FIRST QUARTER 2021 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

$7.5 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

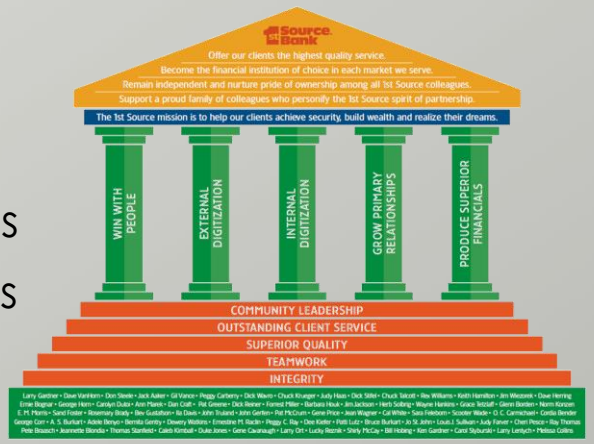
MISSION AND VISION

Mission

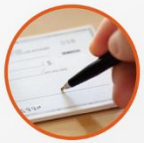
To help our clients achieve security, build wealth and realize their dreams by offering straight talk, sound advice and keeping their best interests in mind for the long-term.

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

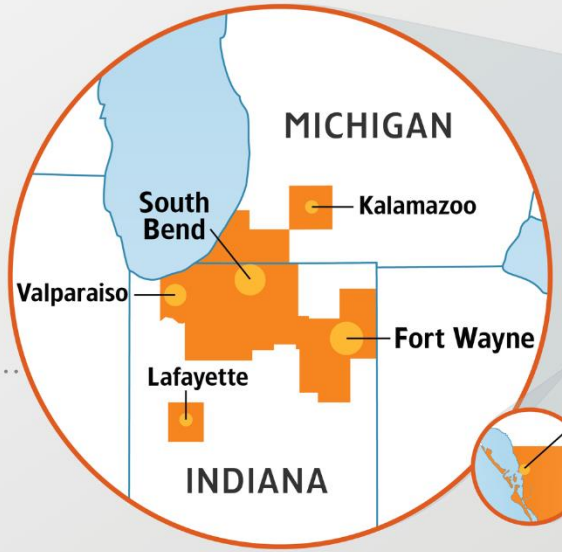

Savings

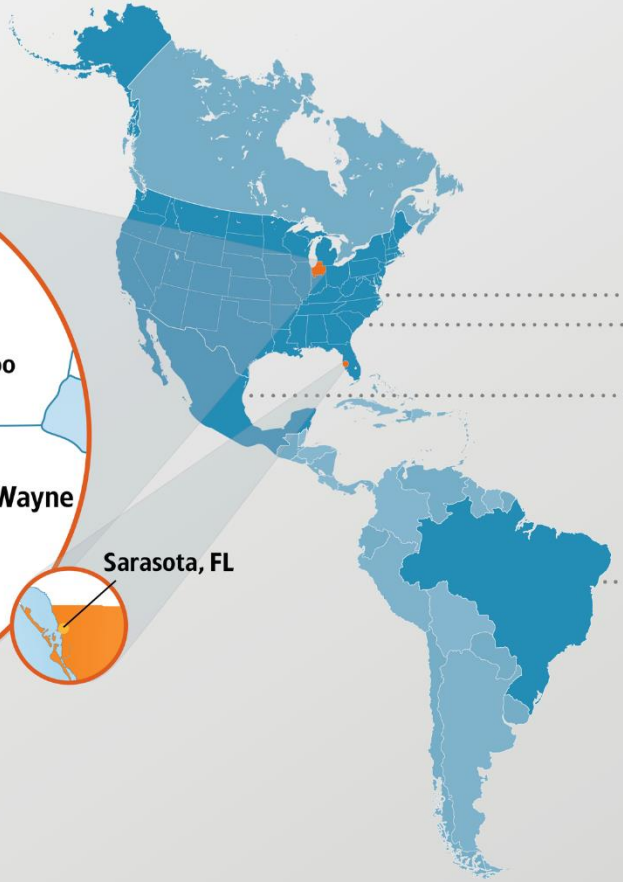

Loans


Mortgages


Business


Insurance






Auto & Light Truck


Medium & Heavy Duty Truck


Construction


Aircraft

Community Bank
Loans and Leases
$3.04 billion

Specialty Finance
Loans and Leases
$2.54 billion

BUSINESS MIX (LOANS AND LEASES)







Business Community Banking	80%	54%
Personal Community Banking	20%	
Specialty Finance		46%

COMMUNITY BANKING

- **79** Banking Centers
- **100** Twenty-four-hour ATMs
- **9** Trust & Wealth Advisory locations with approximately $4.9 billion of assets under management
- **10** 1st Source Insurance offices



In person



Online



Over the phone



Mobile

SPECIALTY FINANCE GROUP SERVICES



Aircraft Division — $874MM

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 — $706MM

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 — $553MM

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 — $269MM

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

- 40 business banking officers with an average 18 years each of lending experience and with 1st Source from 1 to 32 years

Specialty Finance Group Officers

- 25 specialty finance officers with an average 24 years each of lending experience and with 1st Source from 1 to 30 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 – 2020
- #223 on Forbes' 500 Best Midsize Employers 2021 List. One of only ten Indiana-based companies to make the list.
- #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
- 55% of employees have received at least their first dose of vaccine

Clients

- Most banking center lobbies have fully reopened with safe social distancing guidelines in place
- Banking center drive-ups, ATMs and online/mobile banking services continue to provide a more physically distanced alternative
- Over 6,000 PPP loans for over $820 million have been disbursed in support of our communities
- As of March 31, 2021, over $360 million in PPP forgiveness had been secured for our 2020 PPP clients
- Granted over $1 billion in loan modifications. $133 million in modifications as of March 31, 2021

