SECOND QUARTER 2016 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.

Non-GAAP Financial Measures

In addition to the results presented in accordance with generally accepted accounting principles in the United States of America, this presentation contains certain non-GAAP financial measures. 1st Source Corporation believes that providing non-GAAP financial measures provides investors with information useful to understanding our financial performance.

CORPORATE OVERVIEW

$5.4 billion Community Bank with a business focus and a service model designed to be highly responsive to all of our clients – individuals, businesses, local governments and communities.

Community Banking:

- Locations throughout Northern Indiana and Southwestern Michigan
- Personal and business banking, payment services, lending, mortgage, and leasing
- Investment management, trust and estate planning, and retirement planning services
- Business and consumer insurance sales

Specialty Finance:

- National and international footprint
- Construction machinery
- Corporate and personal aircraft
- Auto rental and leasing, shuttle buses, charter buses, and funeral cars
- Truck rental and leasing

MISSION AND VISION

Mission

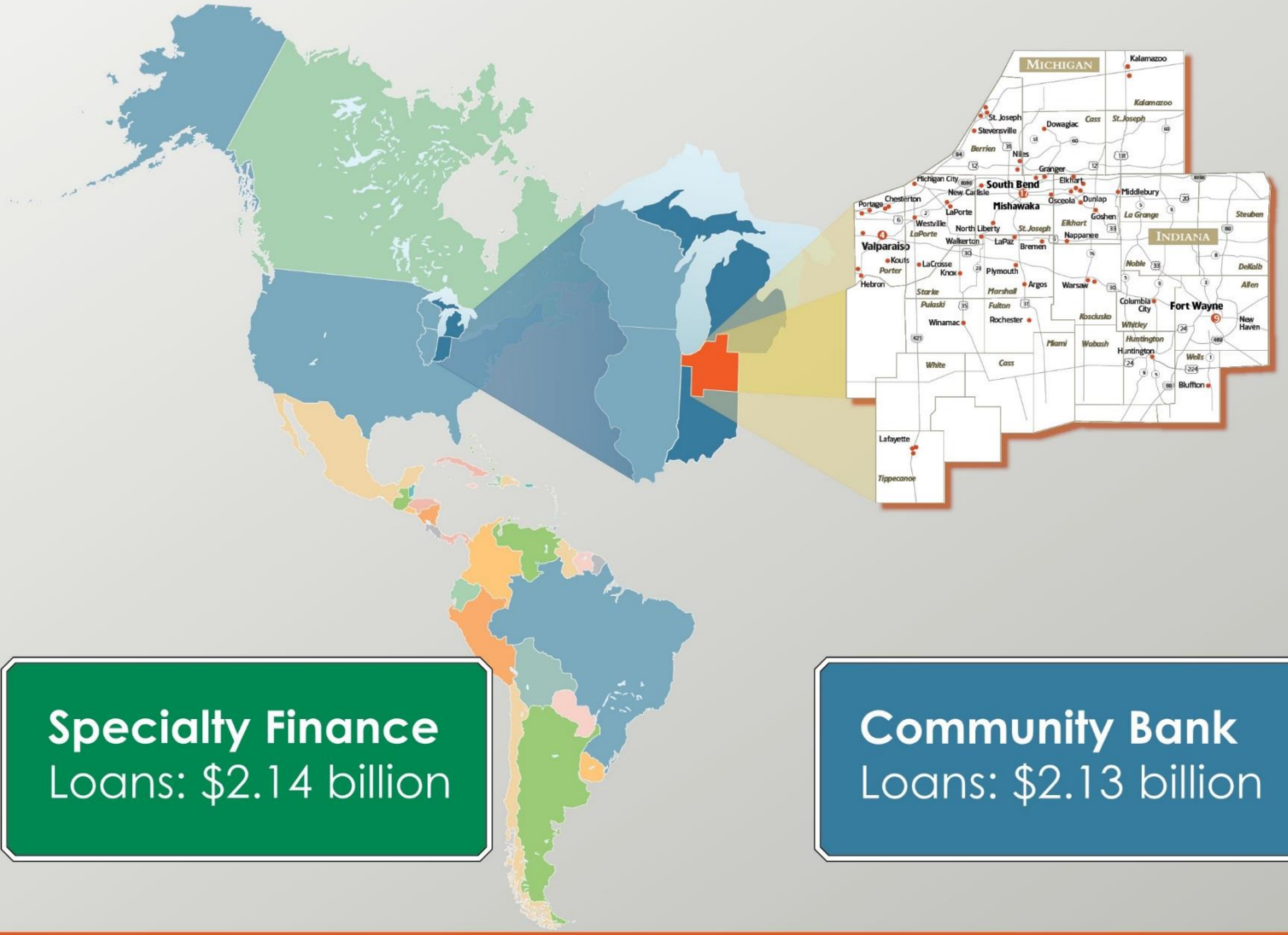
To help our clients achieve security, build wealth and realize their dreams by offering straight talk, sound advice and keeping their best interests in mind for the long-term.

Vision

- Offer our clients the highest-quality service
- Support a proud family of colleagues who personify the 1st Source spirit of partnership
- Be the financial institution of choice in each market we serve
- Remain independent and nurture pride of ownership among all 1st Source colleagues
- Achieve long-term, superior financial results



MARKET AREA



Specialty Finance
Loans: $2.14 billion

Community Bank
Loans: $2.13 billion

BUSINESS MIX (LOANS AND LEASES)







Personal Community Banking	30%	50%
Business Community Banking	70%	
Specialty Finance	50%	

COMMUNITY BANKING

- **80** Banking Centers
- **101** Twenty-four hour ATMs
- **10** 1st Source Insurance offices
- **8** Trust & Wealth Management locations with approximately $4 billion of assets under management



In person



Online



Over the phone



Mobile

COMMUNITY BANKING MARKET AREA



Higher Education



Steel Production



Regional Medical Hub



Medical Devices



Agriculture



Distribution Hub



Recreational Vehicle Manufacturing

17 – County Market

Market Households	794,417
Client Households	100,978
Penetration	12.7%
Businesses (approx)	74,600
Business Clients	14,761
Penetration	19.8%

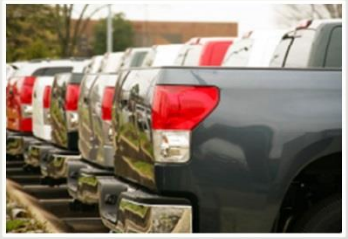
As of December 31, 2015

SPECIALTY FINANCE GROUP SERVICES



Aircraft Division— $823MM

Aircraft division provides financing primarily for new and used general aviation aircraft (including helicopters) for private and corporate users, some for aircraft distributors and dealers, air charter operators, air cargo carriers, and other aircraft operators. See Appendix for NAICS industry detail.



Auto and Light Truck Division — $458MM

Auto/light truck division provides financing for automobile rental and leasing companies, light truck rental and leasing companies, and special purpose vehicle users: shuttle buses, charter buses, funeral cars, etc.



Construction Equipment Division— $484MM

Construction equipment division provides financing for infrastructure projects (i.e., asphalt and concrete plants, bulldozers, excavators, cranes, and loaders, etc.)



Medium and Heavy Duty Truck Division — $274MM

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

EXPERIENCED AND PROVEN TEAM

Executive Team

- 6 executives with an average 37 years each of banking experience and 24 years with 1st Source

Business Banking Officers

- 37 business banking officers with an average 21 years each of lending experience and 11 years with 1st Source

