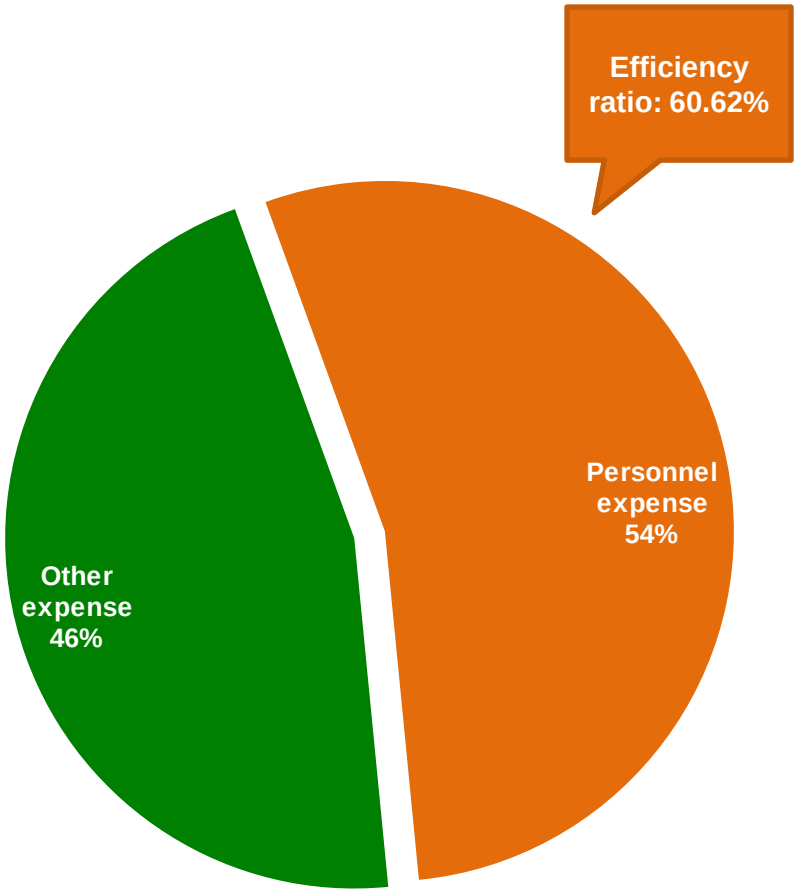
YTD 3/31/15 = $19.8M



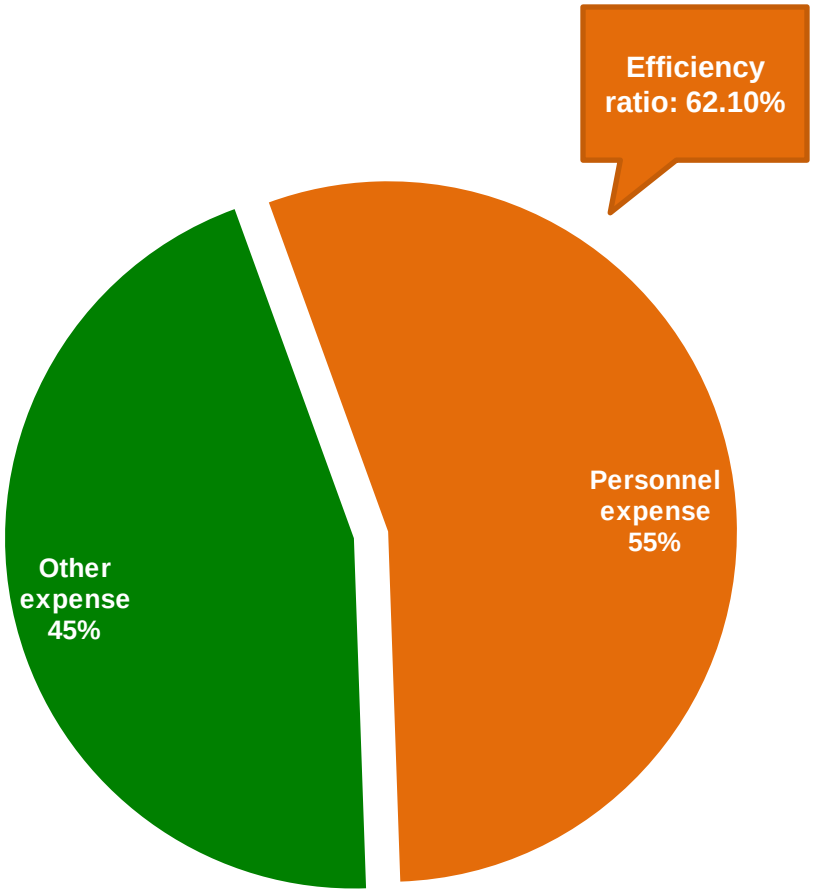
Noninterest Expense

Noninterest Expense Composition

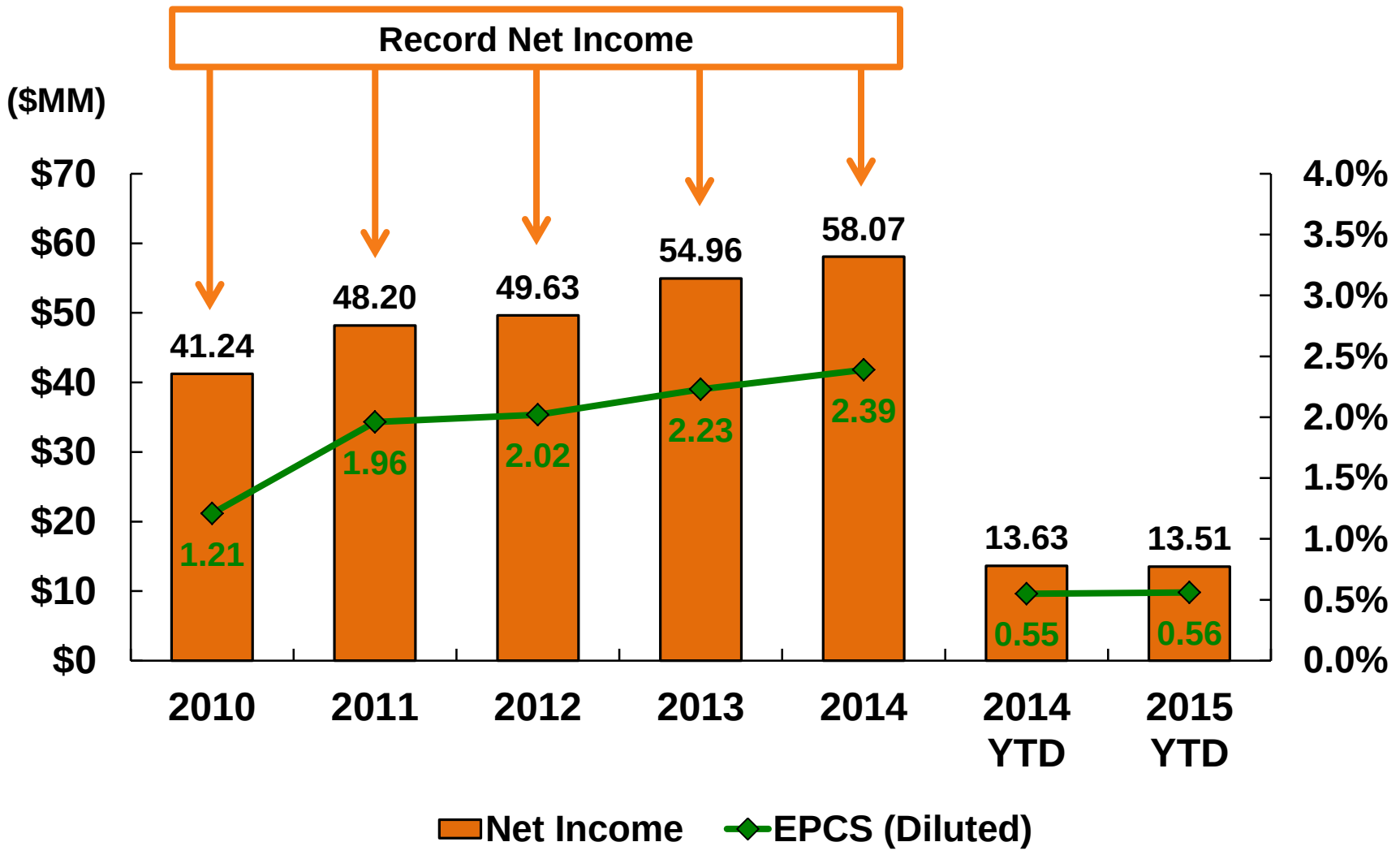
YTD 12/31/14 = $150.0M



YTD 3/31/15 = $38.1M

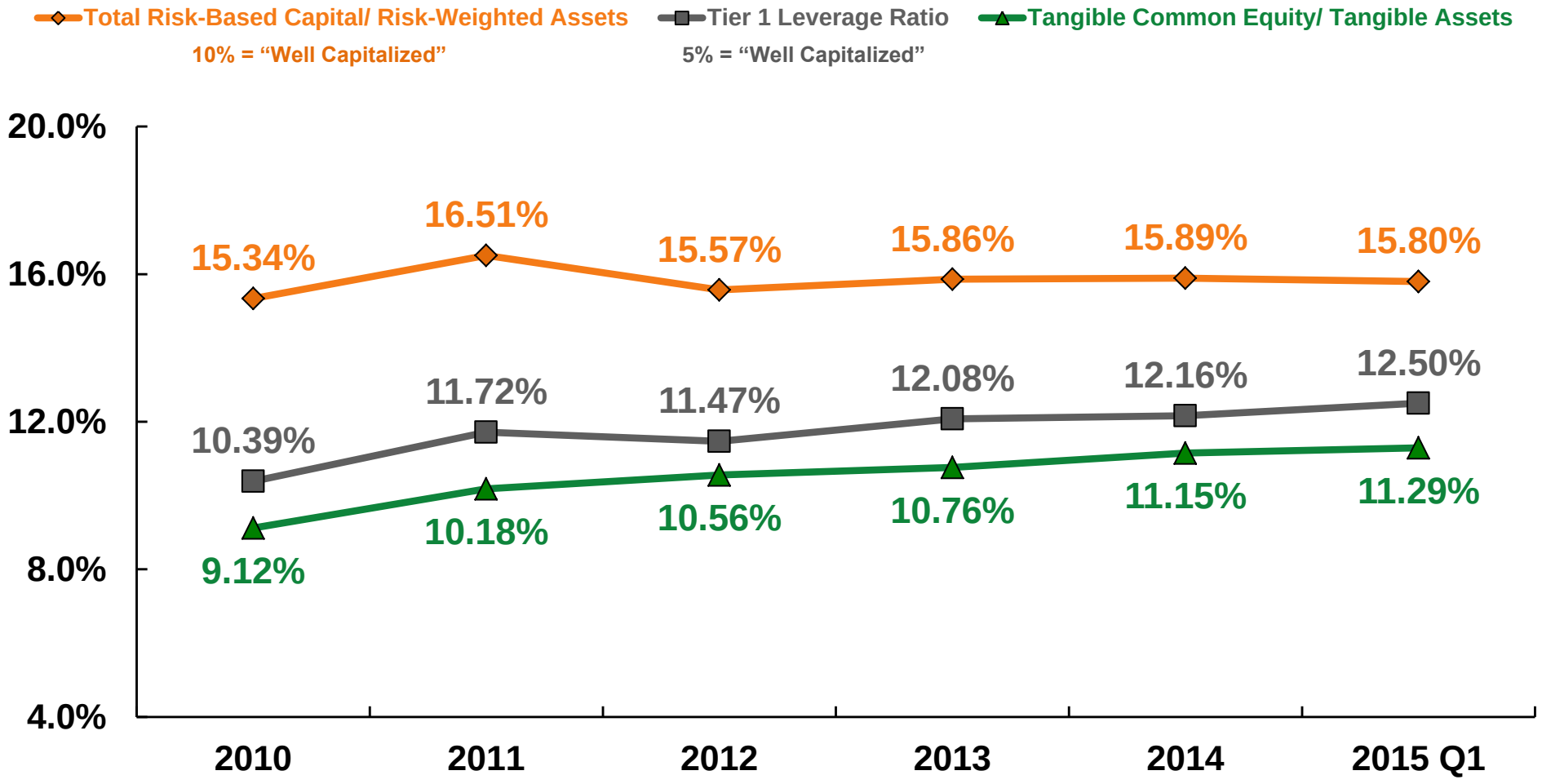


Net Income and Earnings Per Share



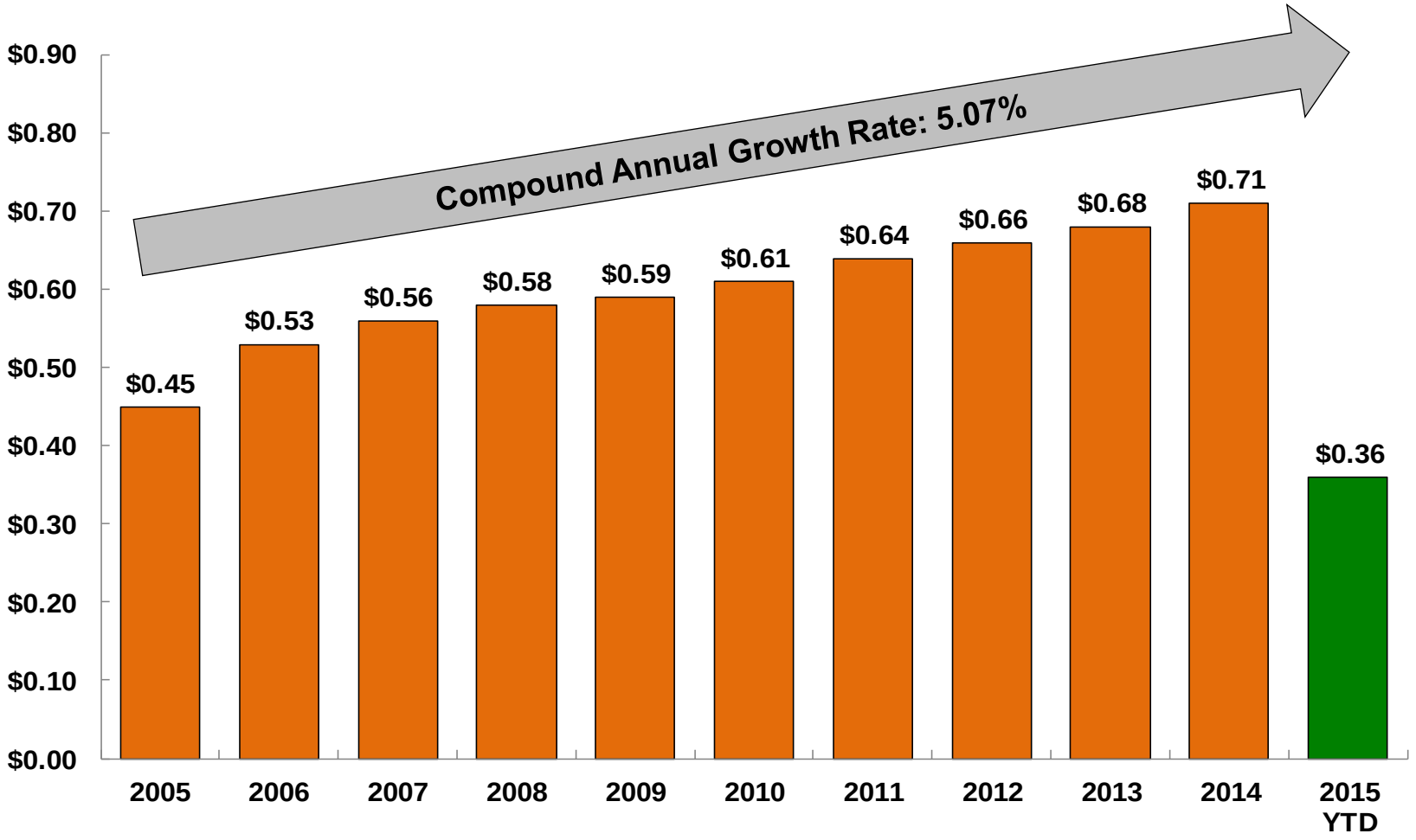
Strong Capital Position

