FOURTH QUARTER 2020 INVESTOR PRESENTATION

NASDAQ: SRCE

www.1stsource.com

DISCLOSURES

Forward-Looking Statements

Except for historical information, the matters discussed may include "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. 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. Please refer to our press releases, Form 10-Qs, and 10-Ks concerning factors that could cause actual results to differ materially from any forward-looking statements of which we undertake no obligation to publicly update or revise.

Non-GAAP Financial Measures

The accounting and reporting policies of 1st Source conform to generally accepted accounting principles ("GAAP") in the United States and prevailing practices in the banking industry. However, certain non-GAAP performance measures are used by management to evaluate and measure the Company's performance. Although these non-GAAP financial measures are frequently used by investors to evaluate a financial institution, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP. These include taxable-equivalent net interest income (including its individual components), net interest margin (including its individual components), the efficiency ratio, tangible common equity-to-tangible assets ratio, pre-tax pre-provision income and tangible book value per common share. Management believes that these measures provide users of the Company's financial information a more meaningful view of the performance of the interest-earning assets and interest-bearing liabilities and of the Company's operating efficiency. Other financial holding companies may define or calculate these measures differently. See the slides titled "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of certain non-GAAP financial measures used by the Company with their most closely related GAAP measures.

CORPORATE OVERVIEW

$7.3 billion Community Bank with International Reach headquartered in South Bend, Indiana

Community Banking:

- Locations throughout Northern Indiana and Southwestern Michigan
- Business and personal banking, payment services, lending, mortgage, and leasing
- Investment management, wealth advisory, 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, motor coaches, funeral cars, and step vans
- Truck rental and leasing

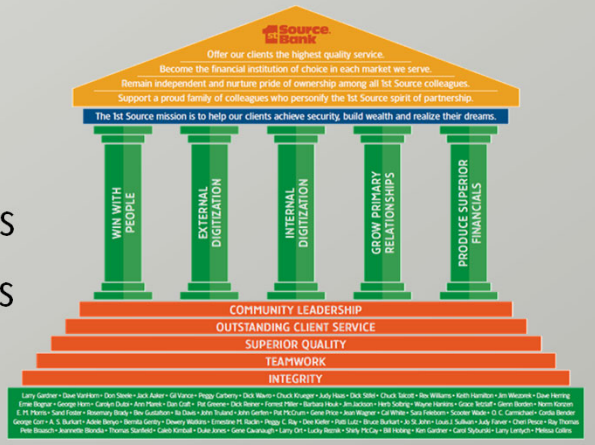
MISSION AND VISION

Mission

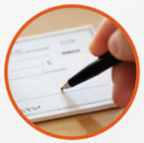
To help our clients achieve security, build wealth and realize their dreams by offering straight talk, sound advice and keeping their best interests in mind for the long-term.

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


Checking


Savings

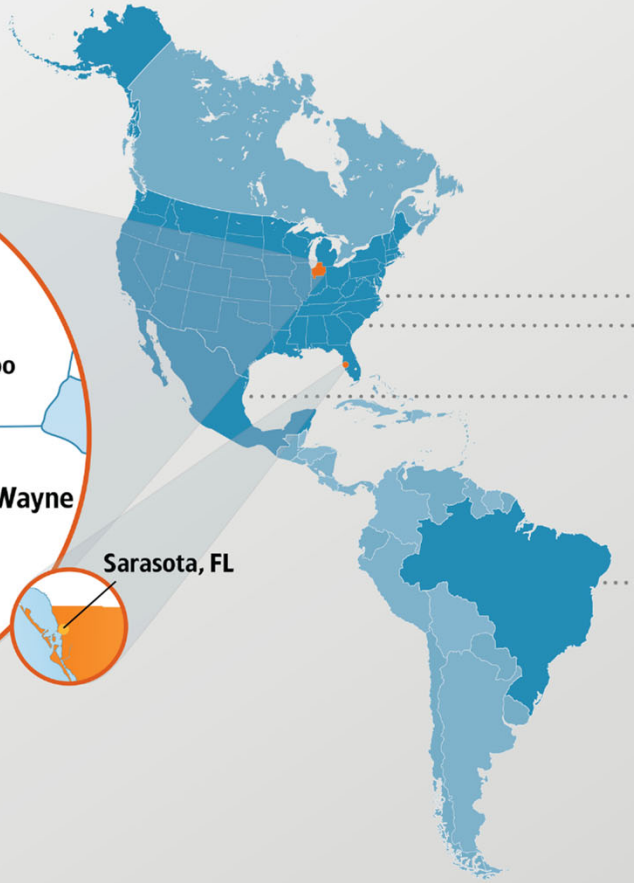

Loans


Mortgages


Business


Insurance






Auto & Light Truck


Medium & Heavy Duty Truck


Construction

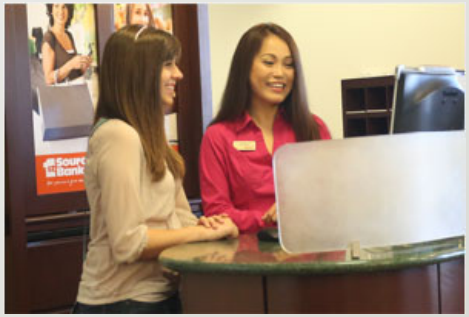

Aircraft

Community Bank
Loans and Leases
$3.02 billion

Specialty Finance
Loans and Leases
$2.53 billion

BUSINESS MIX (LOANS AND LEASES)







Business Community Banking	79%	54%
Personal Community Banking	21%	
Specialty Finance	46%	

COMMUNITY BANKING

- **79** Banking Centers
- **100** Twenty-four hour ATMs
- **8** Trust & Wealth Advisory locations with approximately $4.7 billion of assets under management
- **10** 1st Source Insurance offices



In person



Online



Over the phone



Mobile

SPECIALTY FINANCE GROUP SERVICES



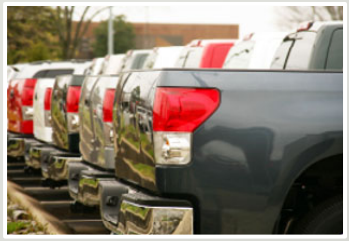
Aircraft Division — $861MM

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.



Construction Equipment Division — $715MM

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



Auto and Light Truck Division — $542MM

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



Medium and Heavy Duty Truck Division — $279MM

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

- 4 executives with an average 38 years each of banking experience and 26 years with 1st Source

Business Banking Officers

- 39 business banking officers with an average 18 years each of lending experience and with 1st Source from 1 to 31 years

Specialty Finance Group Officers

- 26 specialty finance officers with an average 24 years each of lending experience and with 1st Source from 1 to 33 years

PERFORMANCE – CLIENT

- #1 deposit share in our 15 contiguous county market
- #1 SBA Lender in our Indiana footprint
- #1 SBA Lender Headquartered in State of Indiana



- Indiana SBA Community Lender Award – 2013 – 2019
- Indiana SBA Rural Lender of the Year Award – 2019
- Honored for highest total dollars and number of SBA 504 Loans – Business Development Corporation, 2019
- #12 on Forbes' 150 Best Employers for Veterans 2020 List
- #22 on Monitor Magazine's 2020 Top 50 Bank Finance/Leasing Companies in the U.S.
- #37 on Monitor Magazine's 2020 Top 100 Largest Equipment Finance/Leasing Companies in the U.S.

OUR RESPONSE TO COVID-19

Employees

- High-risk employees are working remotely
- Virtual meetings and conference calls have replaced in-person meetings
- Department teams are separated to ensure that infection can not spread across entire units
- Business travel is restricted
- Adhering to CDC guidelines of social distancing, frequent hand washing and mask wearing
- Installed plexiglass barriers at banking center counters and desks, as well as providing masks to all employees

Clients

- Banking center drive-ups, ATMs and online/mobile banking services continue to operate
- Most banking center lobbies are open by appointment only. 12 banking center doors are fully open
- Over 4,700 PPP loans for over $740 million have been disbursed in support of our communities
- As of December 31, 2020, over $230 million in PPP forgiveness had been secured for our clients
- Granted approximately $1 billion in loan modifications. $168 million in modification as of December 31, 2020

Communities

- Grant of $600,000, in two phases, made by 1st Source Foundation to the United Ways of the 18 counties in northern Indiana and southwestern Michigan
- Grant of $320,000 made by 1st Source Foundation to 23 hospitals across our footprint providing assistance with PPE supplies, child care needs and meals for frontline staff
- Other contributions have been made to assist our communities during the COVID outbreak
- Employees served our communities by sewing masks for nursing homes and hospitals

PAYCHECK PROTECTION PROGRAM LOANS

PPP Highlights			
Phase	**Number of Loans**	**$ of Loans (000's)**	**Average Loan Size**
2020	3,540	$ 597,451	$ 169,000
2021*	1,371	162,339	118,000
Total	**4,911**	**$ 759,790**	**$ 155,000**

- Over 55% of 2020 loans for less than $50,000
- Over 60% of the total PPP loan amounts funded during 2020 were submitted for forgiveness as of December 31, 2020
- The SBA has remitted payment for over $230 million of submissions as of December 31, 2020

* Approved by SBA as of early February 2021

COVID-19 RELATED LOAN DEFERRALS

As of December 31, 2020

(Dollars in millions)	Principal Deferrals	Principal and Interest Deferrals	Total Modifications in Deferment	Additional Modifications Expected[1]	Total Modifications	Recorded Investment at December 31, 2020	Modifications as a % of December 31, 2020 Balance
Auto and light truck rental	$ 1	$ 4	$ 5	$ 1	$ 6	$ 409	1%
Specialty vehicle(2)	19	2	21	20	41	133	31%
Medium and heavy duty truck	-	-	-	-	-	279	—%
Aircraft	13	-	13	-	13	861	2%
Construction equipment	7	-	7	-	7	715	1%
Commercial	20	63	83	18	101	2,449	4%
Residential RE and home equity	-	-	-	-	-	511	—%
Consumer	-	-	-	-	-	132	—%
Total loans and leases	**$ 60**	**$ 69**	**$ 129**	**$ 39**	**$ 168**	**$ 5,489**	**3%**
PPP loans, net of unearned discount[3]	**-**	**-**	**-**	**-**	**-**	**352**	**—%**
Total loans and leases less PPP loans	**$ 60**	**$ 69**	**$ 129**	**$ 39**	**$ 168**	**$ 5,137**	**3%**

(1) Repesents modifications which ended deferment during December 2020 and are in the process of receiving or expected to receive an extension.

(2) Includes buses, step vans, and funeral cars.

(3) PPP loan balances are located within the Commercial category above.

Modifications at December 31, 2020:

- $40 million to bus clients or 56% of our total bus loan balances. Included in the Specialty vehicle category above.
- $80 million to hotel industry clients or 51% of our total hotel loan balances. Included in the Commercial category above.