Specialty Finance Group Officers

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

PERFORMANCE – CLIENT

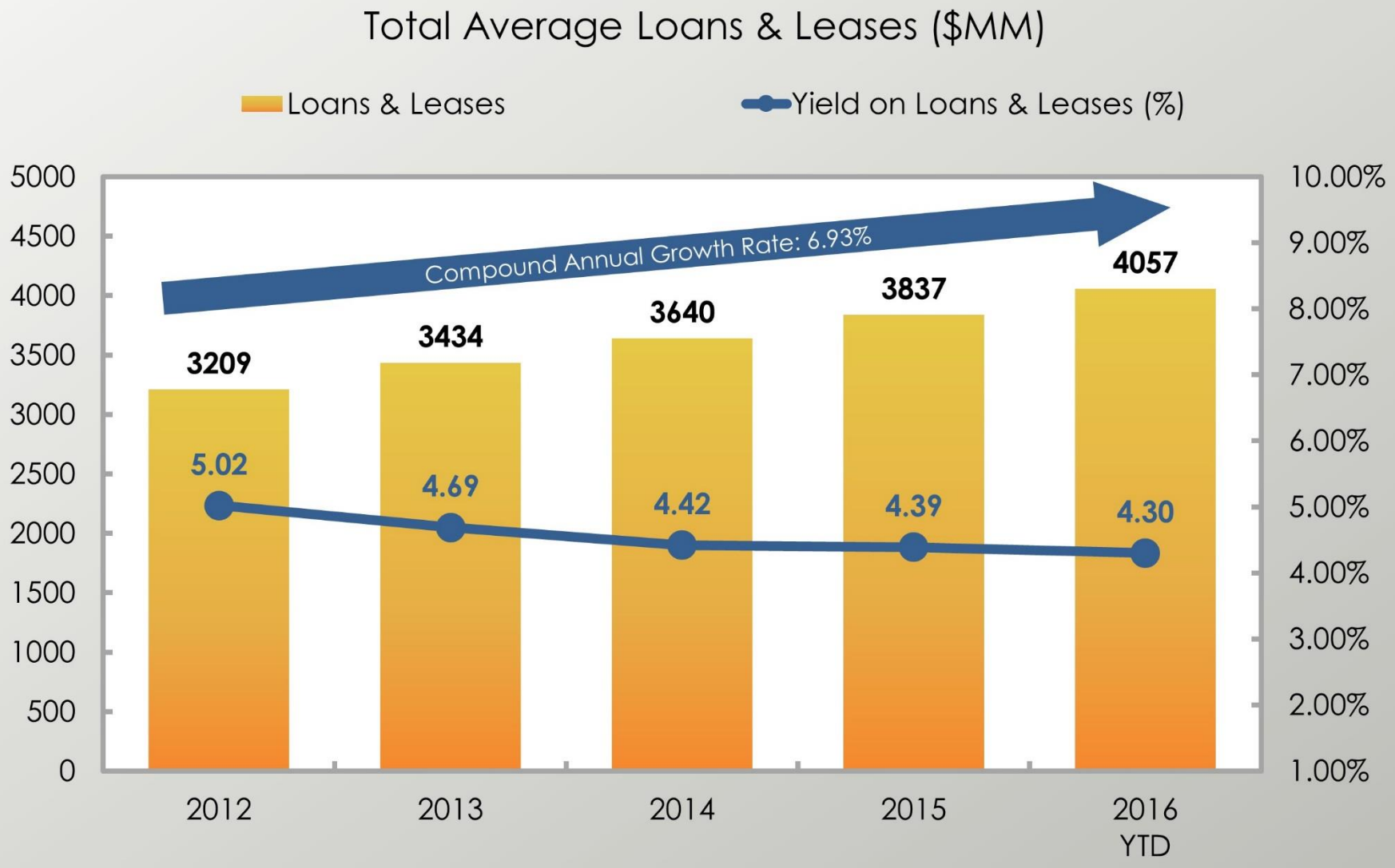
- #1 deposit share in our 15 contiguous county market
- #1 SBA Lender in every county where located
- #2 SBA Lender in State of Indiana



- Best Branch Service in the Midwest – MSR Group
- Indiana SBA Community Lender Award – 2013 - 2015
- Michiana's Best Bank for Business – Northwest Indiana Business Quarterly
- Michiana's Best Company to Work For – Northwest Indiana Business Quarterly
- Michiana's Best Bank for Customer Service – Northwest Indiana Business Quarterly
- One of the Highest Customer Advocacy Scores among banks in Midwest – APECS, 2015