Communities

- Grant of $600,000, in two phases during 2020, 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 during 2020 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

Highlights			
	Number of Loans	**$ of Loans (000's)**	**Average Loan Size**
2020 PPP Loans	3,540	$597,451	$169,000
2021 PPP Loans	2,573	232,437	90,000
Total	6,113	$829,888	$136,000

2020 PPP Loans:

- SBA Forgiveness of approx. $370 million
- 1,972 out of 3,540 loans for less than $50,000 (56%)
- Over 79% of total loan amounts funded during 2020 have been submitted to SBA for forgiveness as of March 31, 2021

2021 PPP Loans:

- 1,809 out of 2,573 for less than $50,000 (70%)
- Over 400 loans to minority-owned or woman-owned businesses
- Over 200 loans to new clients to Bank

COVID-19 RELATED LOAN DEFERRALS

As of March 31, 2021

(Dollars in millions)	Principal Deferrals	Principal and Interest Deferrals	Total Modifications in Deferment	Additional Modifications Expected[1]	Total Modifications	Recorded Investment at March 31, 2021	Modifications as a % of March 31, 2021 Balance
Auto and light truck rental	$ 1	$ -	$ 1	$ -	$ 1	$ 425	—%
Specialty vehicle(2)	27	-	27	9	36	128	28%
Medium and heavy duty truck	-	-	-	-	-	269	—%
Aircraft	9	-	9	8	17	874	2%
Construction equipment	7	-	7	-	7	706	1%
Commercial	15	45	60	12	72	2,509	3%
Residential RE and home equity	-	-	-	-	-	486	—%
Consumer	-	-	-	-	-	126	—%
Total loans and leases	**$ 59**	**$ 45**	**$ 104**	**$ 29**	**$ 133**	**$ 5,523**	**2%**
PPP loans, net of unearned discount[3]	**-**	**-**	**-**	**-**	**-**	**444**	**—%**
Total loans and leases less PPP loans	**$ 59**	**$ 45**	**$ 104**	**$ 29**	**$ 133**	**$ 5,079**	**3%**

(1) Repesents modifications which ended deferment during March 2021 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.

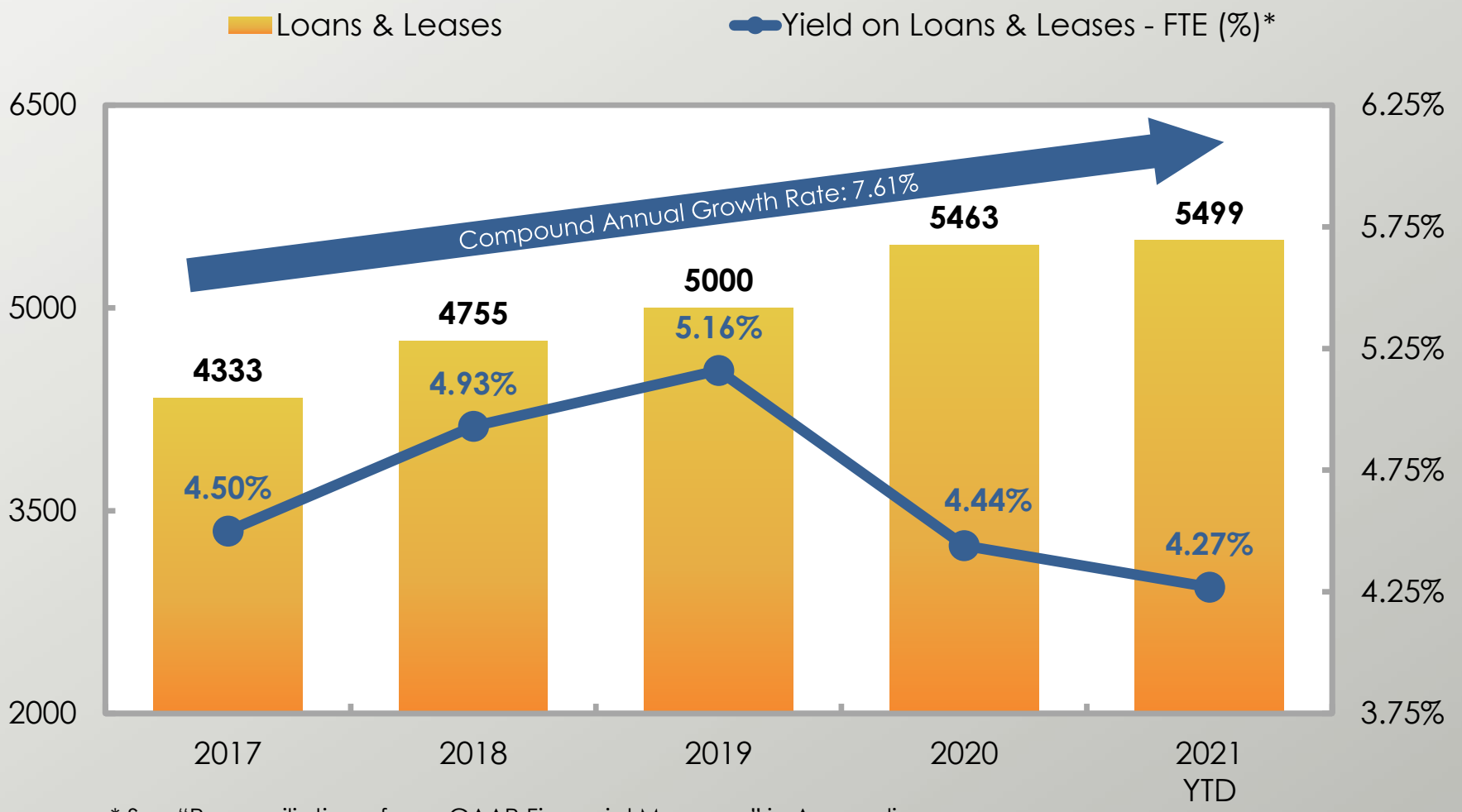
Modifications at March 31, 2021:

- $36 million to bus clients or 56% of our total bus loan balances. Included in the Specialty vehicle category above.
- $68 million to hotel industry clients or 43% of our total hotel loan balances. Included in the Commercial category above.