COVID-19 RELATED LOAN DEFERRALS

As of December 31, 2020

(Dollars in millions)	First Modification			Second Modification			Three or More Modifications		
	Expired	In Deferment	Total	Expired	In Deferment[1]	Total	Expired	In Deferment[1]	Total
Auto and light truck rental	$ 273	$ 1	$ 274	$ 78	$ 4	$ 82	$ 20	$ 1	$ 21
Specialty vehicle(2)	89	-	89	74	2	76	44	39	83
Medium and heavy duty truck	89	-	89	5	-	5	-	-	-
Aircraft	97	-	97	17	13	30	-	-	-
Construction equipment	144	7	151	9	-	9	1	-	1
Commercial	208	45	253	22	49	71	8	7	15
Residential RE and home equity	7	-	7	-	-	-	-	-	-
Consumer	9	-	9	-	-	-	-	-	-
Total loans and leases	**$ 916**	**$ 53**	**$ 969**	**$ 205**	**$ 68**	**$ 273**	**$ 73**	**$ 47**	**$ 120**

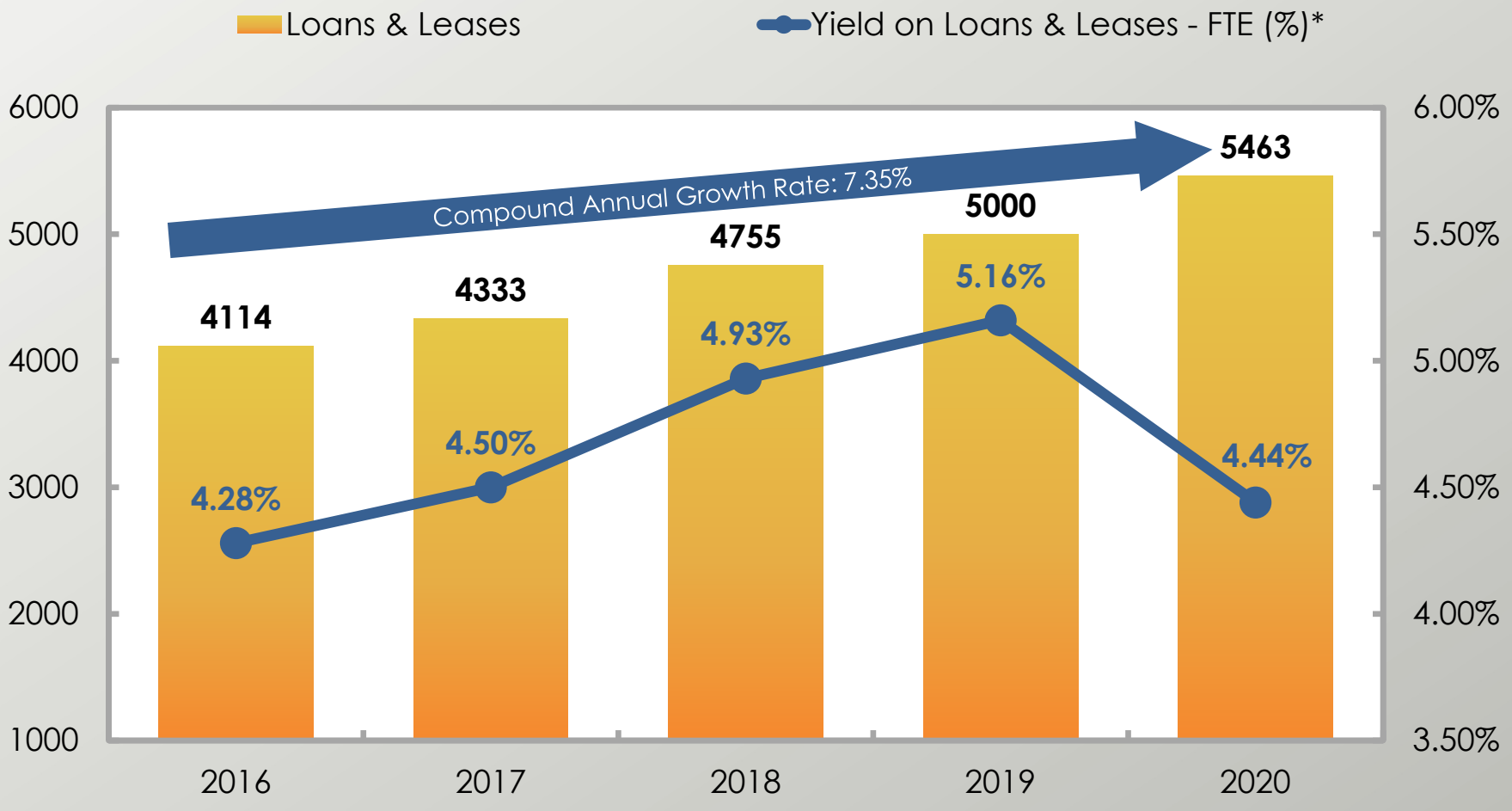
(1) Includes modifications which ended deferment in December 2020 and are in the process of receiving or expected to receive an extension.

(2) Includes buses, step vans and funeral cars.

FINANCIAL REVIEW

GROWING LOAN PORTFOLIO

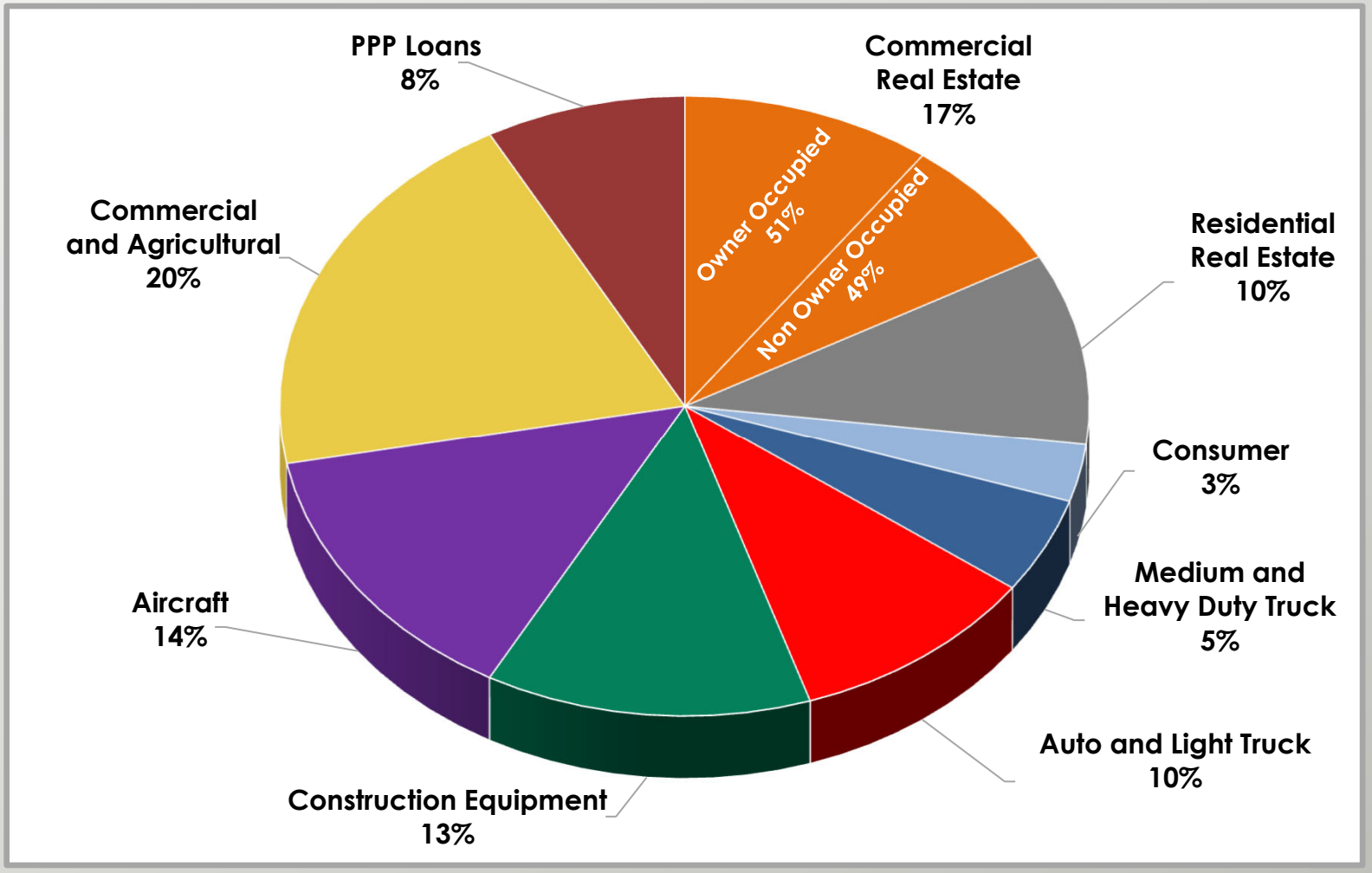
Total Average Loans & Leases ($MM)



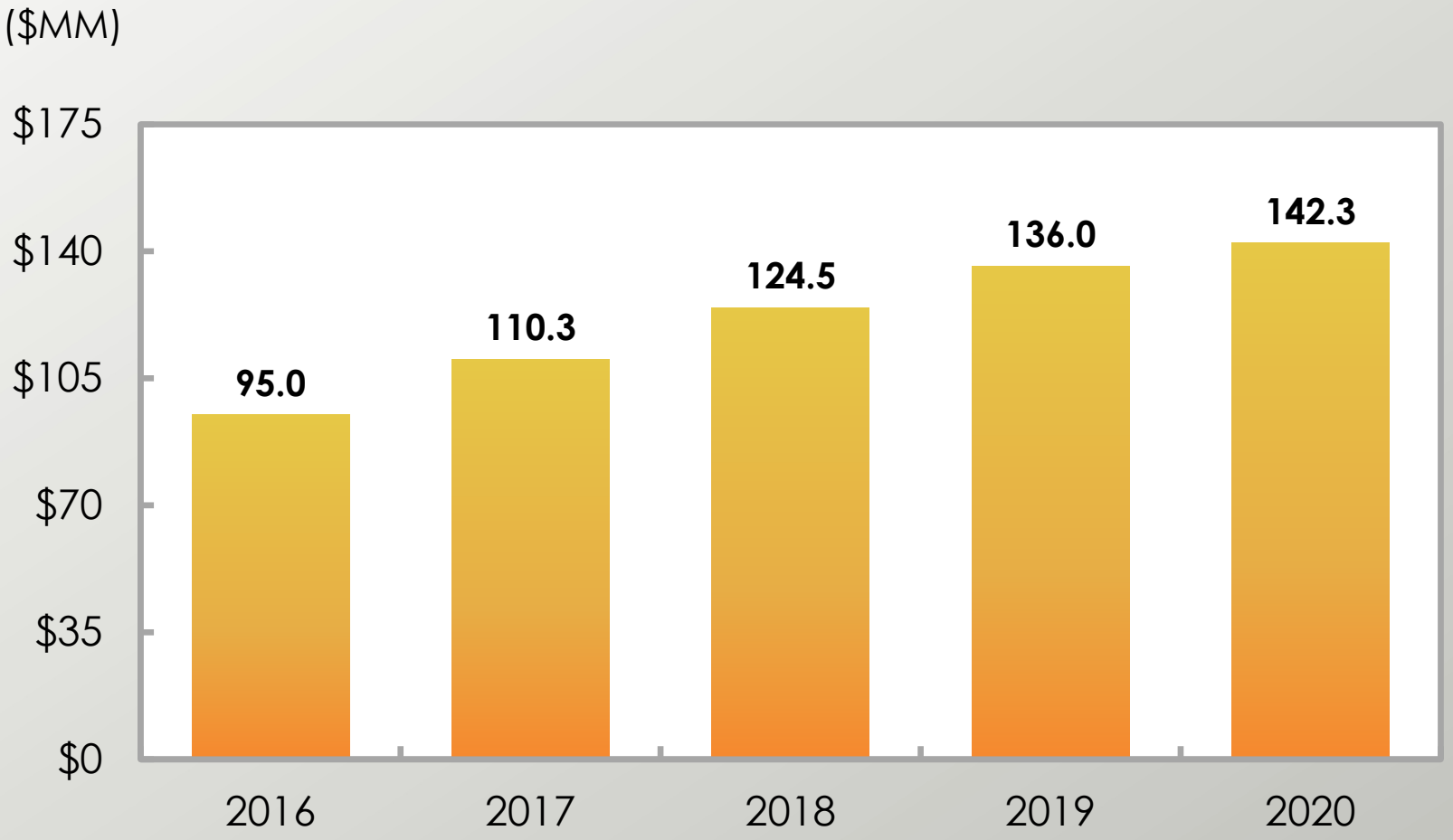
* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