Common Equity Tier 1/Risk-Weighted Assets = 13.09%; "Well Capitalized" = 6.50%



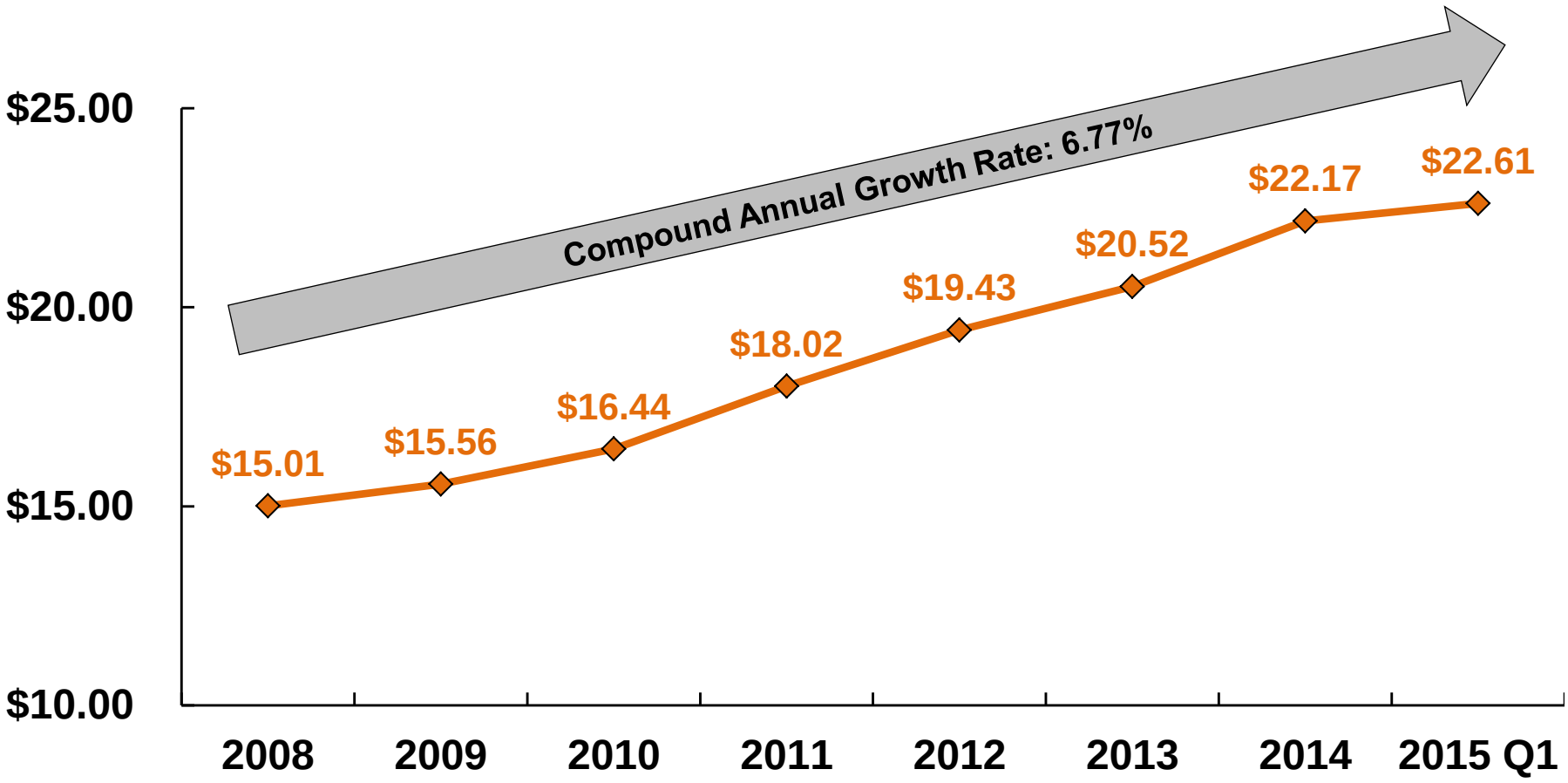
Common Dividends per Share

27 Years of Consecutive Dividend Growth



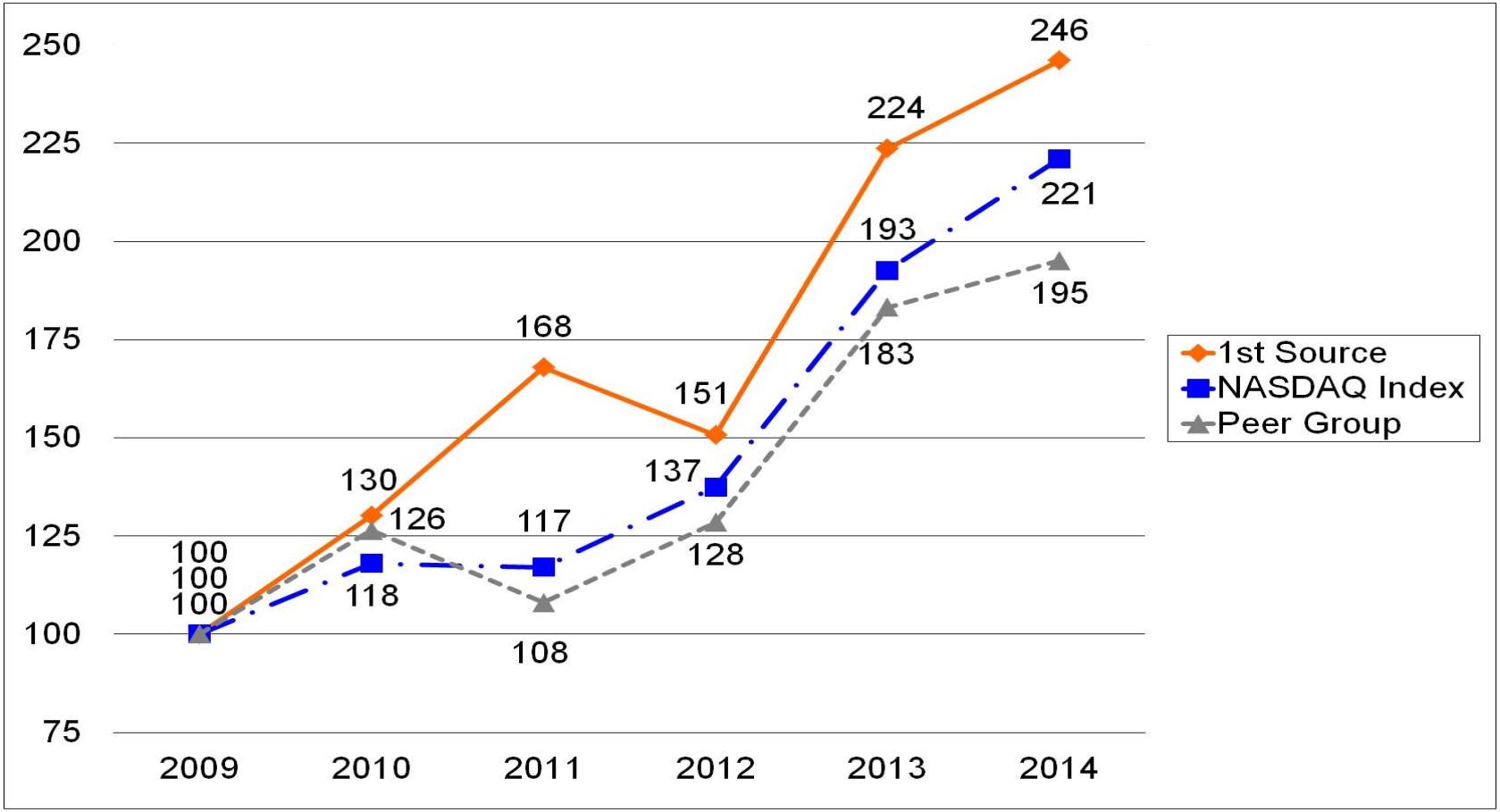
Tangible Book Value Per Common Share

Consistent Growth



Comparison of Five Year Cumulative Total Return*

1st Source Growth of 146% vs. Peer Group Growth of 95%