FINANCIAL REVIEW

GROWING LOAN PORTFOLIO

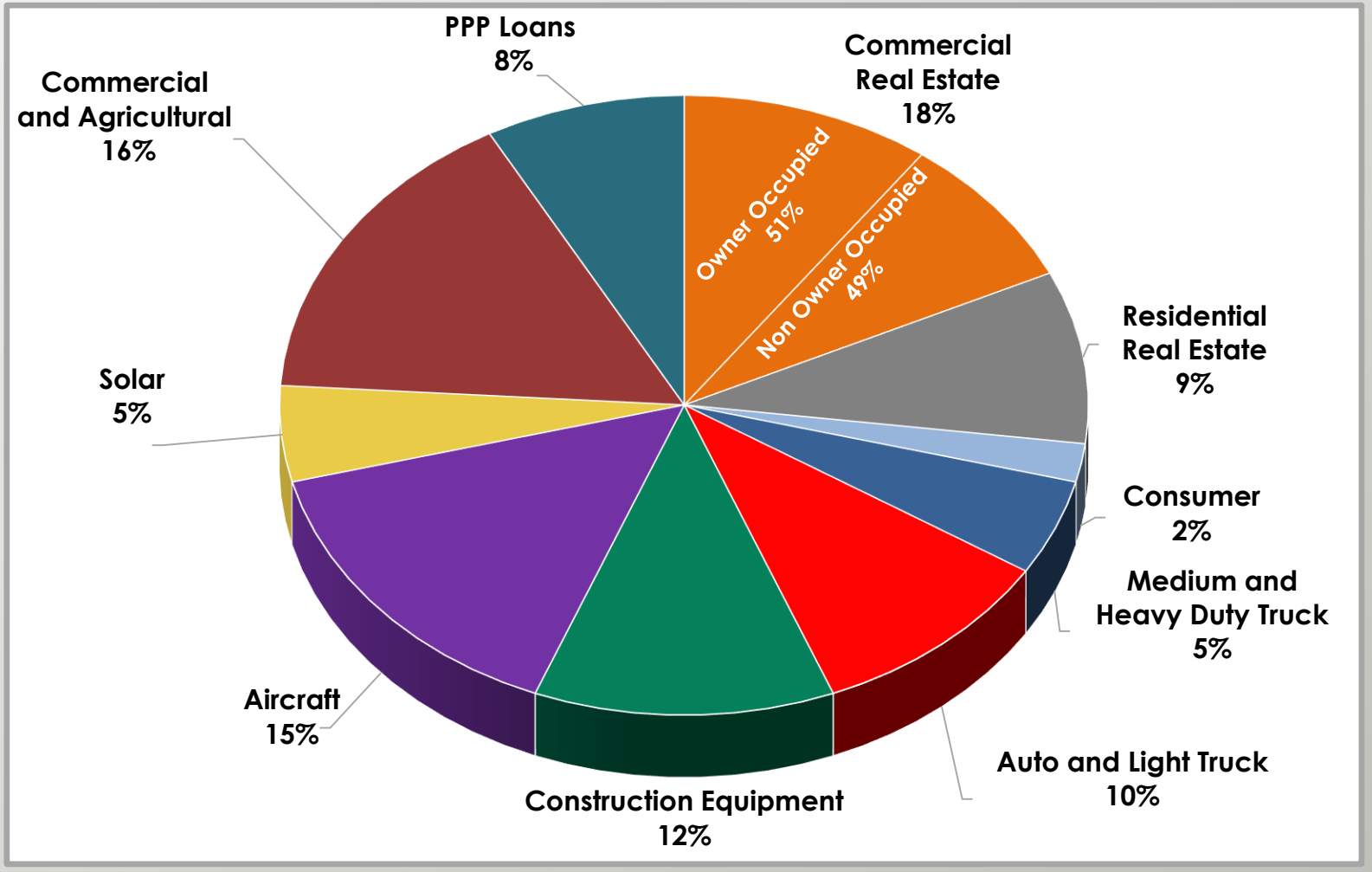
Total Average Loans & Leases ($MM)