DIVERSIFIED LOAN PORTFOLIO

2020 Average Loans by Type



PRE-TAX, PRE-PROVISION INCOME

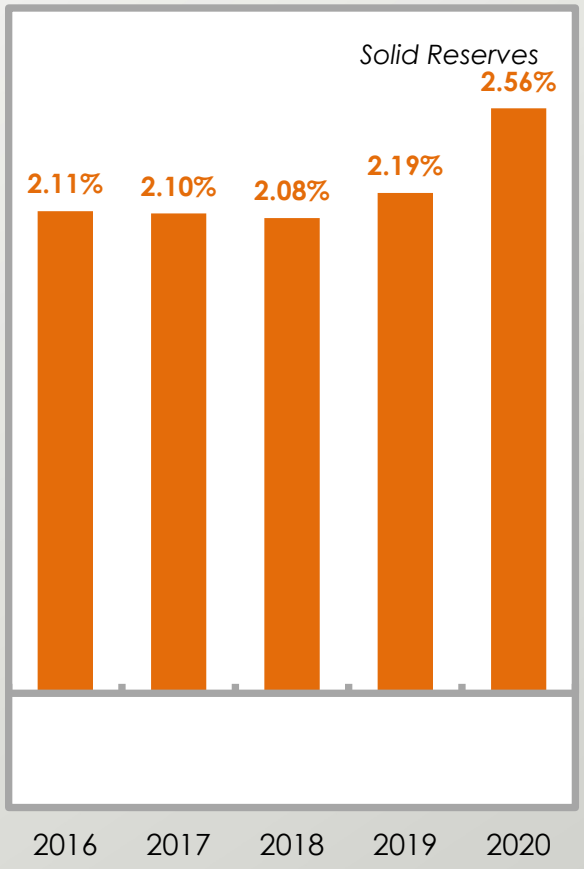


* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

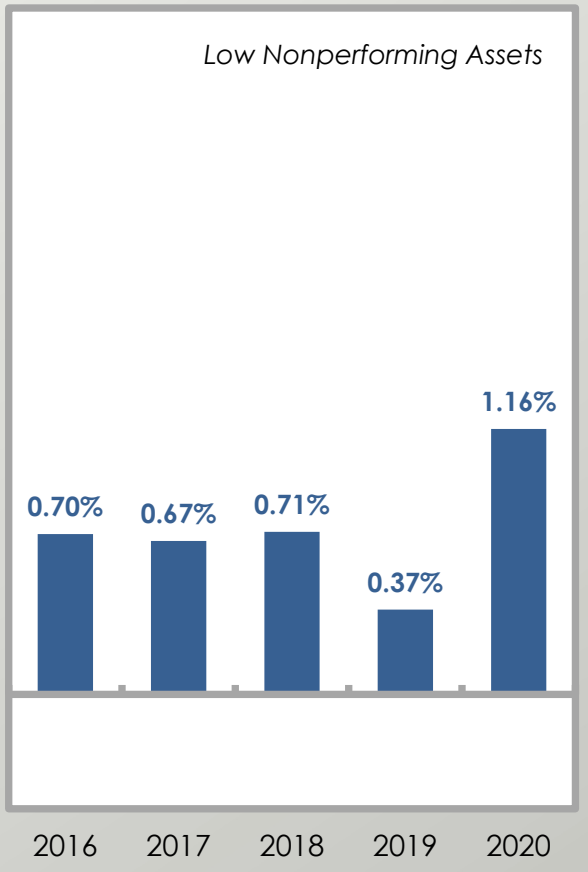
STRONG CREDIT QUALITY

% of Net Loans and Leases

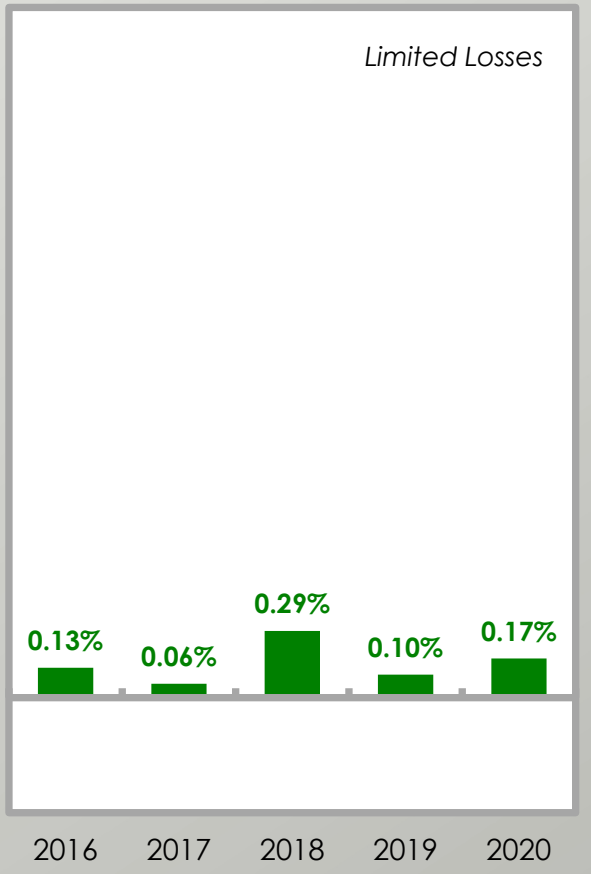
Loan & Lease Loss Reserve



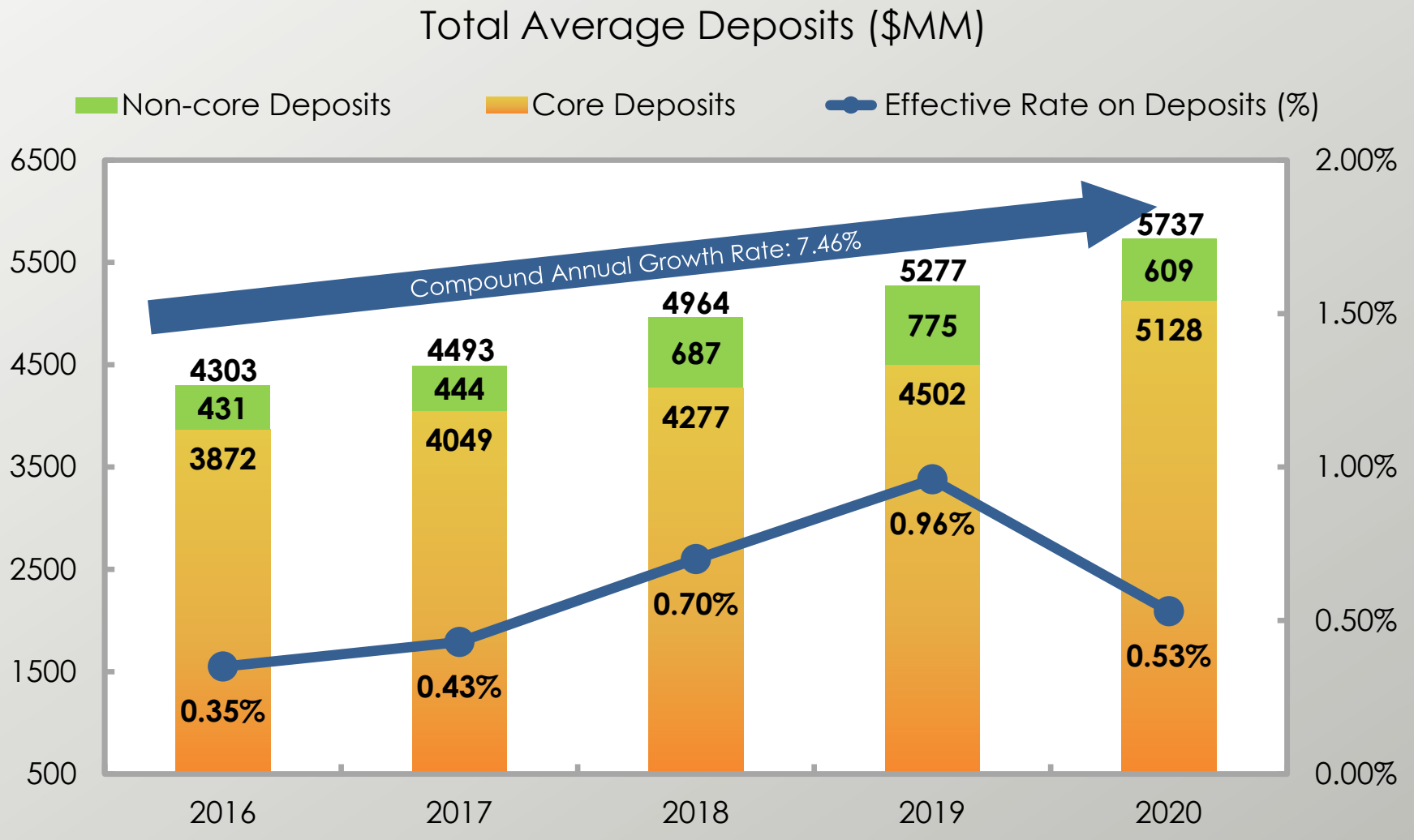
Nonperforming Assets



Net Charge-Offs



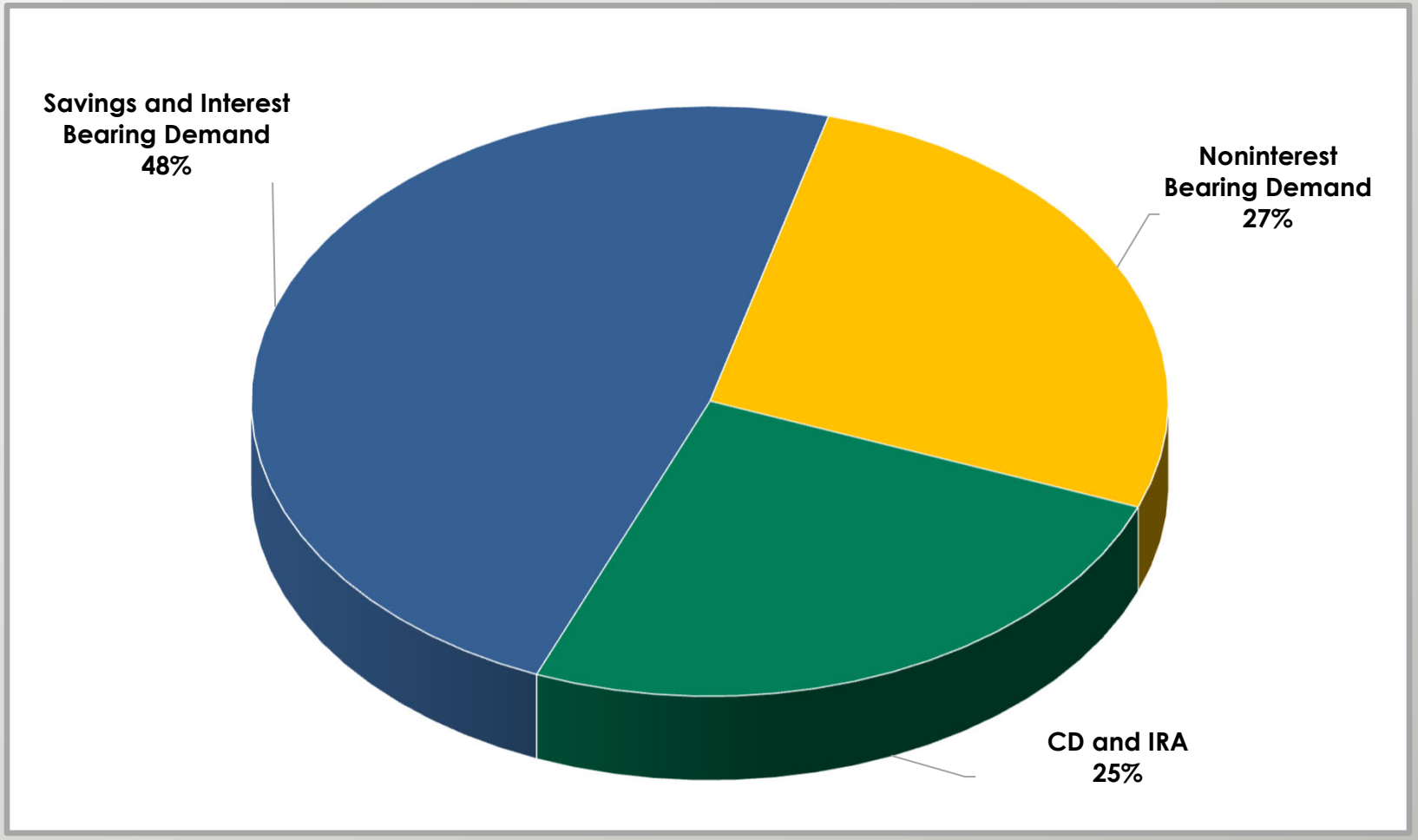
CORE DEPOSIT FRANCHISE