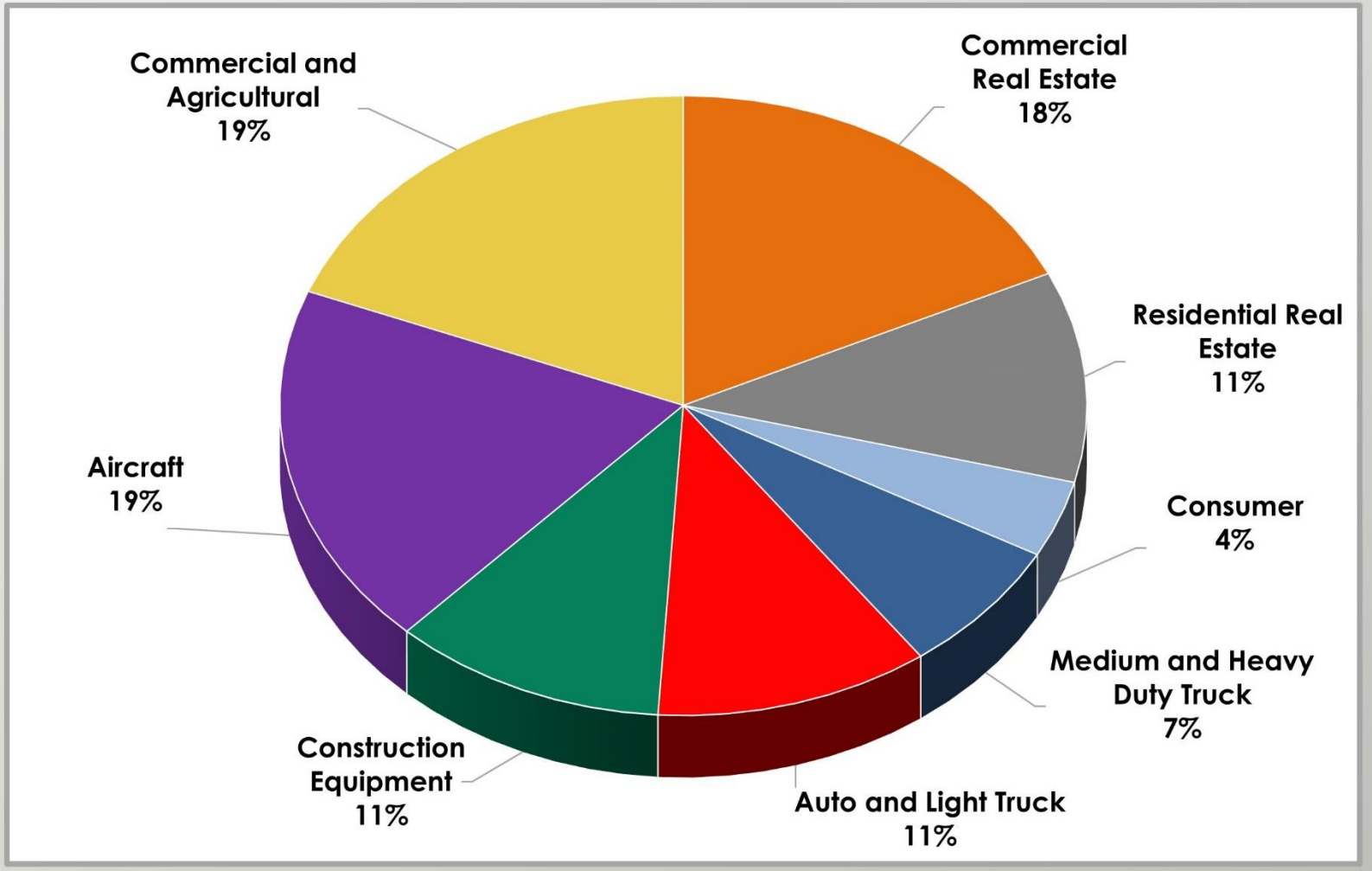
FINANCIAL REVIEW

GROWING LOAN PORTFOLIO



DIVERSIFIED LOAN PORTFOLIO

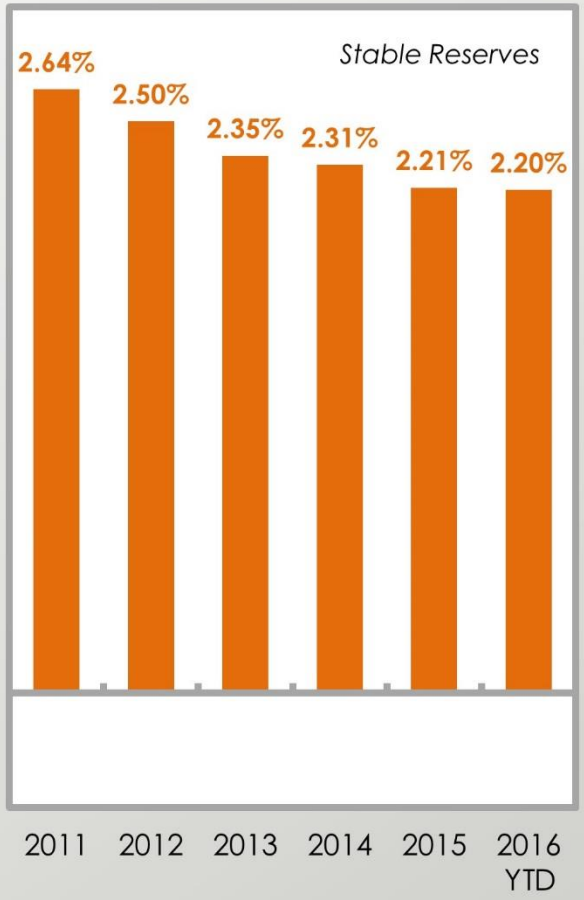
Average Loans By Type



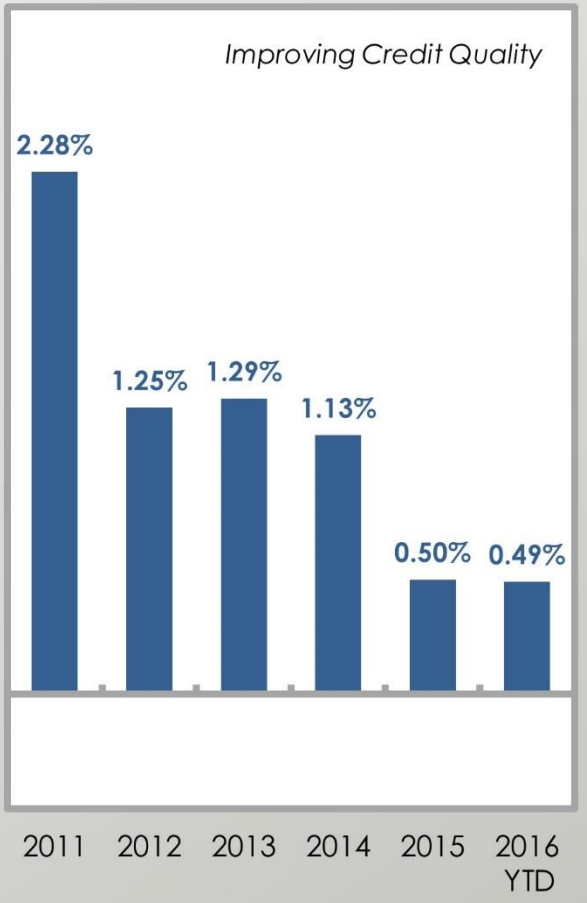
STRONG CREDIT QUALITY

% of Net Loans and Leases

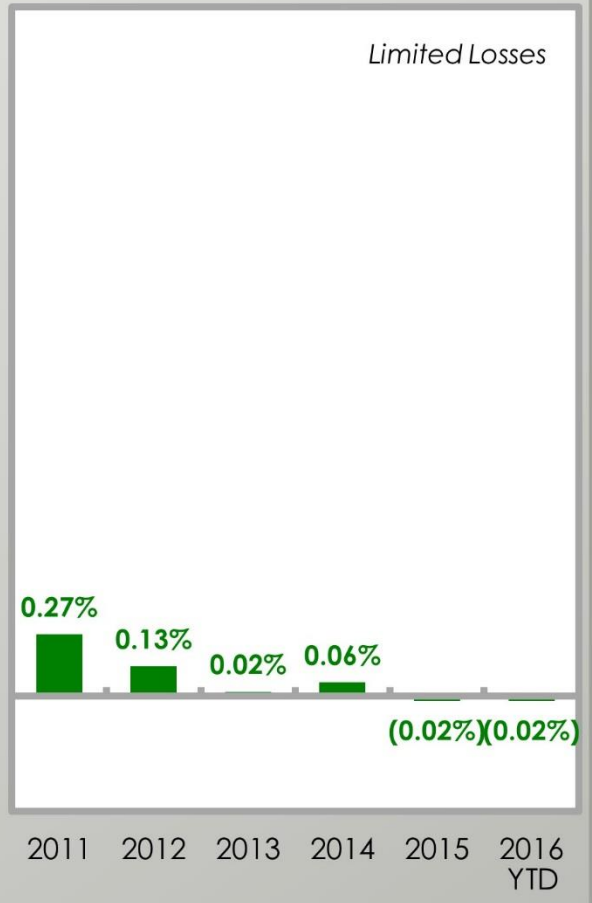
Loan & Lease Loss Reserve



Nonperforming Assets

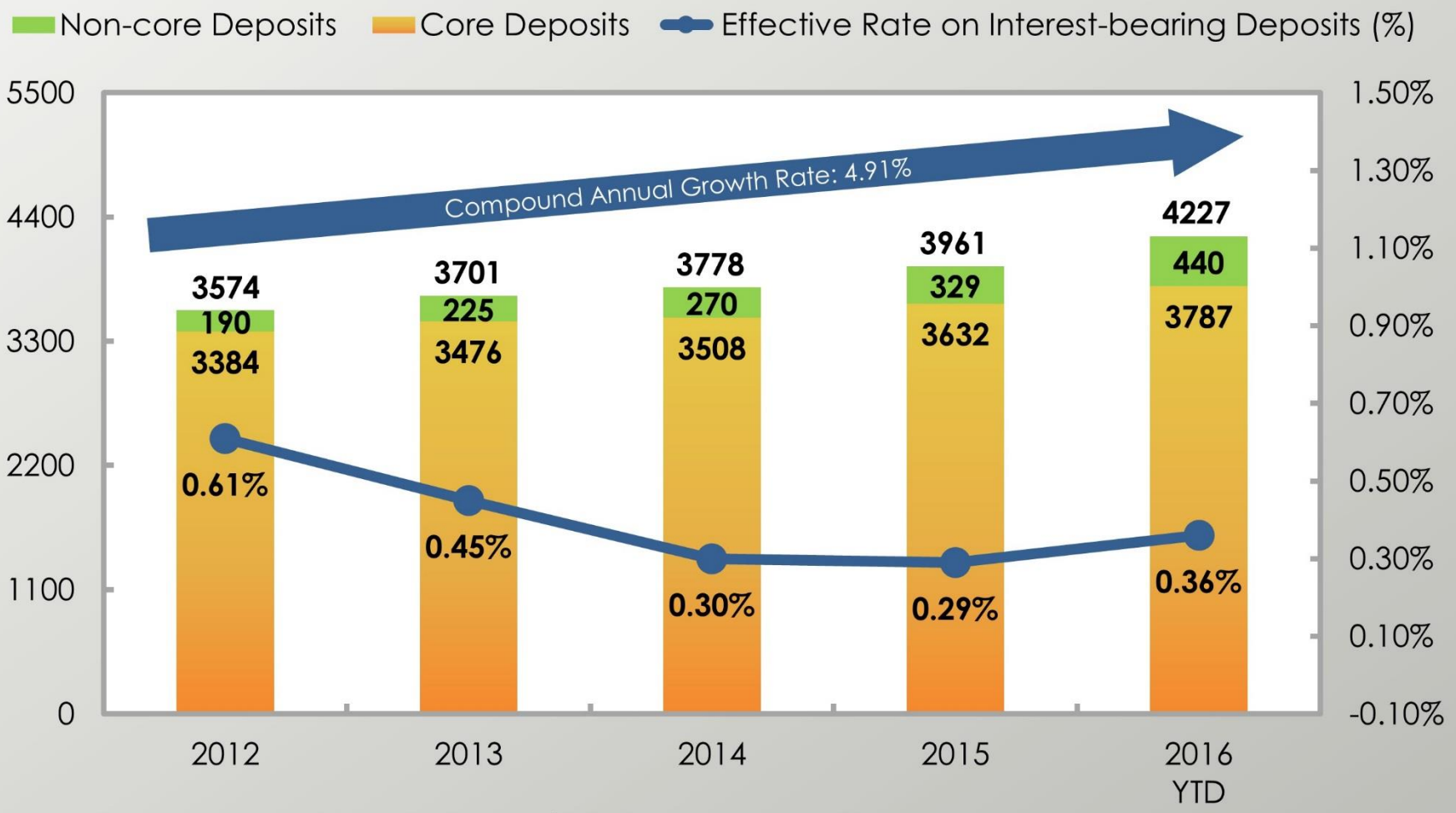


Net Charge-Offs / (Recoveries)