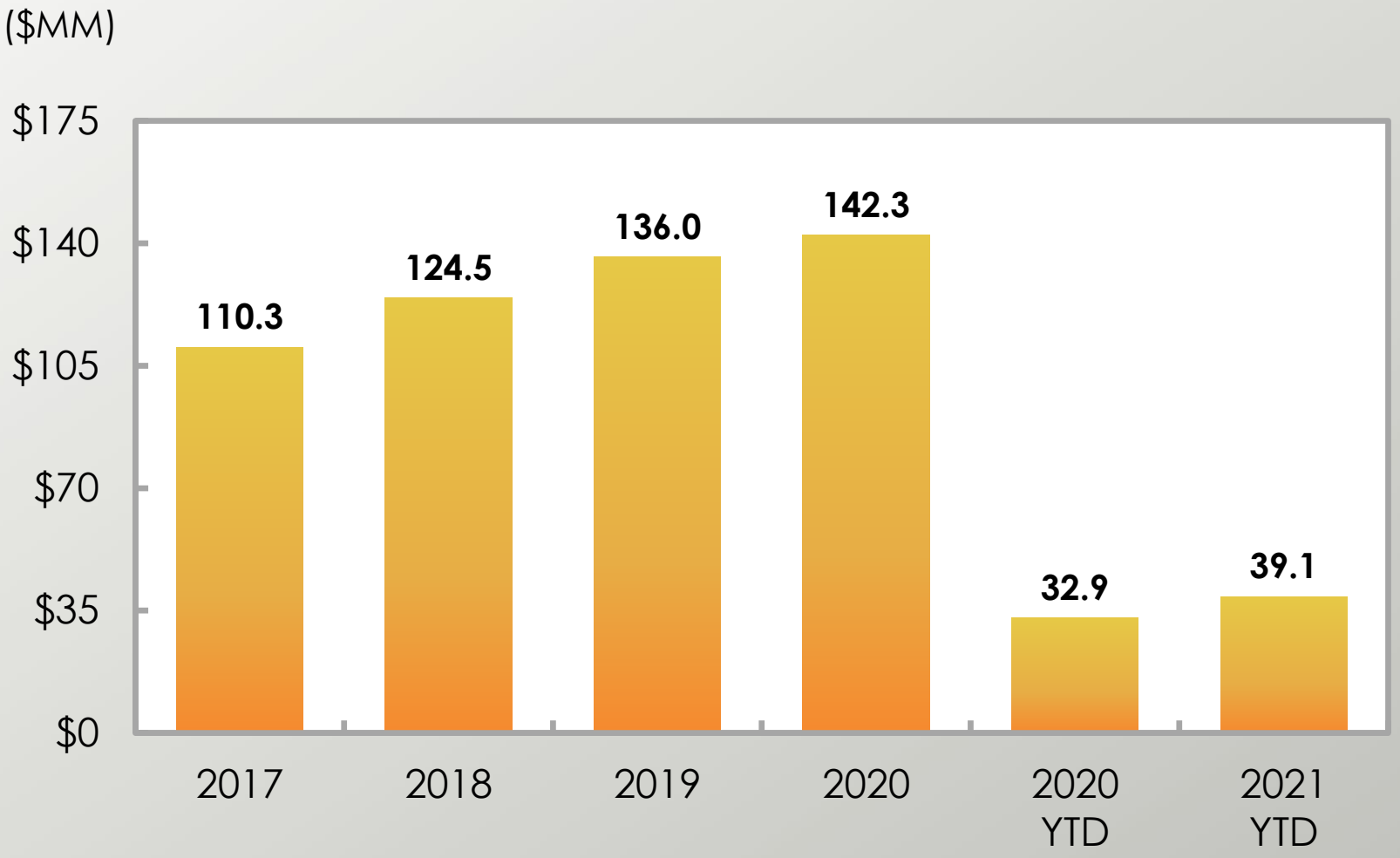
* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