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

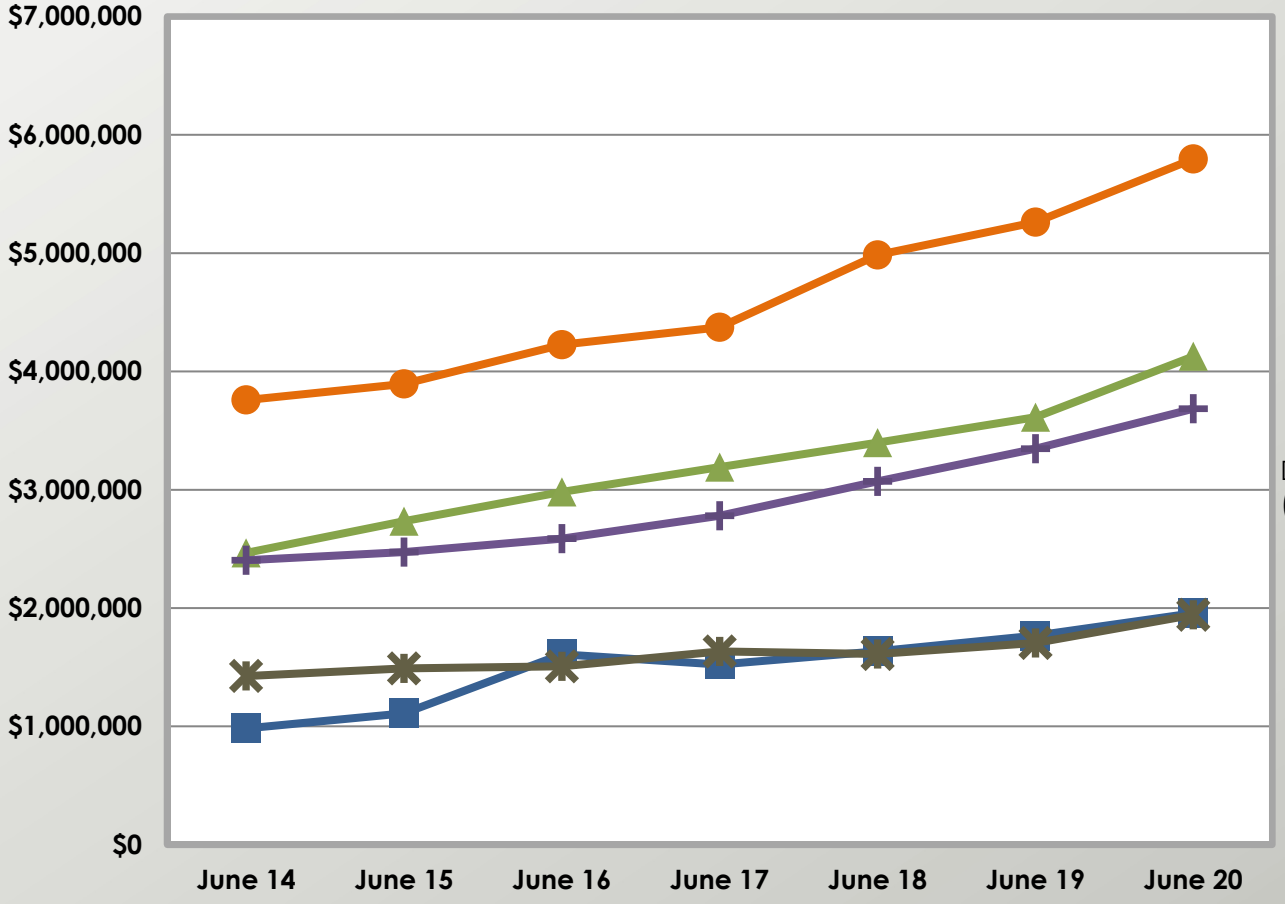
ATTRACTIVE CORE DEPOSIT FRANCHISE

2020 Average Deposits By Type



DEPOSIT MARKET SHARE – 15 COUNTY CONTIGUOUS MARKET*

Leading Market Share in Community Banking Markets ($000)

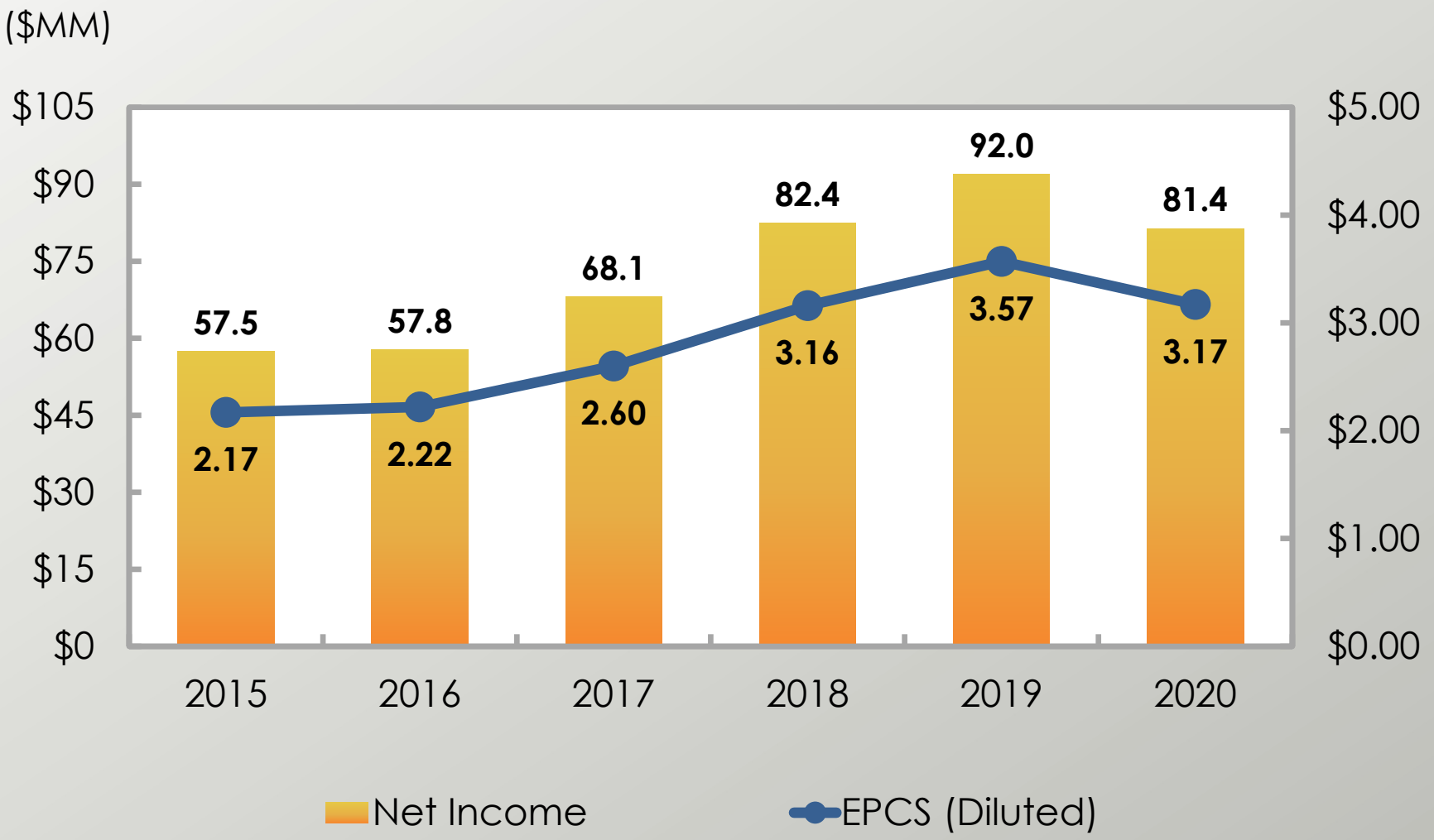


	2020
1st Source	14.87%
Chase	10.59%
Lake City Bank	9.45%
Horizon Bank	5.02%
Fifth Third	4.98%

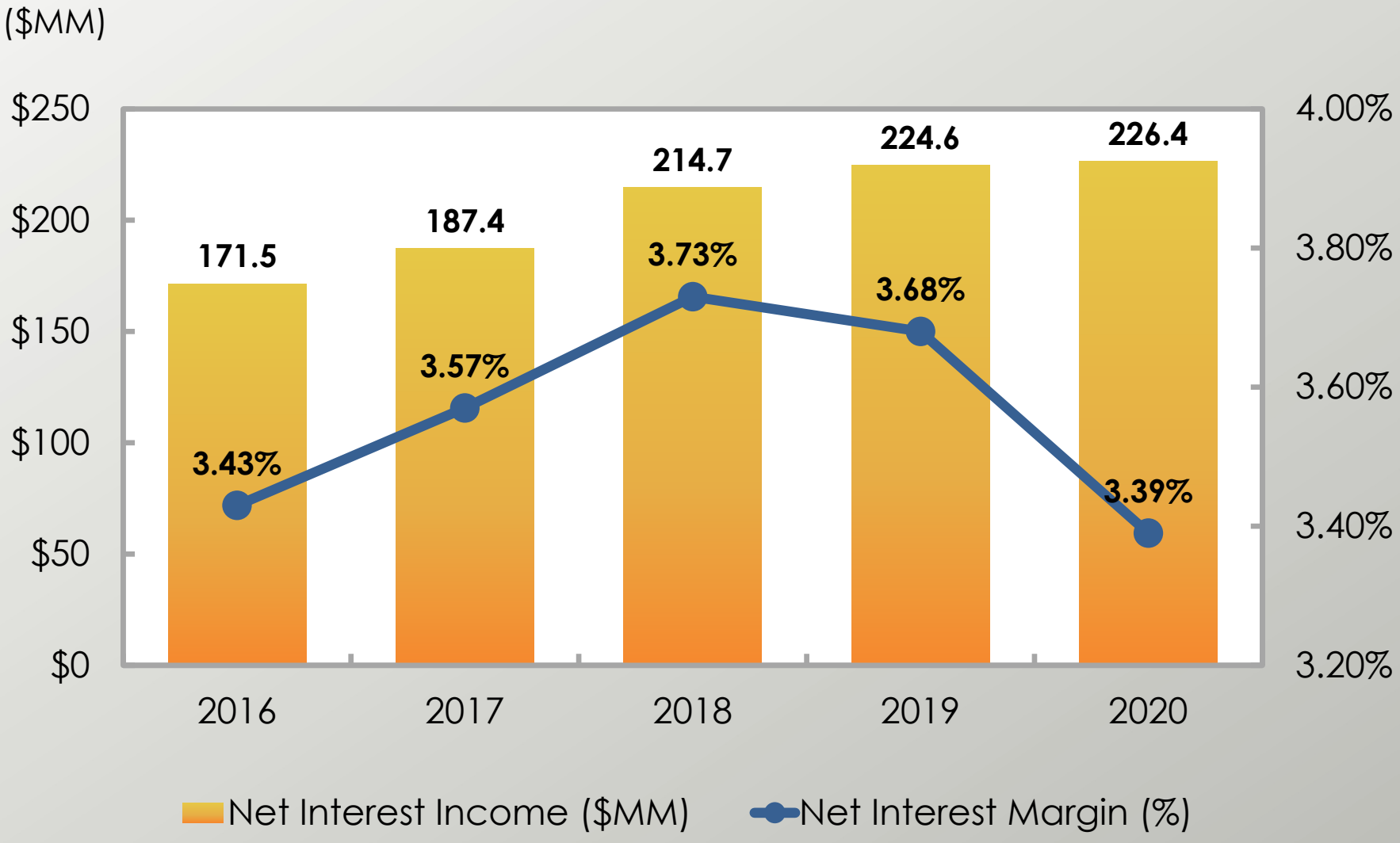
Data as of June 2020 – FDIC
(via S&P Global Market Intelligence)