GROWING CORE DEPOSIT FRANCHISE

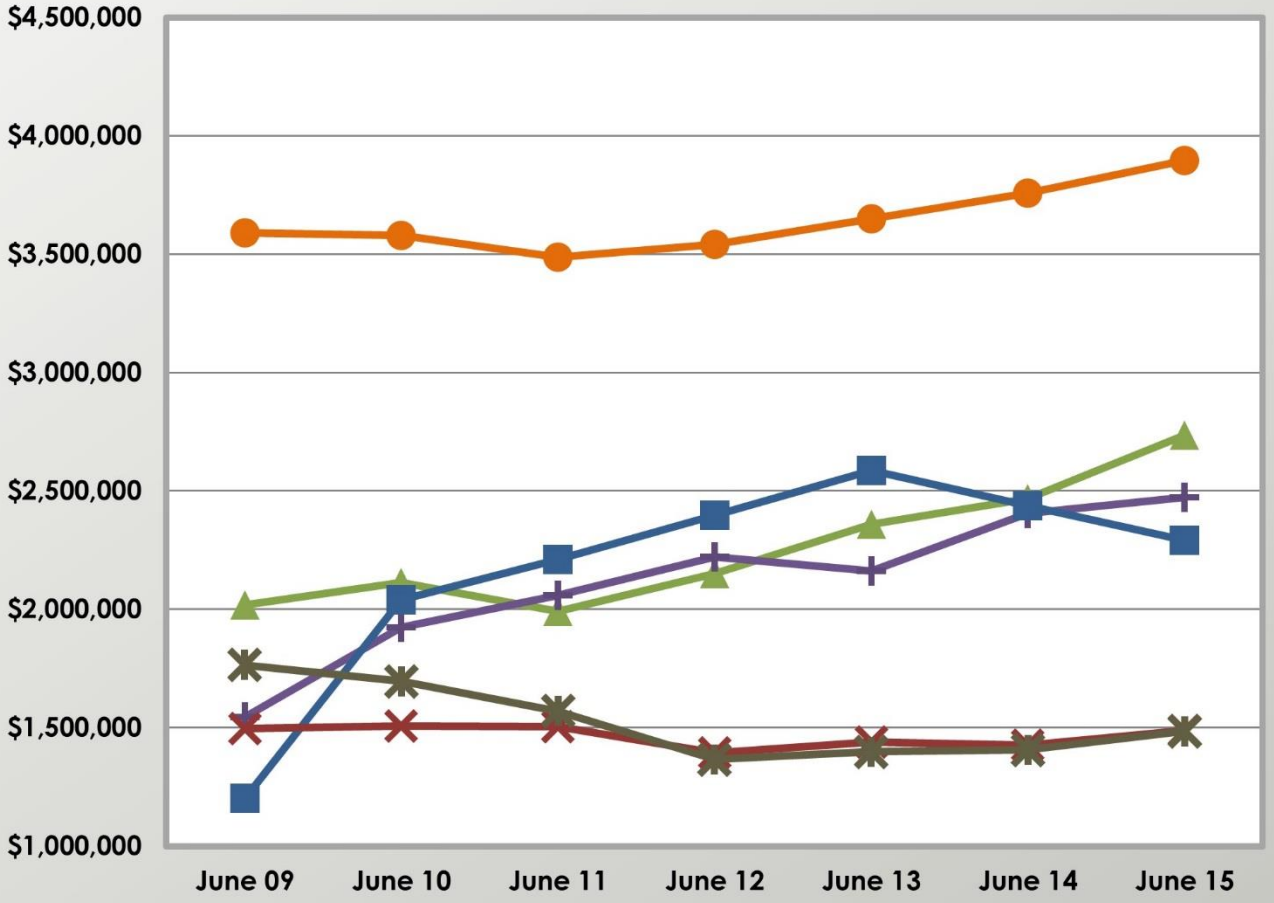
Total Average Deposits ($MM)



* Non-core deposits include CDs over $250,000 and brokered CDs.

DEPOSIT MARKET SHARE – 15 COUNTY CONTIGUOUS MARKET*

Leading Market Share in Community Banking Markets ($000)

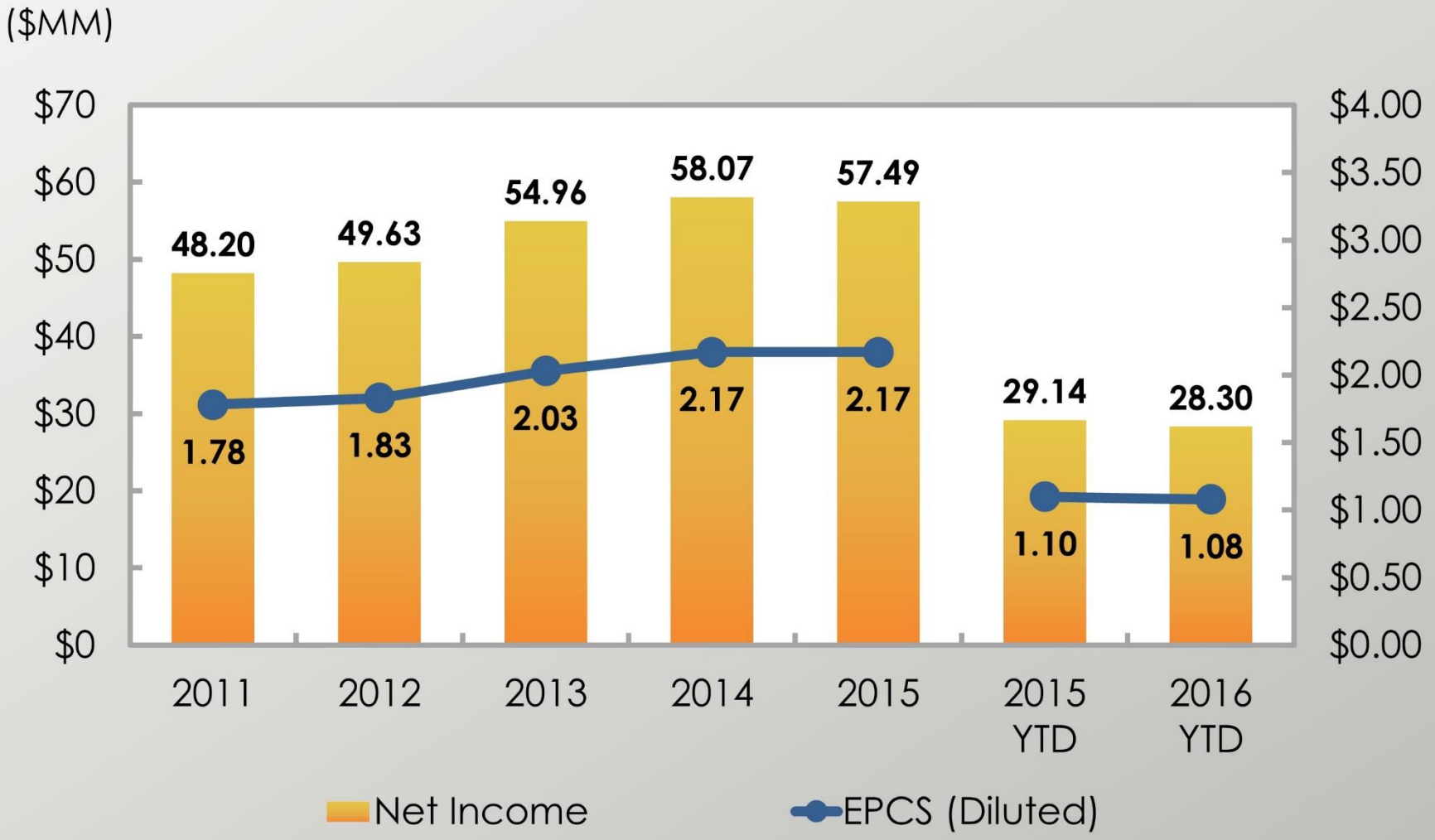


	2015
1st Source	13.66%
Chase	9.59%
Lake City Bank	8.67%
Wells Fargo	8.04%
Fifth Third	5.22%
PNC	5.21%

Data as of June 2015 – FDIC (via SNL Financial)

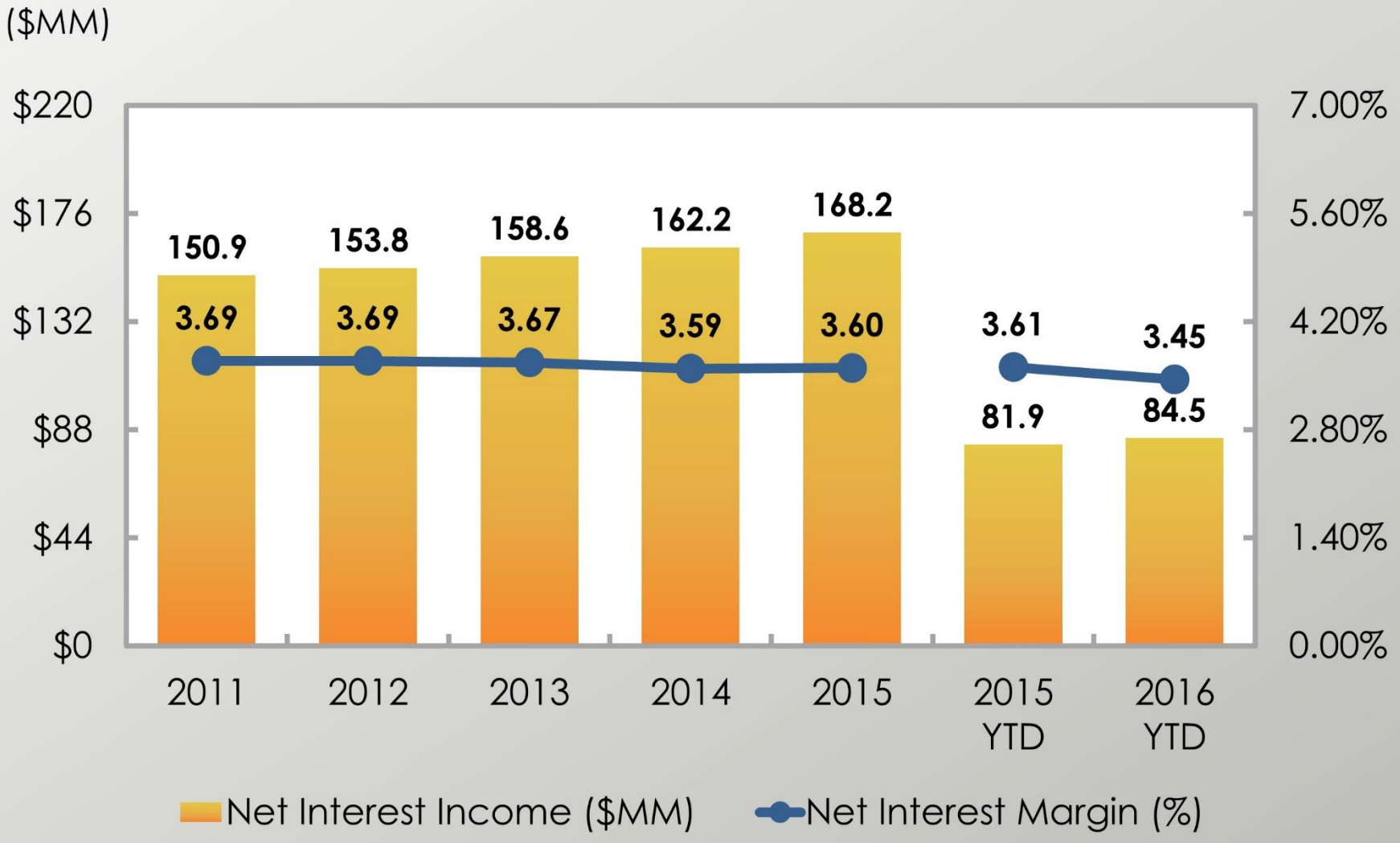
*Includes Allen, Elkhart, Fulton, Huntington, Kosciusko, LaPorte, Marshall, Porter, Pulaski, St. Joseph, Starke, Wells, and Whitley counties in the State of Indiana, and Berrien and Cass counties in the State of Michigan.