DIVERSIFIED LOAN PORTFOLIO

2021 Average Loans by Type



PRE-TAX, PRE-PROVISION INCOME

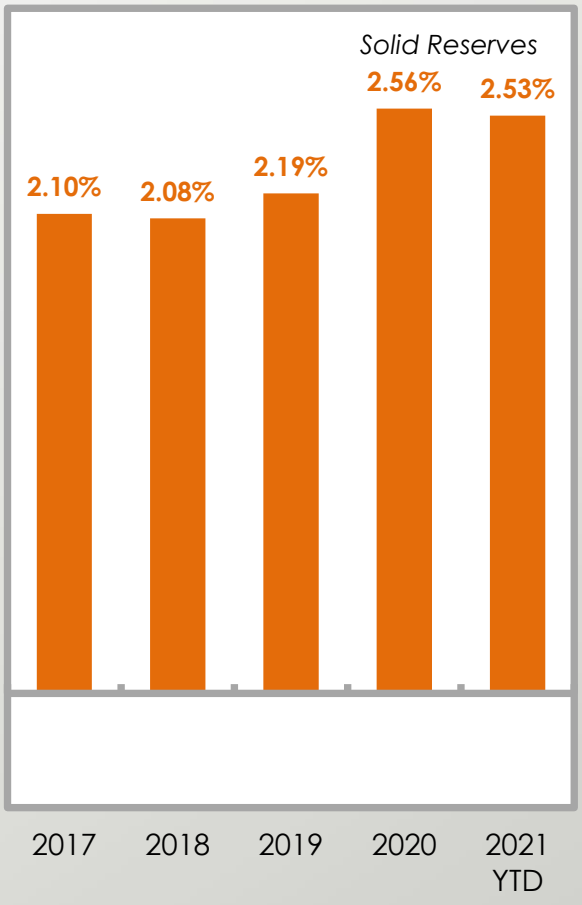


* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

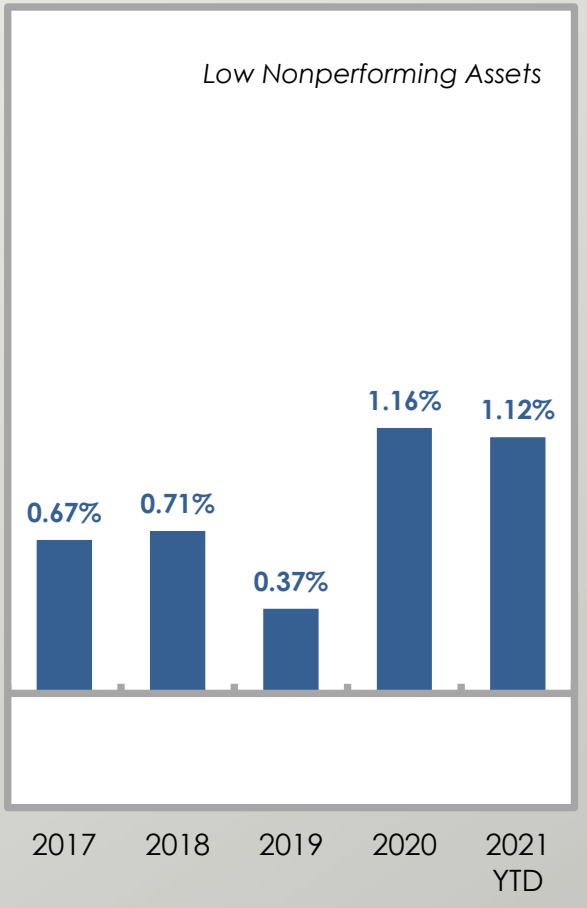
STRONG CREDIT QUALITY