*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



NET INTEREST MARGIN (FTE)*

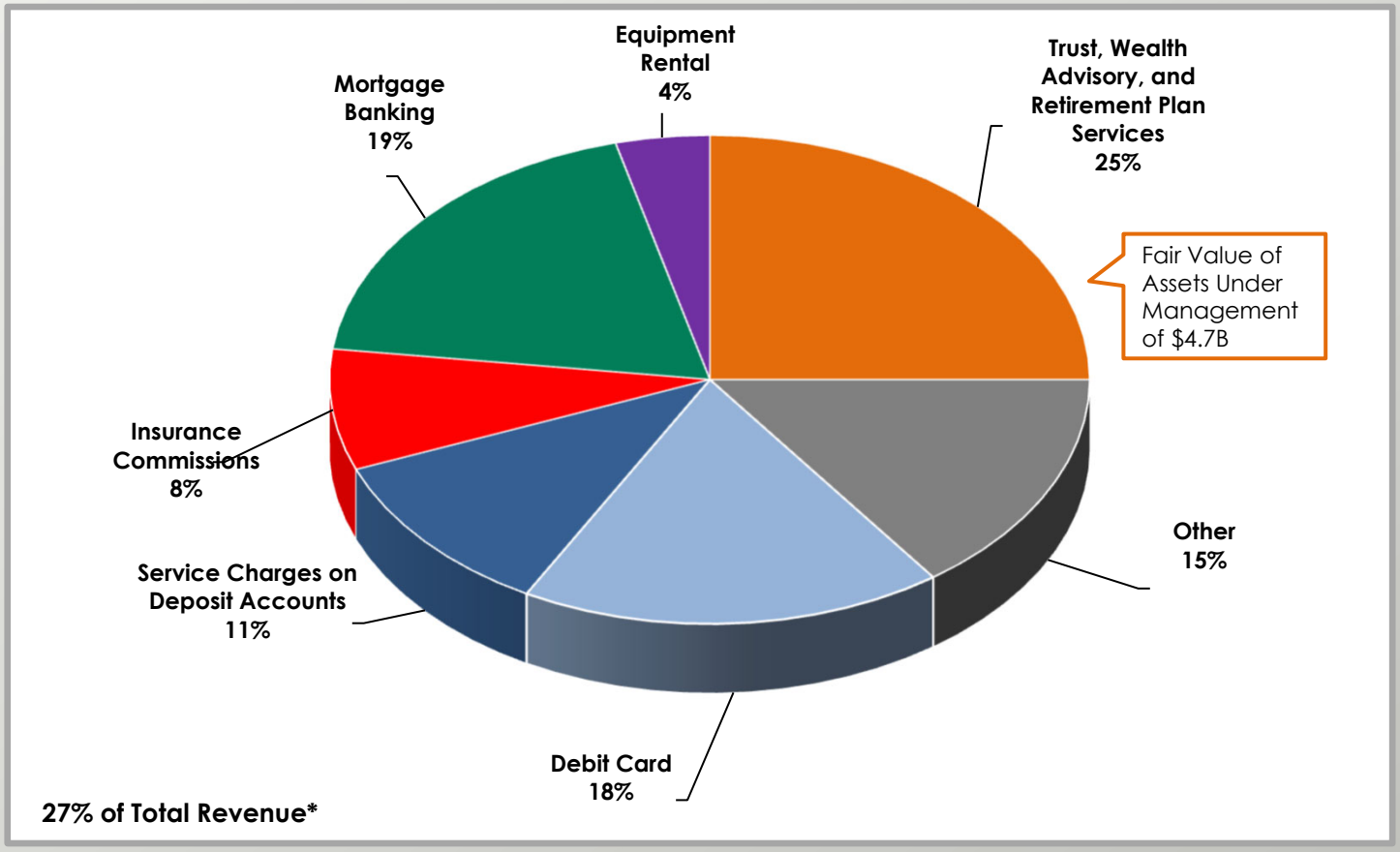


* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

DIVERSE SOURCES OF NONINTEREST INCOME

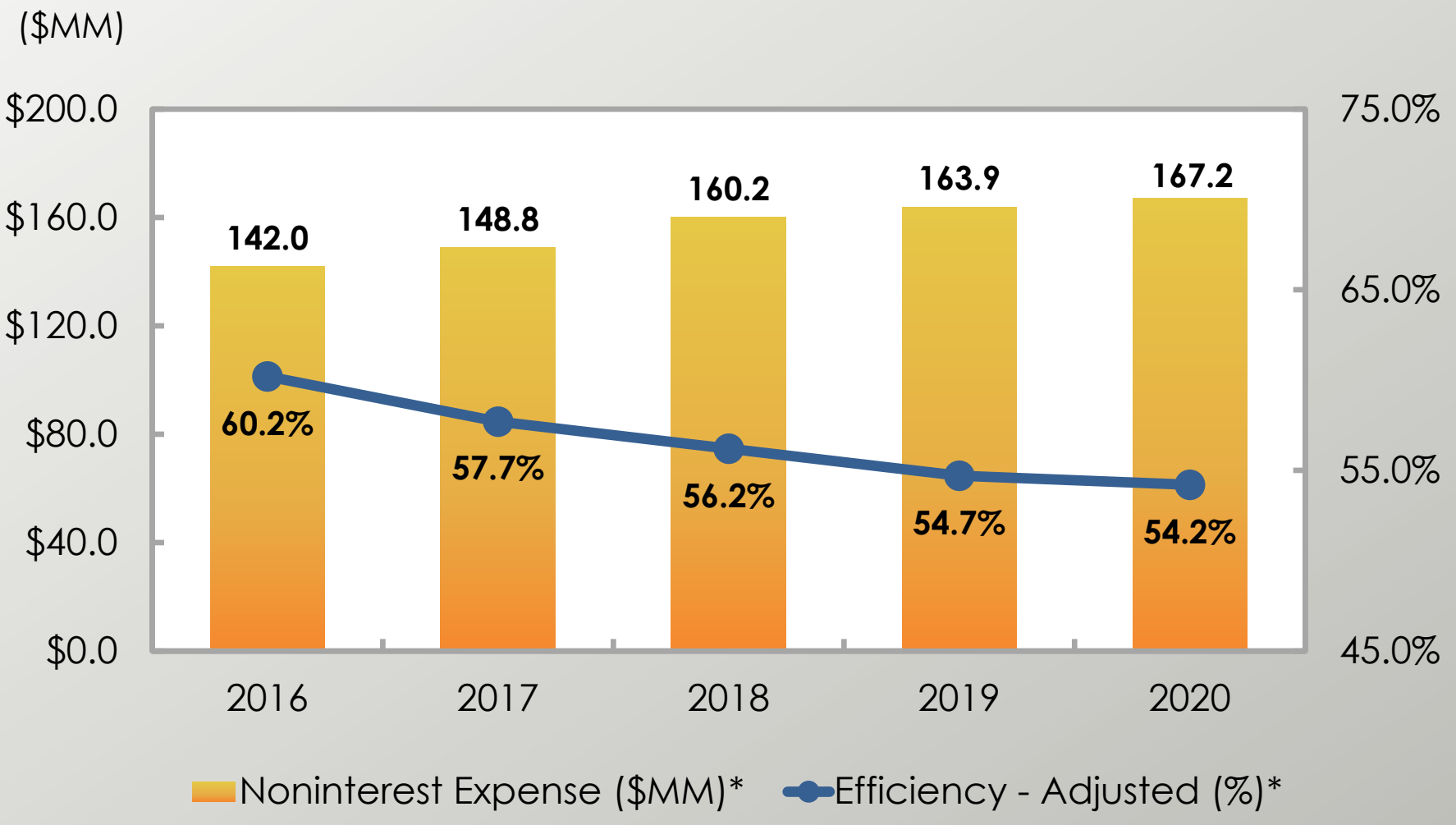
Noninterest Income Composition

2020 = $83.7MM*



* Note: Equipment rental income is shown net of leased equipment depreciation. See "Reconciliation of non-GAAP Financial Measures" in Appendix .

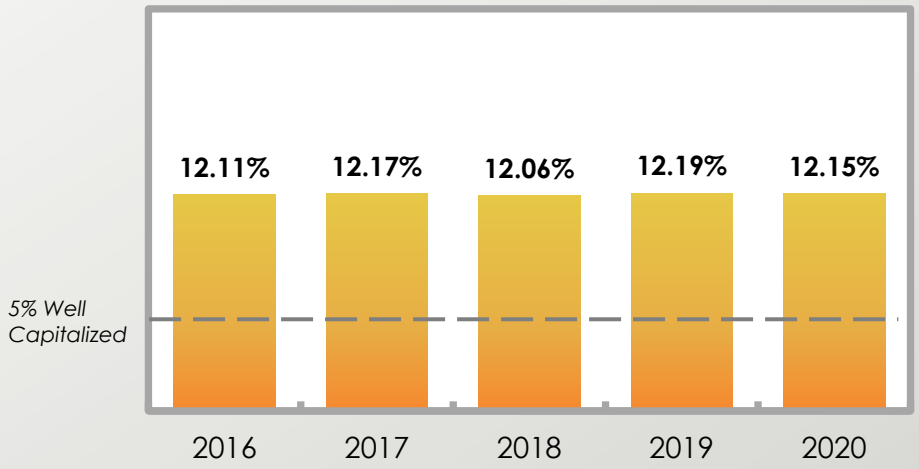
OPERATING EXPENSES



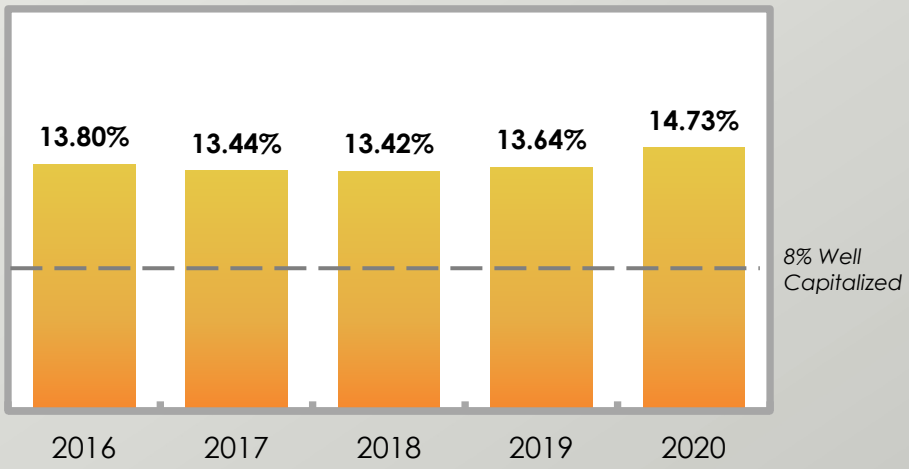
* Note: Noninterest expense is shown net of leased equipment depreciation. See "Reconciliation of non-GAAP Financial Measures" in Appendix.