NET INCOME & EARNINGS PER SHARE*



* Note: EPS adjusted for 10% stock dividend declared July 22, 2015 and issued on August 14, 2015.

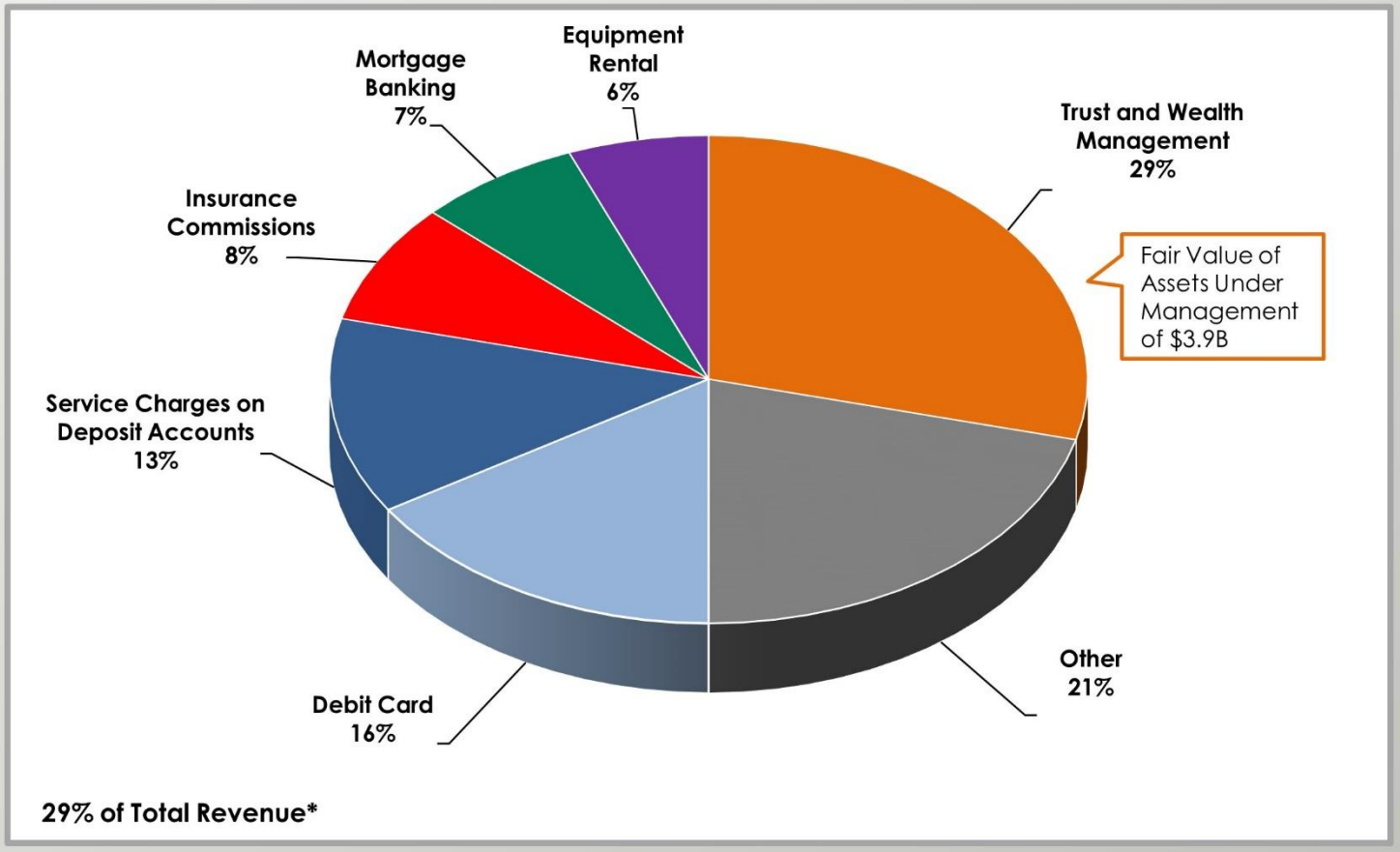
NET INTEREST MARGIN (FTE)



DIVERSE SOURCES OF NONINTEREST INCOME

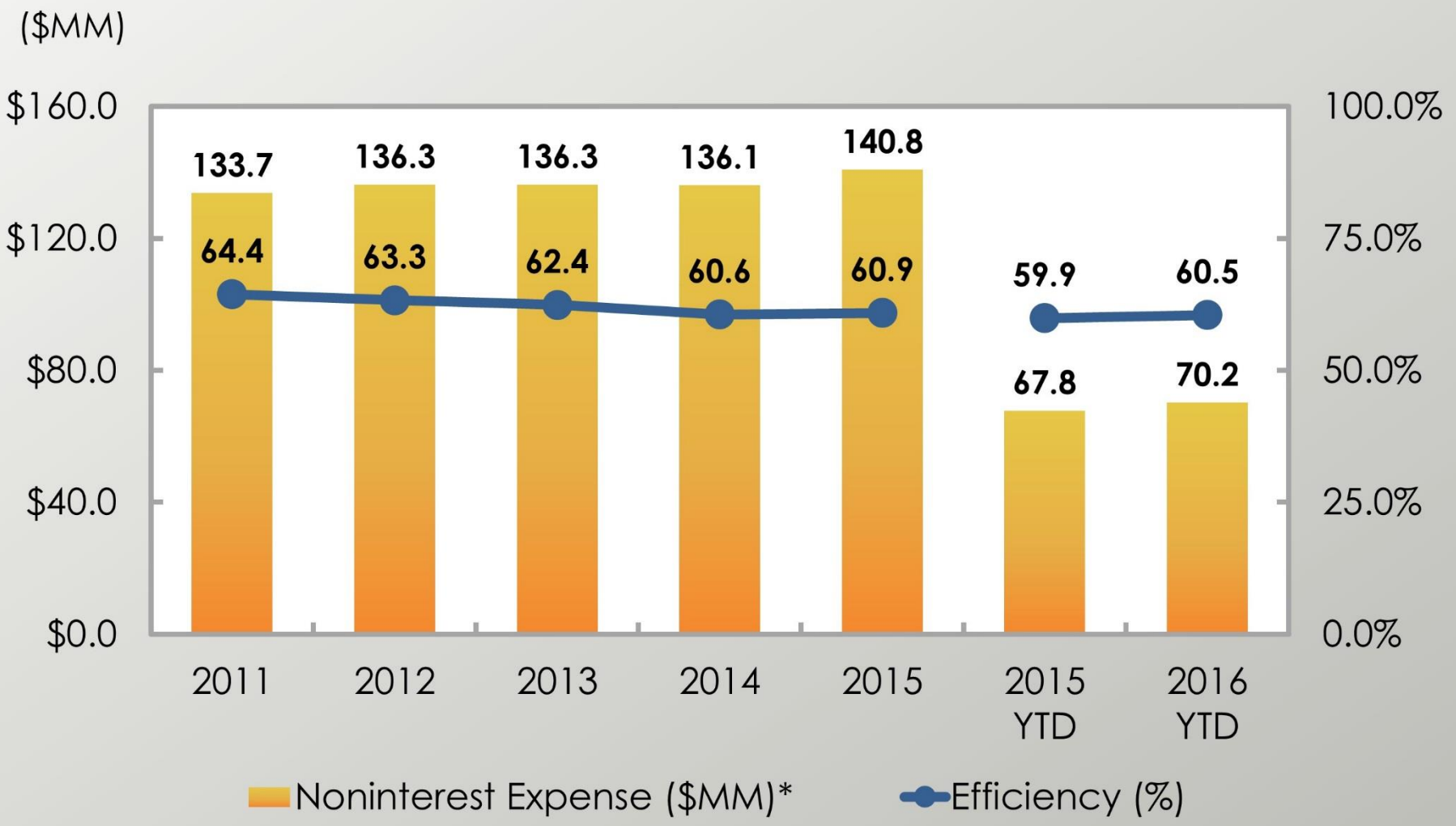
Noninterest Income Composition

YTD = $33.4M*



* Note: Equipment rental income is shown net of leased equipment depreciation.