% of Net Loans and Leases

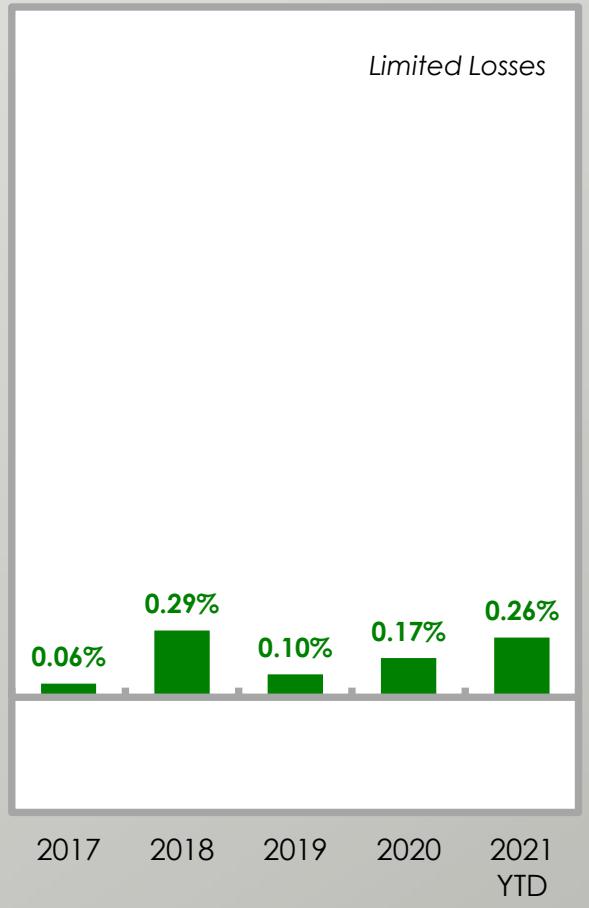
Loan & Lease Loss Allowance



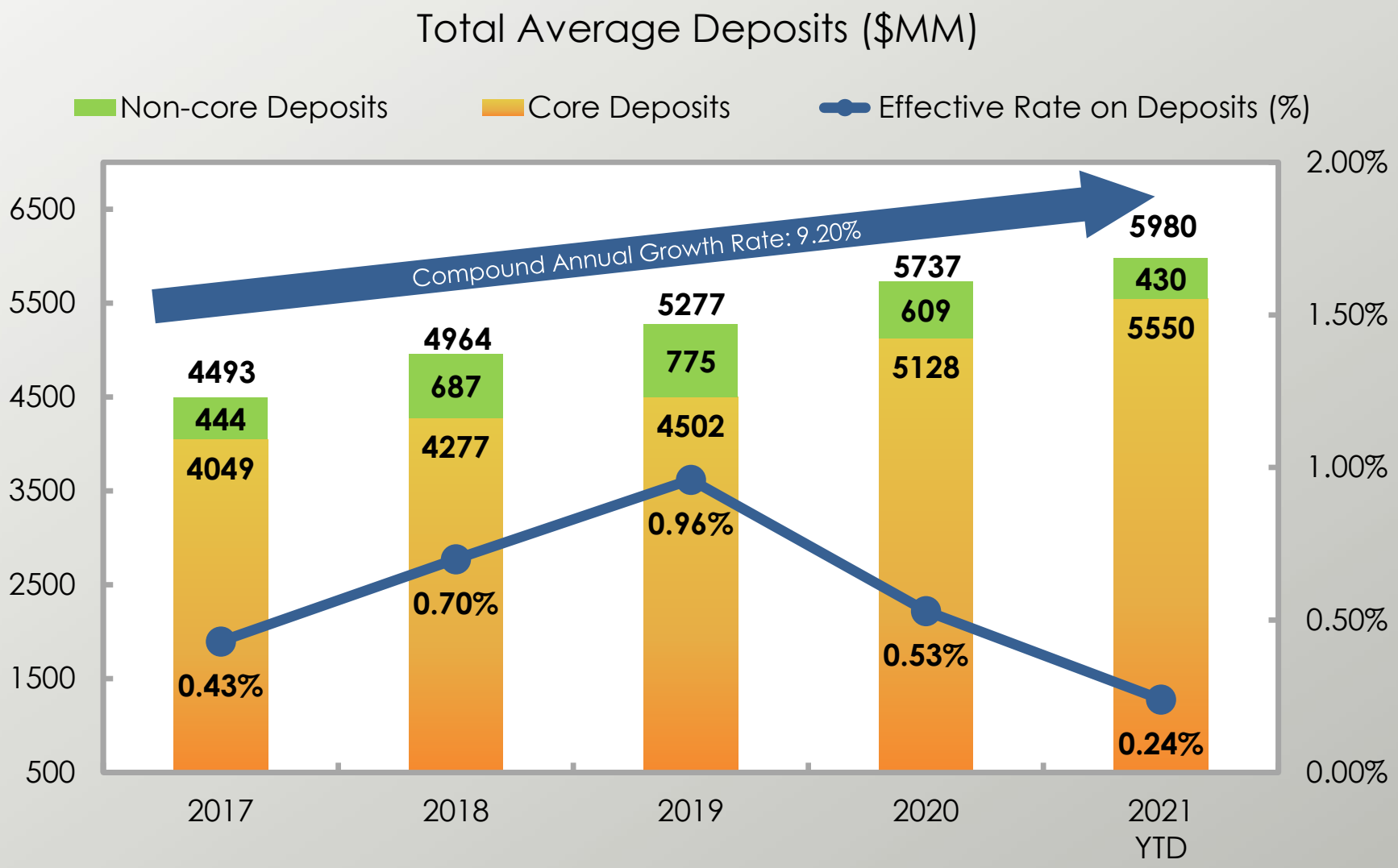
Nonperforming Assets



Net Charge-Offs



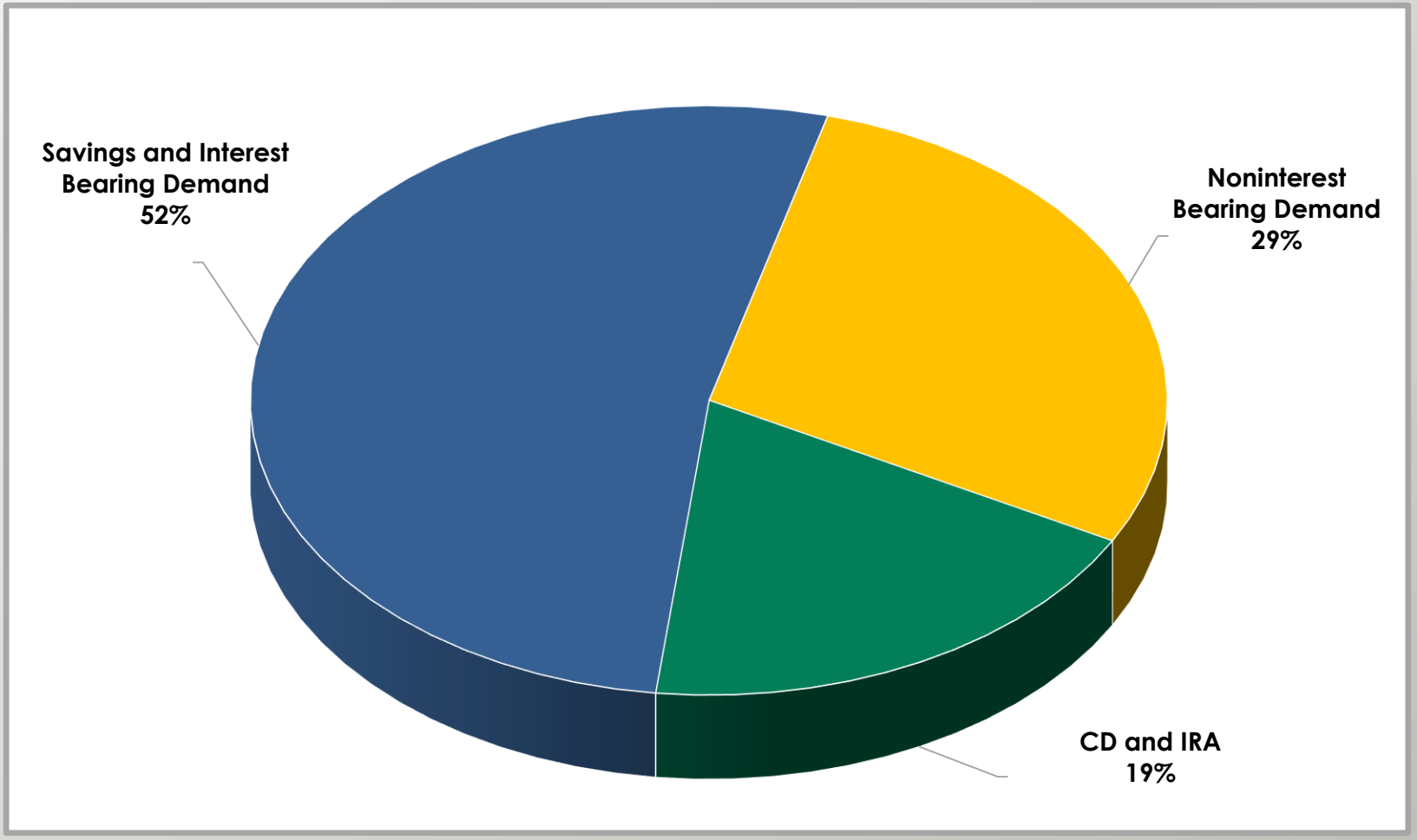
CORE DEPOSIT FRANCHISE