STRONG CAPITAL POSITION

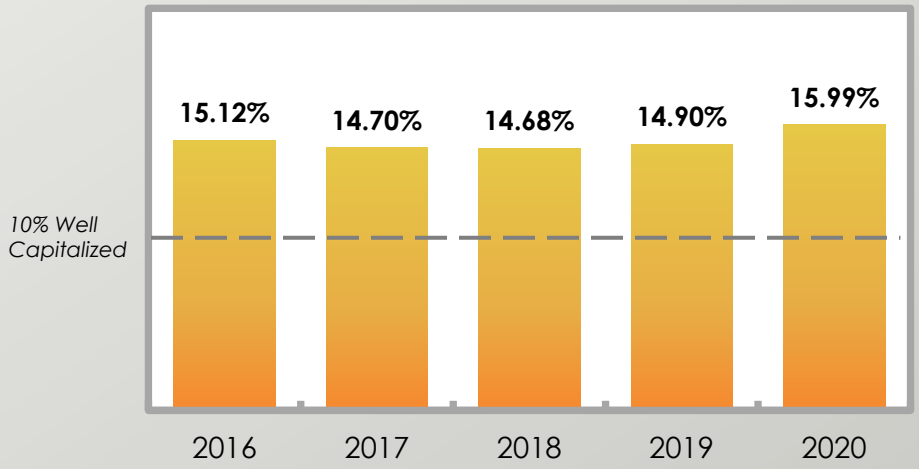
Tier 1 Leverage Ratio



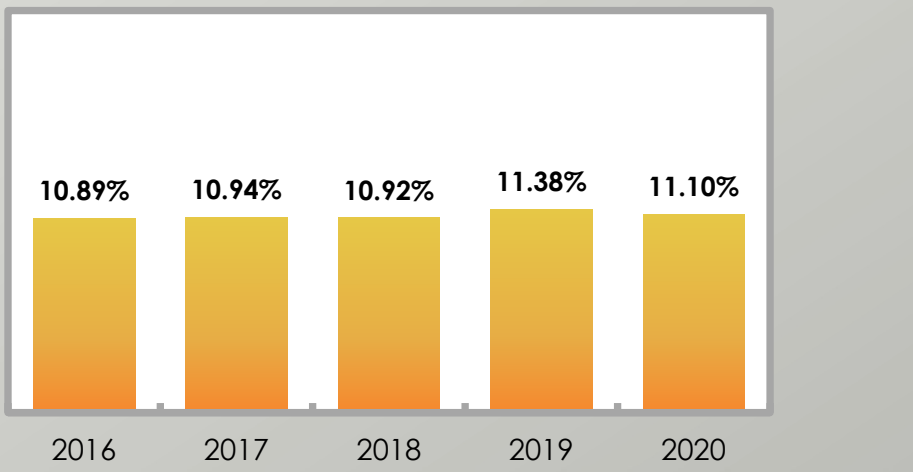
Tier 1 Risk Based Ratio



Total Risk Based Capital Ratio

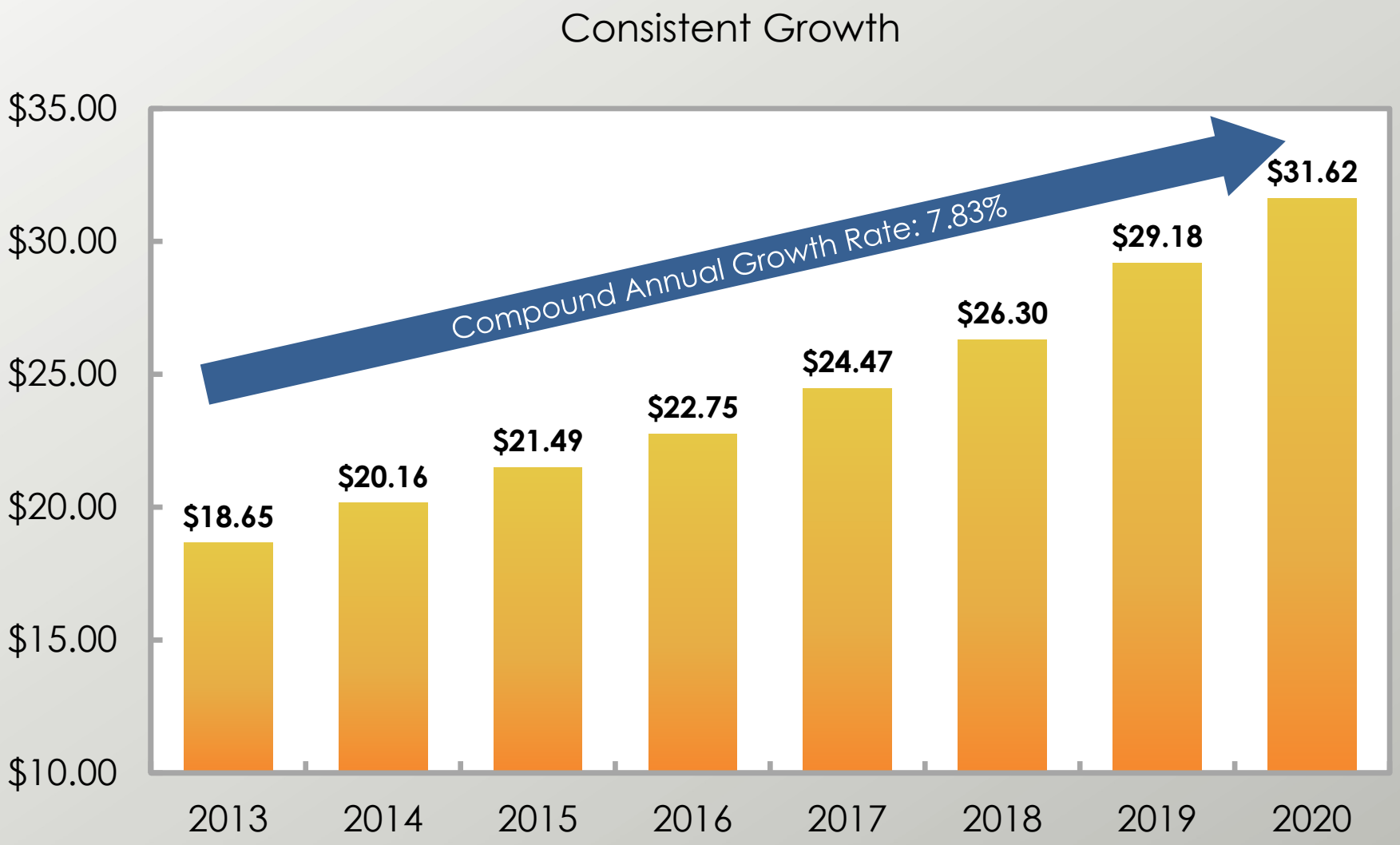


Tangible Common Equity / Tangible Assets*



* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

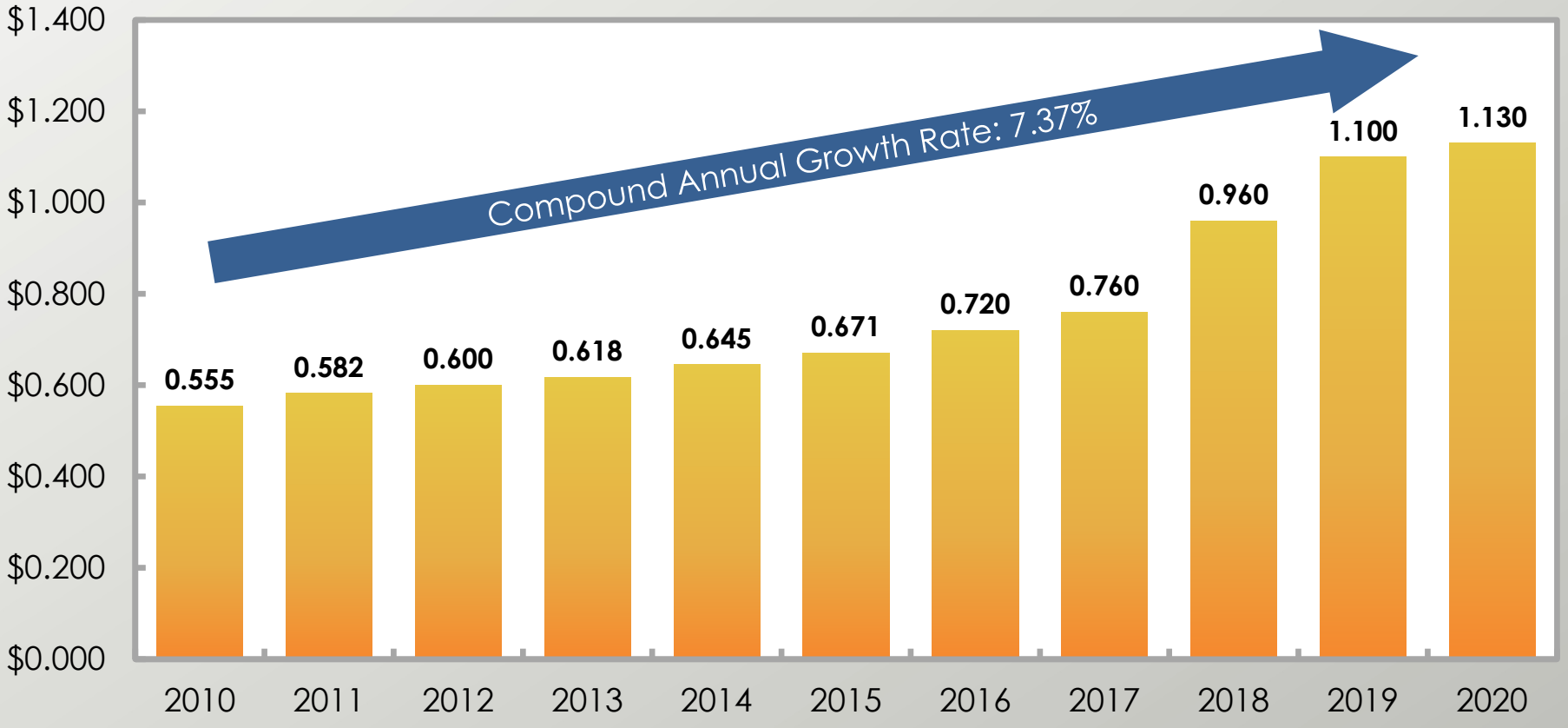
TANGIBLE BOOK VALUE PER COMMON SHARE*



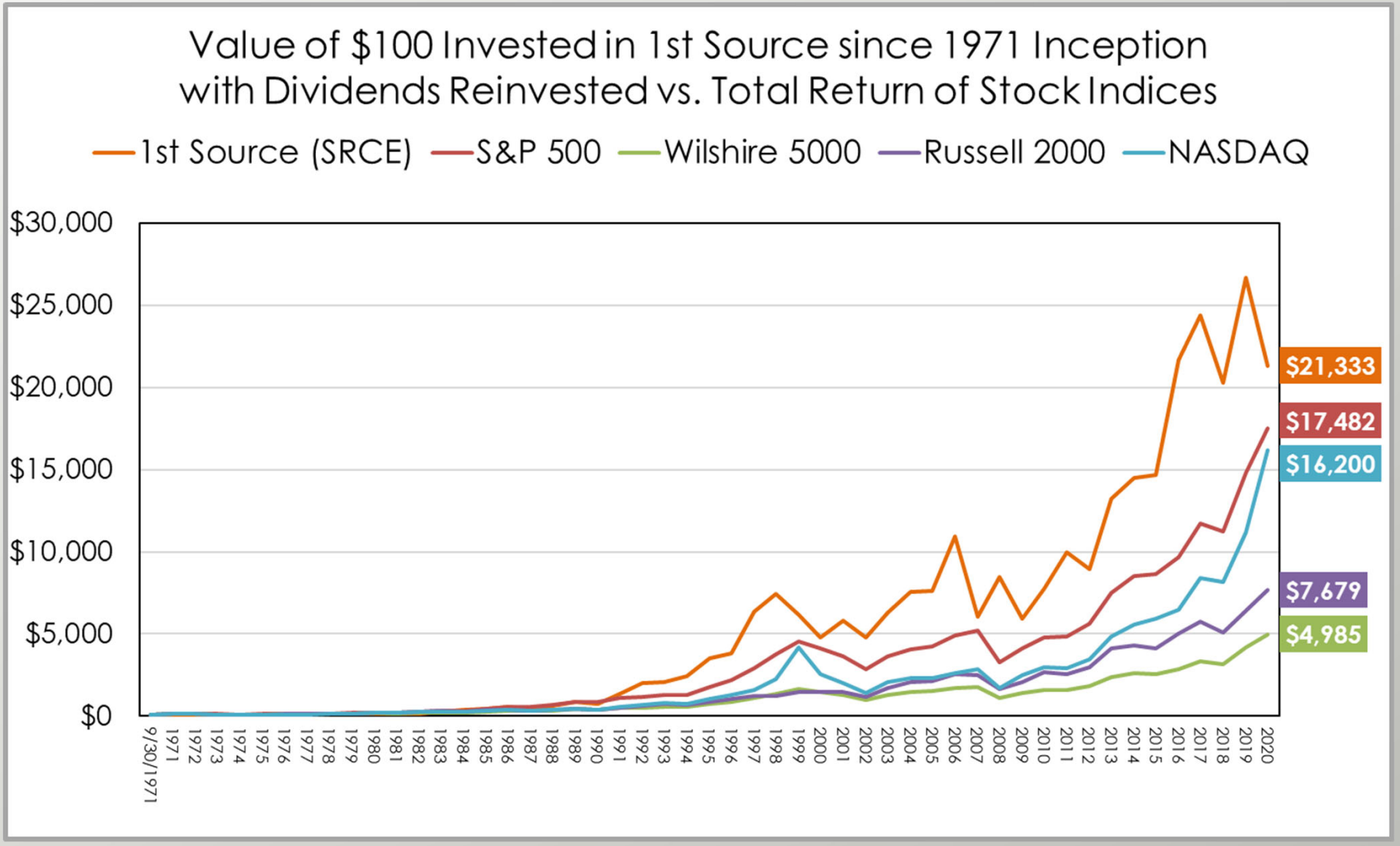
* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

COMMON DIVIDENDS PER SHARE

33 YEARS OF CONSECUTIVE DIVIDEND GROWTH



DELIVERING RETURNS TO SHAREHOLDERS



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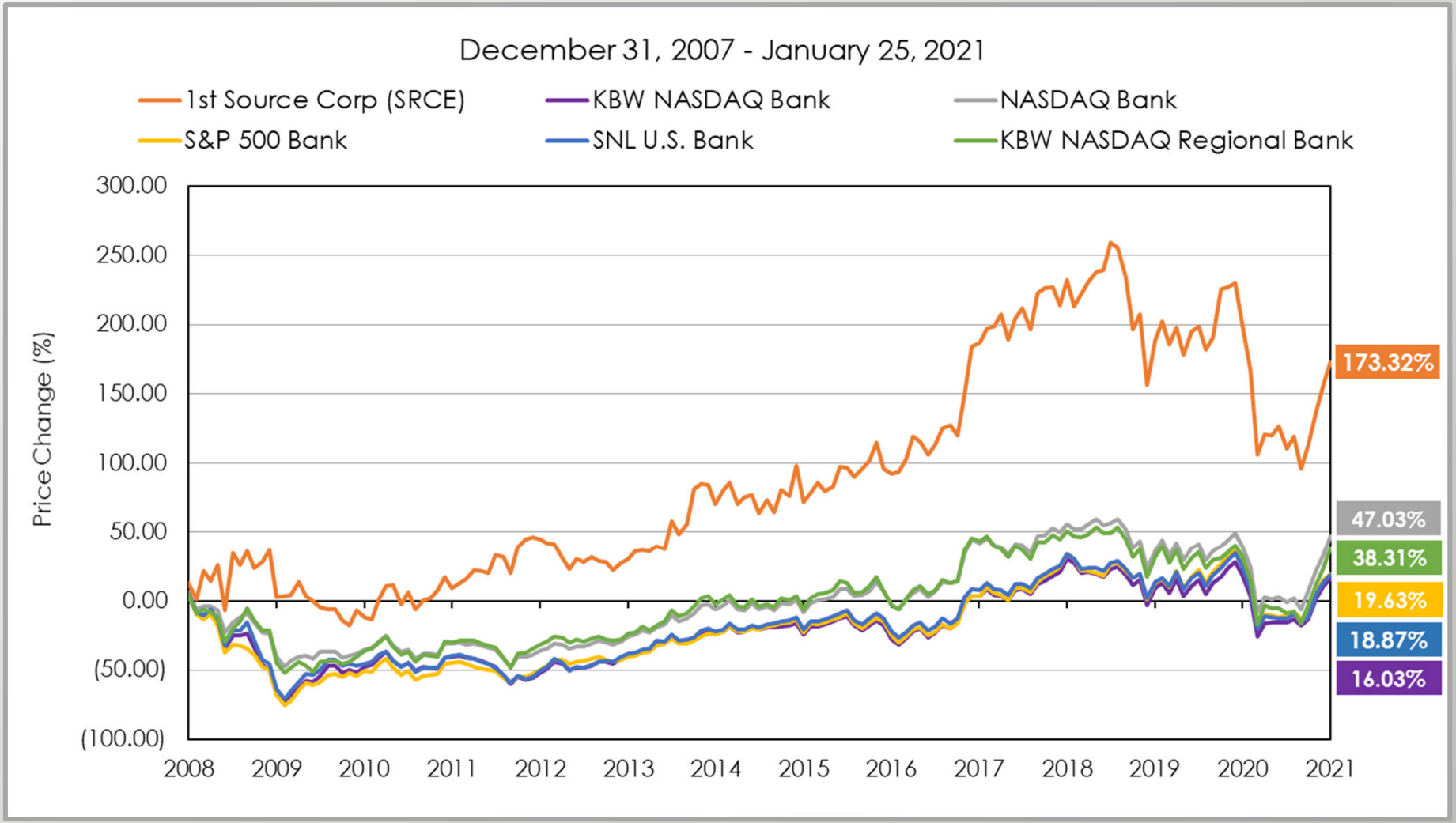

PERFORMANCE – FINANCIAL

- 2020 KBW Bank Honor Roll – fifteen banking institutions with more than $500 million in total assets selected
- #26 of 123 banks between $5 billion and $50 billion in assets – Bank Performance Scorecard by Bank Director Magazine
- 5 Star "Superior" Rating – Bauer Financial
- 33 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 33 consecutive years of dividend growth

CONTACT INFORMATION

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APPENDIX

Consolidated Balance Sheet

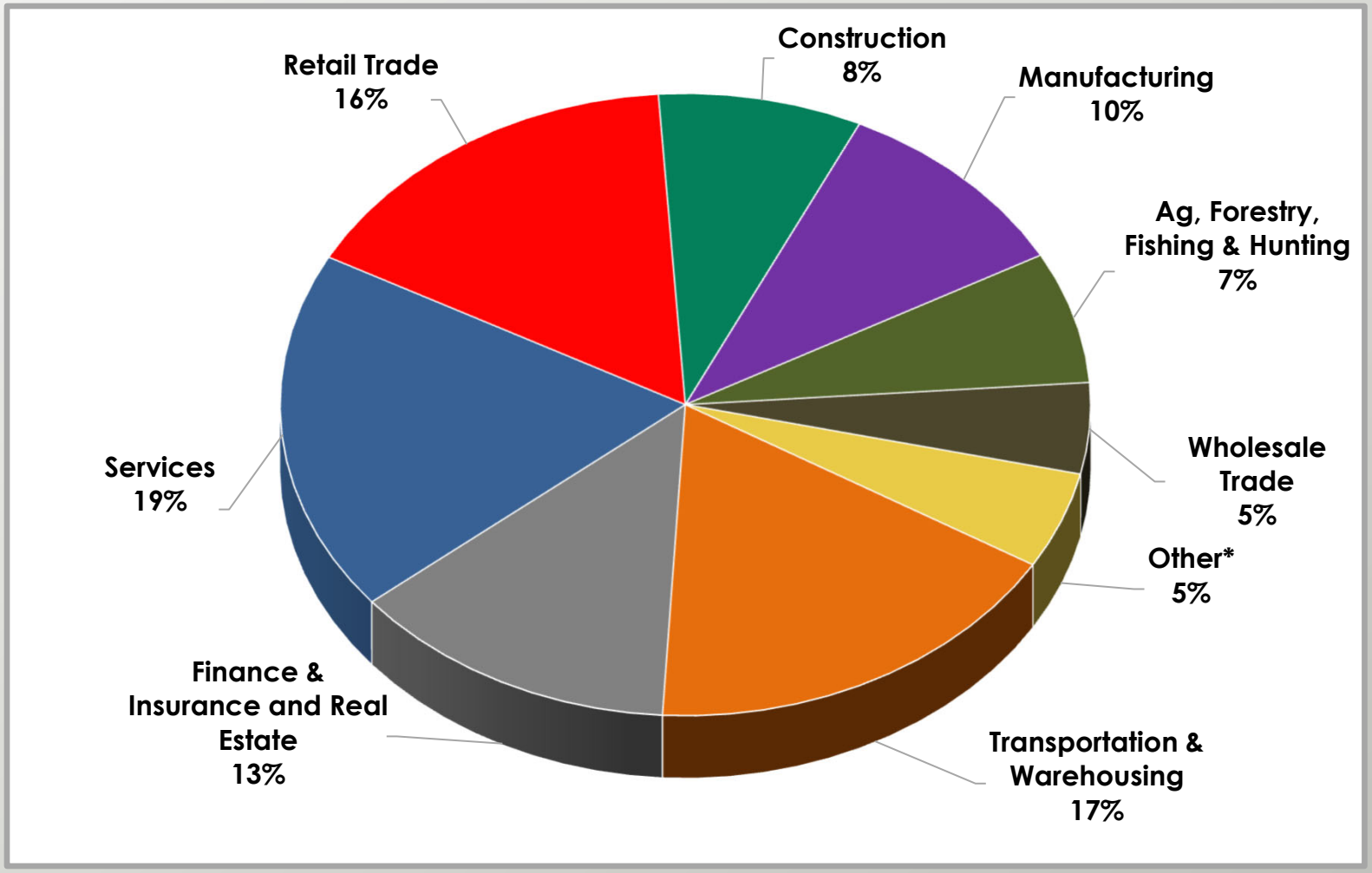
(Dollars in millions)	2016	2017	2018	2019	2020
Cash and cash equivalents	$ 108	$ 78	$ 99	$ 83	$ 243
Investment securities and other investments	873	930	1,019	1,069	1,225