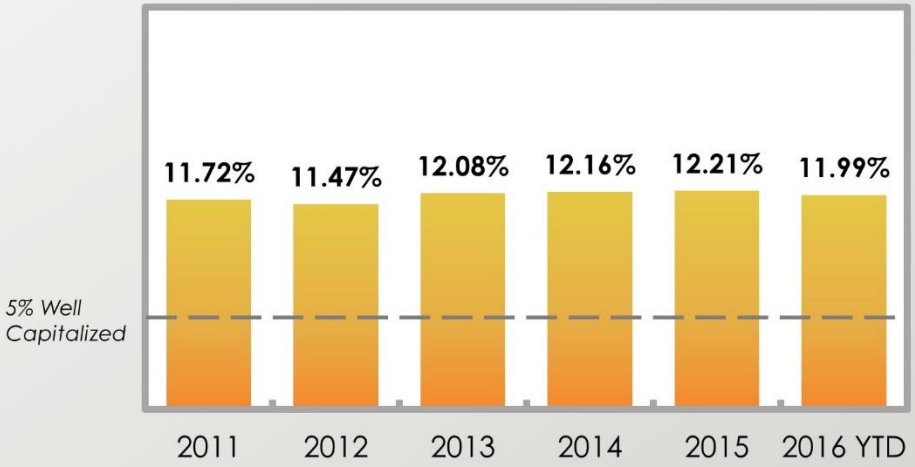
OPERATING EXPENSES



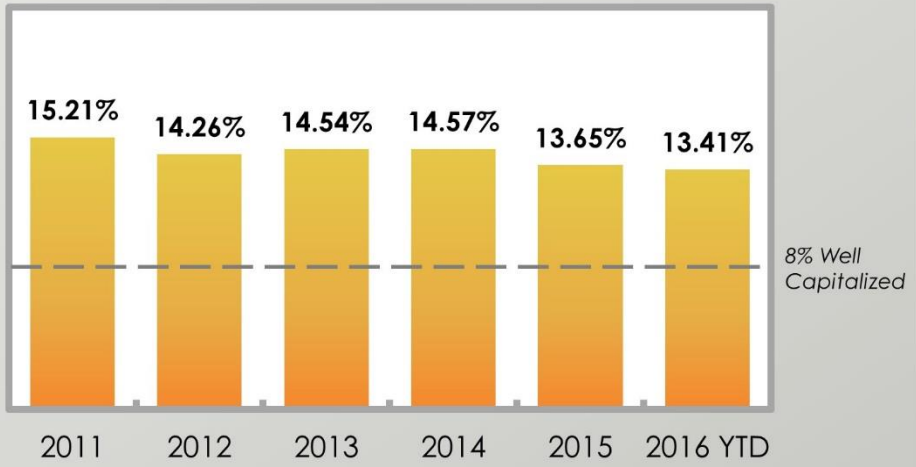
* Note: Noninterest expense is shown net of leased equipment depreciation.