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

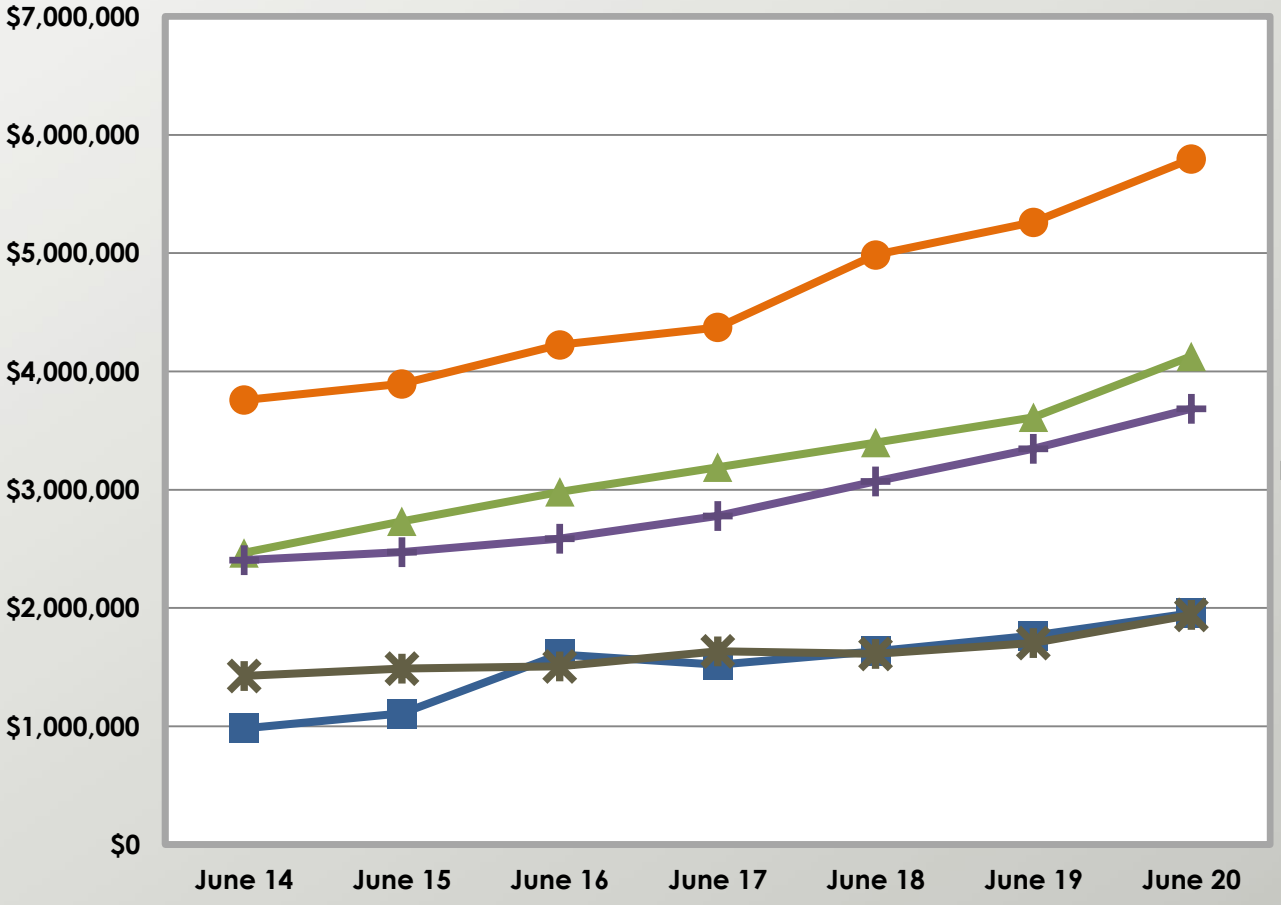
ATTRACTIVE CORE DEPOSIT FRANCHISE

2021 Average Deposits By Type



DEPOSIT MARKET SHARE – 15 COUNTY CONTIGUOUS MARKET*

Leading Market Share in Community Banking Markets ($000)