Loans and leases, net of unearned discount	4,204	4,541	4,847	5,106	5,502
Allowance for loan and lease losses	(89)	(95)	(100)	(111)	(141)
Equipment owned under operating leases, net	119	140	134	112	65
Other assets	271	293	295	364	422
Total assets	$ 5,486	$ 5,887	$ 6,294	$ 6,623	$ 7,316
Noninterest-bearing deposits	$ 991	$ 1,064	$ 1,217	$ 1,217	$ 1,637
Interest-bearing deposits	3,343	3,689	3,905	4,140	4,309
Total deposits	4,334	4,753	5,122	5,357	5,946
Total borrowings	424	342	329	276	291
Other liabilities	55	73	79	141	148
Total shareholders' equity	673	719	762	829	887
Noncontrolling interests	-	-	2	20	44
Total equity	673	719	764	849	931
Total liabilities and equity	$ 5,486	$ 5,887	$ 6,294	$ 6,623	$ 7,316

Consolidated Income Statement

(Dollars in millions)	2016	2017	2018	2019	2020
Net interest income	$ 170	$ 186	$ 214	$ 224	$ 226
Provision for credit losses	6	9	19	16	36
Noninterest income*	67	73	70	76	83
Noninterest expense*	142	149	160	164	167
Income before income taxes	89	101	105	120	106
Income tax expense	31	33	23	28	25
Net income	58	68	82	92	81
Net income attributable to noncontrolling interests	-	-	-	-	-
Net income available to common shareholders	$ 58	$ 68	$ 82	$ 92	$ 81
Diluted net income per common share	$ 2.22	$ 2.60	$ 3.16	$ 3.57	$ 3.17

* Note: Noninterest income and Noninterest expense are shown net of leased equipment depreciation. See "Reconciliation of non-GAAP Financial Measures" in Appendix.