STRONG CAPITAL POSITION

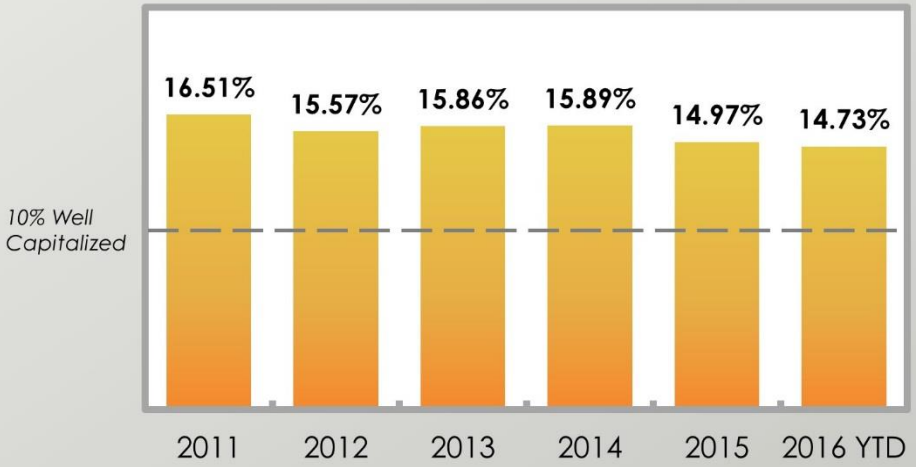
Tier 1 Leverage Ratio



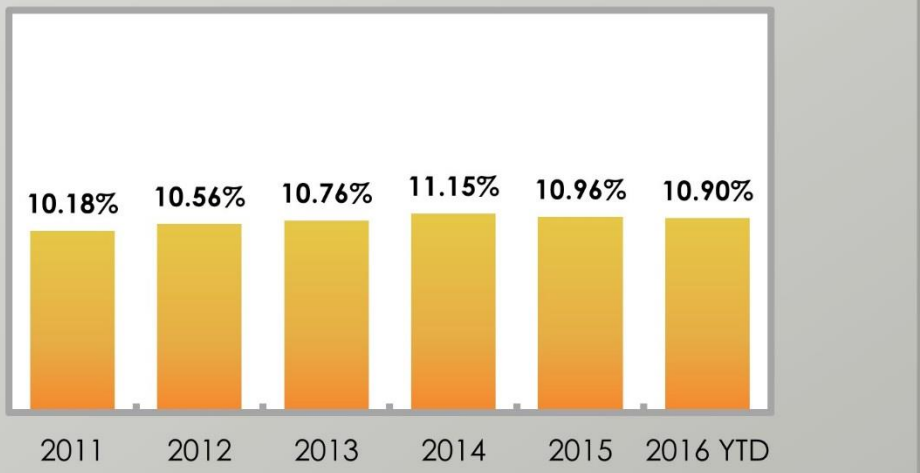
Tier 1 Risk Based Ratio



Total Risk Based Capital Ratio



Tangible Common Equity / Tangible Assets



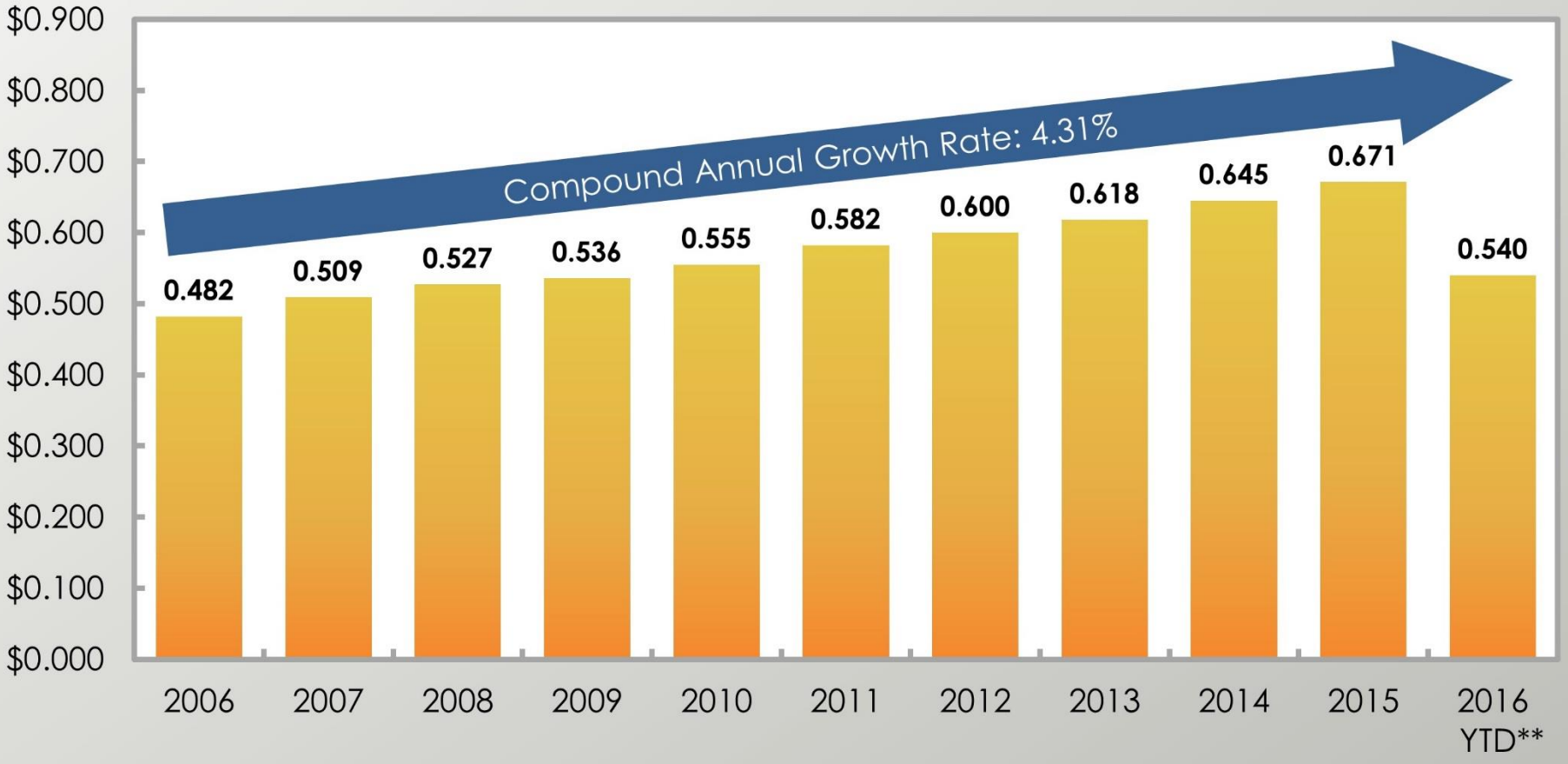
TANGIBLE BOOK VALUE PER COMMON SHARE*



* Note: Adjusted for 10% stock dividend declared July 22, 2015 and issued on August 14, 2015.

COMMON DIVIDENDS PER SHARE*

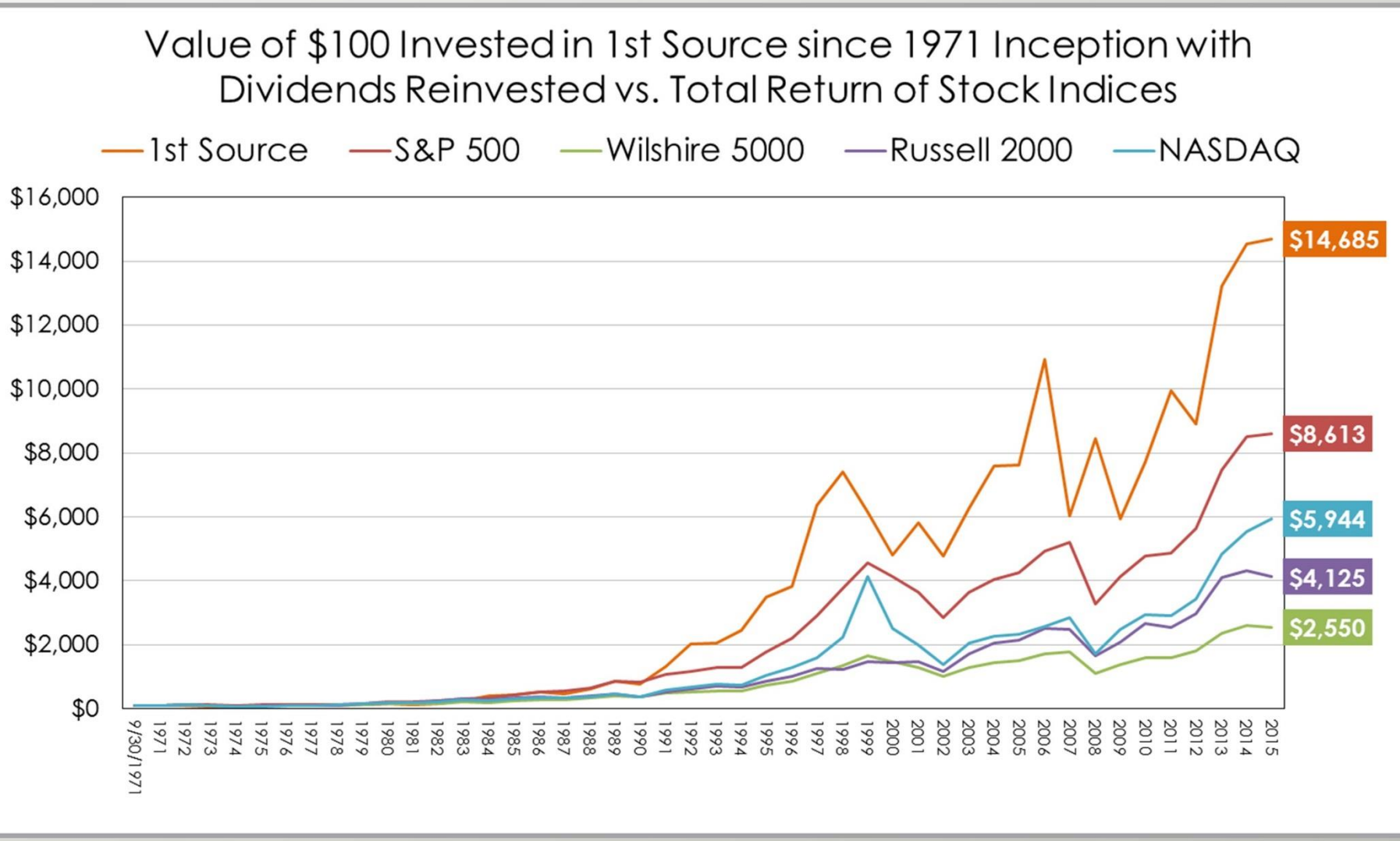
28 YEARS OF CONSECUTIVE DIVIDEND GROWTH



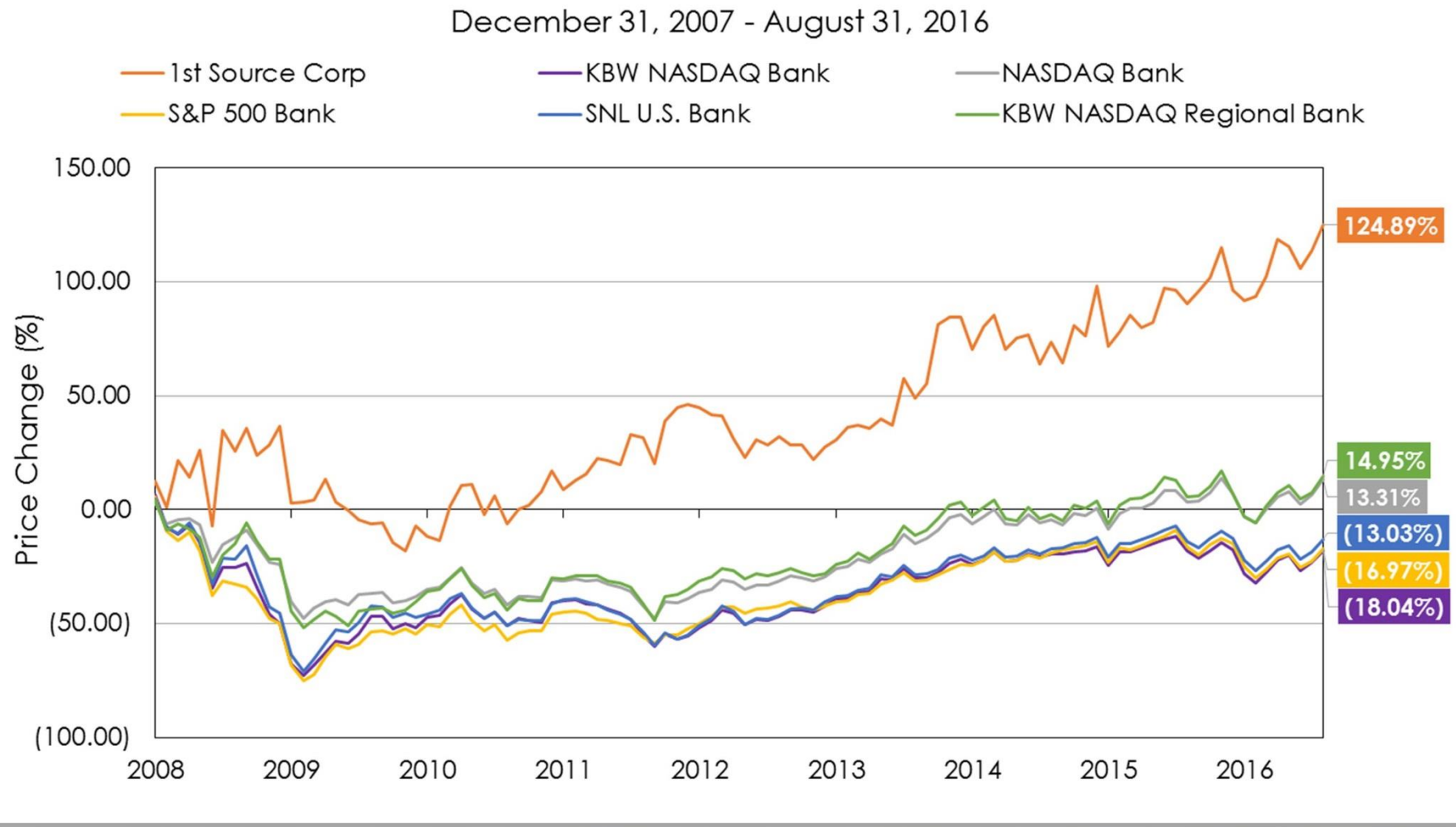
* Adjusted for 10% stock dividend declared July 22, 2015 and issued on August 14, 2015.