* Assumes $100 invested on December 31, 2009, in 1st Source common stock, NASDAQ market index and peer group index. Total return assumes reinvestment of dividends.

Performance Recognition

CLIENT

Northwest Indiana Business Quarterly Magazine

Recognized as
'Best Bank for Business,' and
'Best Bank for Obtaining a Business Loan' in Michiana

SBA
Small Business Administration

Great Lakes Community Lender of the Year for 2014

2014 Indiana SBA Community Lender Award

APECS®

Customer Advocacy Award
Midwestern Region
2014 and 2015

FINANCIAL

★★★★★

BauerFinancial
5 Star "Superior" Rating

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

BankDirector
Bank Performance Scorecard

Ranked #8 of 93 banks on list, based on profitability, capital strength and credit quality.

KBW, Inc
2012 – 2015
Bank Honor Roll of Superior Performers

Seifried & Brew
Top 15th Percentile
of Community Banks

Investment Considerations

- ✓ Consistent and superior financial performance
- ✓ Experienced and proven team
- ✓ Diversification of product mix and geography with asset generation capability
- ✓ Leading market share in community banking markets
- ✓ Stable credit quality, strongly reserved
- ✓ Strong capital position provides opportunity for increased shareholder return showcased by 27 consecutive years of dividend growth
- ✓ Potential growth in new market areas
- ✓ Investing in future growth
- ✓ Balance Sheet is asset sensitive – positioned for rising rates over time



Contact Information

Christopher J. Murphy III
Chairman of the Board and CEO
(574) 235-2711
Murphy-C@1stsource.com

Andrea G. Short
CFO and Treasurer
(574) 235-2348
ShortA@1stsource.com