Aircraft Portfolio – Industries by NAICS

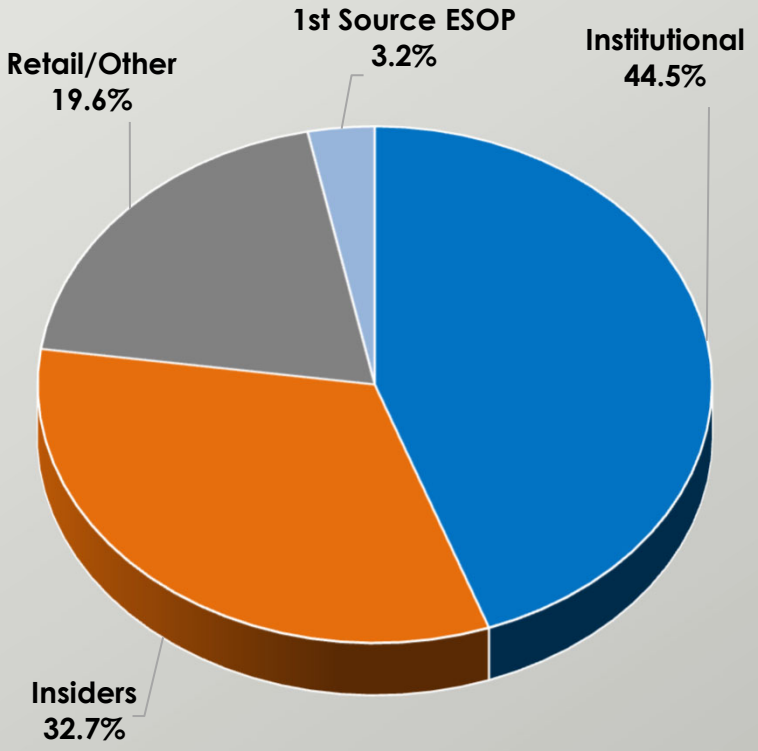


*Other includes: Mining & Utilities and Information

Ownership Summary

Shareholder Type	Shares	% of Total
Institutional	11,296,899	44.5%
Insiders	8,304,629	32.7%
Retail/Other	4,963,123	19.6%
1st Source ESOP	824,466	3.2%
Total Shares Outstanding(1)	**25,389,117**	**100.0%**

Rank	Institution (Top 10 Institutions)	Shares	% of Total
1	Dimensional Fund Advisors LP	1,894,451	7.5%
2	BlackRock Inc.	1,228,153	4.8%
3	Wellington Management Group LLP	1,008,595	4.0%
4	Vanguard Group Inc.	819,329	3.2%
5	AllianceBernstein LP	546,925	2.2%
6	Manulife Asset Management	429,598	1.7%
7	State Street Global Advisors Inc.	394,447	1.6%
8	Renaissance Technologies LLC	368,314	1.4%
9	Norges Bank Investment Management	313,949	1.2%
10	Boston Trust Walden Co.	287,698	1.1%
	Top 10 Institutions(2)	**7,291,459**	**28.7%**
	Other	4,005,440	15.8%
	Total Institutional Ownership(2)	**11,296,899**	**44.5%**



(1) As of December 31, 2020
(2) As of September 30, 2020 or most recently reported data
Source: S&P Global Market Intelligence and Company filings

Reconciliation of Non-GAAP Financial Measures

Calculation of Yield on Loans and Leases

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Loans and leases interest income (GAAP)	$ 175,532	$ 194,297	$ 234,083	$ 257,738	$ 242,172
(B) Plus: loans and leases fully tax-equivalent adjustments	584	621	367	375	333
(C) Loans and leases interest income - FTE (A+B)	176,116	194,918	234,450	258,113	242,505
(D) Average loans and leases	$ 4,113,508	$ 4,333,375	$ 4,755,256	$ 5,000,161	$ 5,463,436
Yield on loans and leases (GAAP) (A/D)	4.27%	4.48%	4.92%	5.15%	4.43%
Yield on loans and leases - FTE (C/D)	4.28%	4.50%	4.93%	5.16%	4.44%

Calculation of Net Interest Margin

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Interest income (GAAP)	$ 191,760	$ 212,385	$ 257,316	$ 282,877	$ 263,031
(B) Plus: fully tax-equivalent adjustments	1,825	1,795	803	686	543
(C) Interest income - FTE (A+B)	193,585	214,180	258,119	283,563	263,574
(D) Interest expense (GAAP)	22,101	26,754	43,410	59,011	37,211
(E) Net interest income (GAAP) (A-D)	169,659	185,631	213,906	223,866	225,820
(F) Net interest income - FTE (C-D)	171,484	187,426	214,709	224,552	226,363
(G) Average earning assets	$ 5,003,922	$ 5,251,094	$ 5,761,761	$ 6,104,673	$ 6,684,246
Net interest margin (GAAP) (E/G)	3.39%	3.54%	3.71%	3.67%	3.38%
Net interest margin - FTE (F/G)	3.43%	3.57%	3.73%	3.68%	3.39%

Pre-Tax, Pre-Provision Income

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Income before income taxes (GAAP)	$ 89,126	$ 101,360	$ 105,027	$ 120,154	$ 106,341
(B) Plus: Provision for credit losses	5,833	8,980	19,462	15,833	36,001
(C) Pre-tax, pre-provision income (A+B)	$ 94,959	$ 110,340	$ 124,489	$ 135,987	$ 142,342

Reconciliation of Non-GAAP Financial Measures

Noninterest Income

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Noninterest income (GAAP)	$ 88,945	$ 98,706	$ 97,050	$ 101,130	$ 103,889
(B) Less: depreciation - leased equipment	(21,678)	(25,215)	(26,248)	(25,128)	(20,203)
Noninterest income - adjusted (A-B)	$ 67,267	$ 73,491	$ 70,802	$ 76,002	$ 83,686

Noninterest Expense

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Noninterest expense (GAAP)	$ 163,645	$ 173,997	$ 186,467	$ 189,009	$ 187,367
(B) Less: depreciation - leased equipment	(21,678)	(25,215)	(26,248)	(25,128)	(20,203)
Noninterest expense - adjusted (A-B)	$ 141,967	$ 148,782	$ 160,219	$ 163,881	$ 167,164

Calculation of Efficiency Ratio

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Net interest income (GAAP)	$ 169,659	$ 185,631	$ 213,906	$ 223,866	$ 225,820
(B) Net interest income - FTE	171,484	187,426	214,709	224,552	226,363
(C) Plus: noninterest income (GAAP)	88,945	98,706	97,050	101,130	103,889
(D) Less: gains/losses on investment securities and partnership investments	(3,873)	(4,569)	(320)	(653)	(1,652)
(E) Less: depreciation - leased equipment	(21,678)	(25,215)	(26,248)	(25,128)	(20,203)
(F) Total net revenue (GAAP) (A+C)	258,604	284,337	310,956	324,996	329,709
(G) Total net revenue - adjusted (B+C-D-E)	234,848	256,348	285,191	299,901	308,397
(H) Noninterest expense (GAAP)	163,645	173,997	186,467	189,009	187,367
(E) Less: depreciation - leased equipment	(21,678)	(25,215)	(26,248)	(25,128)	(20,203)
(I) Less: contribution expense limited to gains on investment securities in (D)	(484)	(959)	-	-	-
(J) Noninterest expense - adjusted (H-E-I)	$ 141,483	$ 147,823	$ 160,219	$ 163,881	$ 167.164
Efficiency ratio (GAAP-derived) (H/F)	63.3%	61.2%	60.0%	58.2%	56.8%
Efficiency ratio - adjusted (J/G)	60.2%	57.7%	56.2%	54.7%	54.2%

Reconciliation of Non-GAAP Financial Measures

Calculation of Tangible Common Equity-to-Tangible Assets Ratio

(Dollars in thousands)	2016	2017	2018	2019	2020
(A) Total common shareholders' equity (GAAP)	$ 672,650	$ 718,537	$ 762,082	$ 828,277	$ 886,845
(B) Less: goodwill and intangible assets	(84,102)	(83,742)	(83,998)	(83,971)	(83,948)
(C) Total tangible common shareholders' equity (A-B)	588,548	634,795	678,084	744,306	802,897
(D) Total assets (GAAP)	5,486,268	5,887,284	6,293,745	6,622,776	7,316,411
(B) Less: goodwill and intangible assets	(84,102)	(83,742)	(83,998)	(83,971)	(83,948)
(E) Total tangible assets (D-B)	$ 5,402,166	$ 5,803,542	$ 6,209,747	$ 6,538,805	$ 7,232,463
Common equity-to-assets ratio (GAAP-derived) (A/D)	12.26%	12.20%	12.11%	12.51%	12.12%
Tangible common equity-to-tangible assets ratio (C/E)	10.89%	10.94%	10.92%	11.38%	11.10%

Calculation of Tangible Book Value per Common Share

(Dollars in thousands, except for per share data)	2013	2014	2015	2016	2017	2018	2019	2020
(A) Total common shareholders' equity (GAAP)	$ 585,378	$ 614,473	$ 644,053	$ 672,650	$ 718,537	$ 762,082	$ 828,277	$ 886,845
(B) Less: goodwill and intangible assets	(86,343)	(85,371)	(84,676)	(84,102)	(83,742)	(83,998)	(83,971)	(83,948)
(C) Total tangible common shareholders' equity (A-B)	$ 499,035	$ 529,102	$ 559,377	$ 588,548	$ 634,795	$ 678,084	$ 744,306	$ 802,897
(D) Actual common shares outstanding	26,754,761	26,248,690	26,027,584	25,875,765	25,936,764	25,783,728	25,509,474	25,389,117
Book value per common share (GAAP-derived) (A/D)*1000	$ 21.88	$ 23.41	$ 24.75	$ 26.00	$ 27.70	$ 29.56	$ 32.47	$ 34.93
Tangible common book value per share (C/D)*1000	$ 18.65	$ 20.16	$ 21.49	$ 22.75	$ 24.47	$ 26.30	$ 29.18	$ 31.62