** Declared and paid through August 31, 2016.

DELIVERING RETURNS TO SHAREHOLDERS



DELIVERING RETURNS TO SHAREHOLDERS



PERFORMANCE – FINANCIAL

- #10 of 102 banks between $5 billion and $50 billion in assets – Bank Performance Scorecard by Bank Director Magazine
- Top 15th Percentile of Community Banks – Seifried & Brew
- 5 Star "Superior" Rating – Bauer Financial
- 28 years of consecutive dividend growth



INVESTMENT CONSIDERATIONS

- Consistent and superior financial performance with a focus on long-term earnings per share and tangible book value growth
- Experienced and proven team with significant investment in bank
- 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 and 28 consecutive years of dividend 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

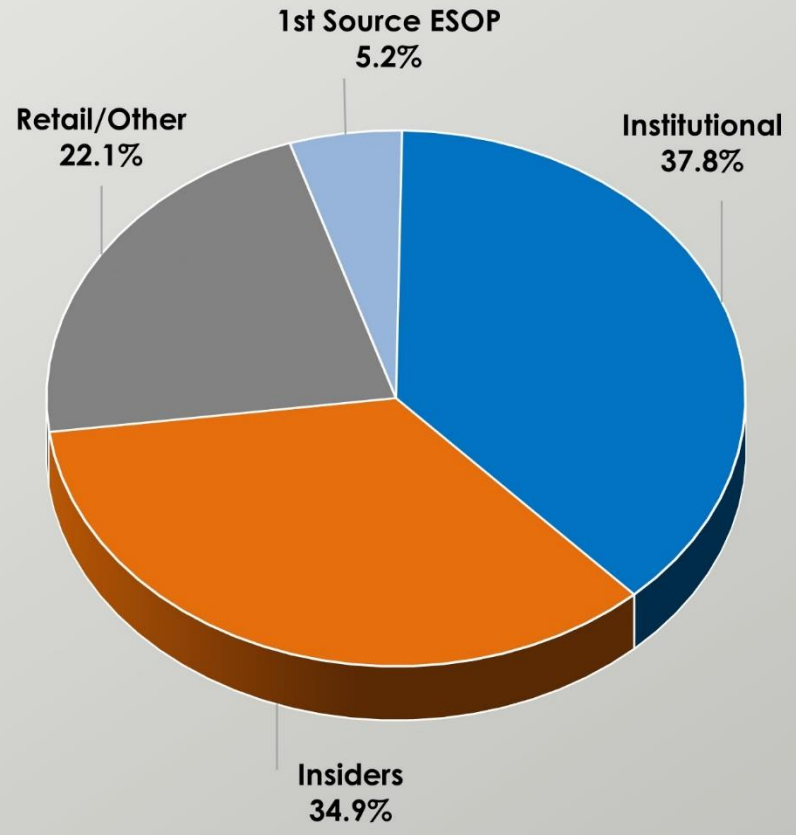
Andrea G. Short
CFO and Treasurer
(574) 235-2348
shorta@1stsource.com

APPENDIX

Ownership Summary

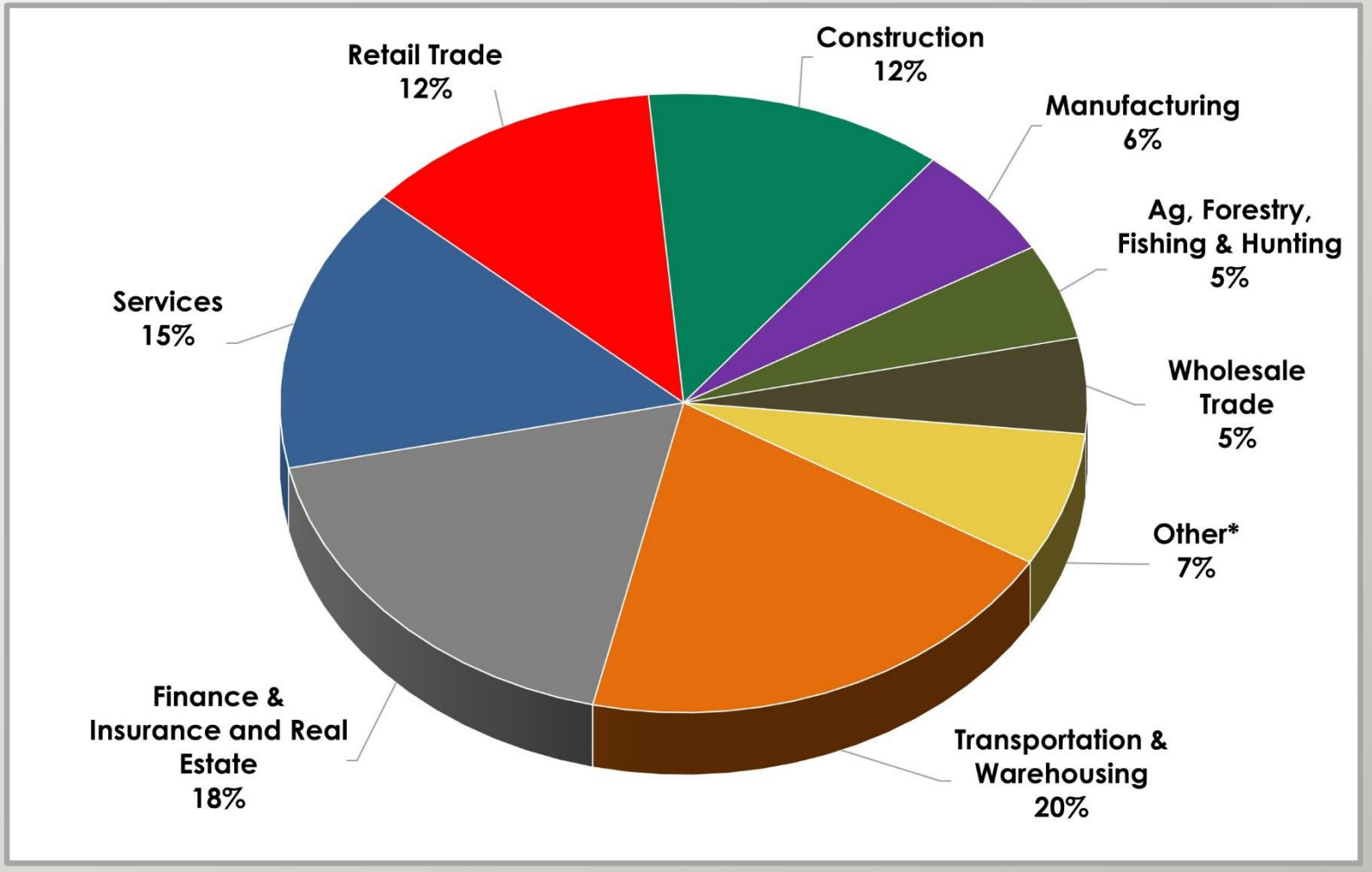
Shareholder Type	Shares	% of Total
Institutional	9,769,802	37.8%
Insiders	9,027,199	34.9%
Retail/Other	5,727,662	22.1%
1st Source ESOP	1,342,430	5.2%
Total Shares Outstanding(1)	**25,867,093**	**100.0%**

Rank	Institution (Top 10 Institutions)	Shares	% of Total
1	Dimensional Fund Advisors LP	2,241,921	8.7%
2	BlackRock Inc.	906,765	3.5%
3	Vanguard Group Inc.	686,508	2.7%
4	Manulife Asset Mgmt. (US) LLP	587,597	2.3%
5	AllianceBernstein L.P.	529,353	2.0%
6	Wellington Mgmt. Co. LLP	284,669	1.1%
7	State Street Corp.	270,098	1.0%
8	J.P. Morgan Alternative Asset Mgmt. Inc.	256,253	1.0%
9	Northern Trust Global Investments	218,366	0.8%
10	Norges Bank Investment Management	199,691	0.8%
	Top 10 Institutions(2)	**6,181,221**	**23.9%**
	Other	3,588,581	13.9%
	Total Institutional Ownership(2)	**9,769,802**	**37.8%**



(1) As of August 31, 2016
(2) As of June 30, 2016 or most recently reported data
Source: SNL Financial and Company filings

Aircraft Portfolio – Industries by NAICS



*Other includes: Mining & Utilities, Information, & Public Administration

ATTRACTIVE CORE DEPOSIT FRANCHISE

Average Deposits By Type