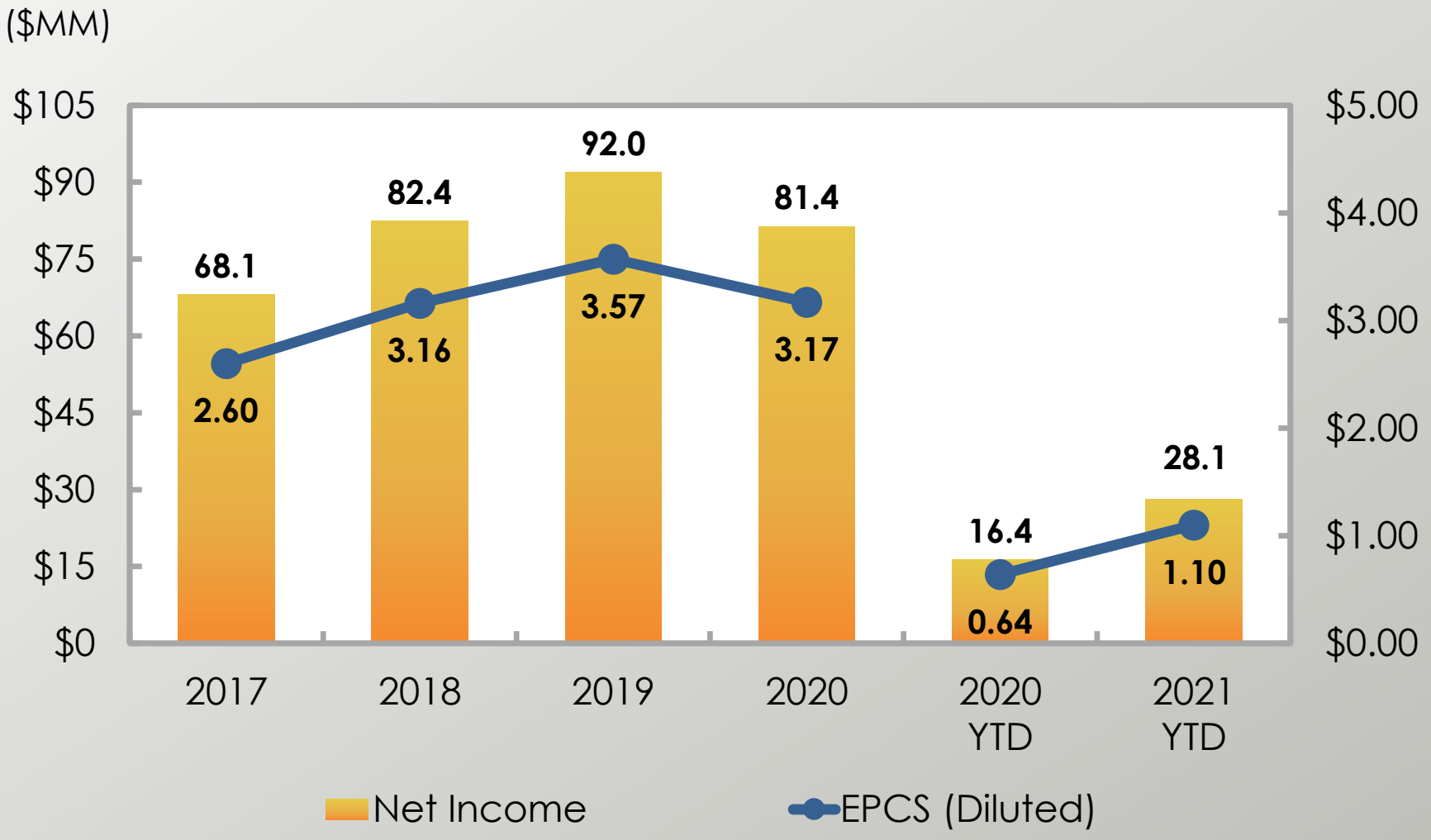


	2020
1st Source	14.87%
Chase	10.59%
Lake City Bank	9.45%
Horizon Bank	5.02%
Fifth Third	4.98%

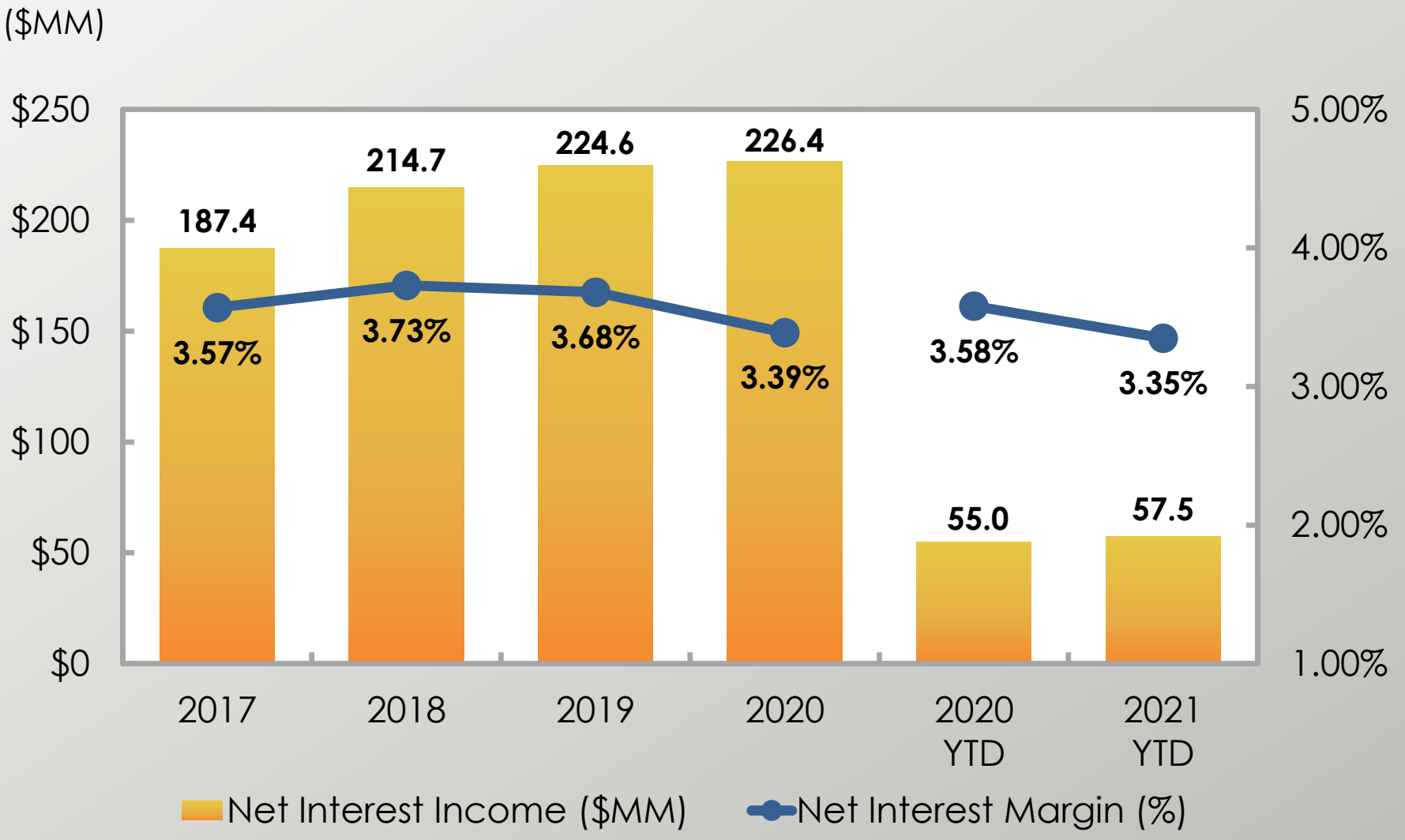
Data as of June 2020 – FDIC
(via S&P Global Market Intelligence)

*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)*

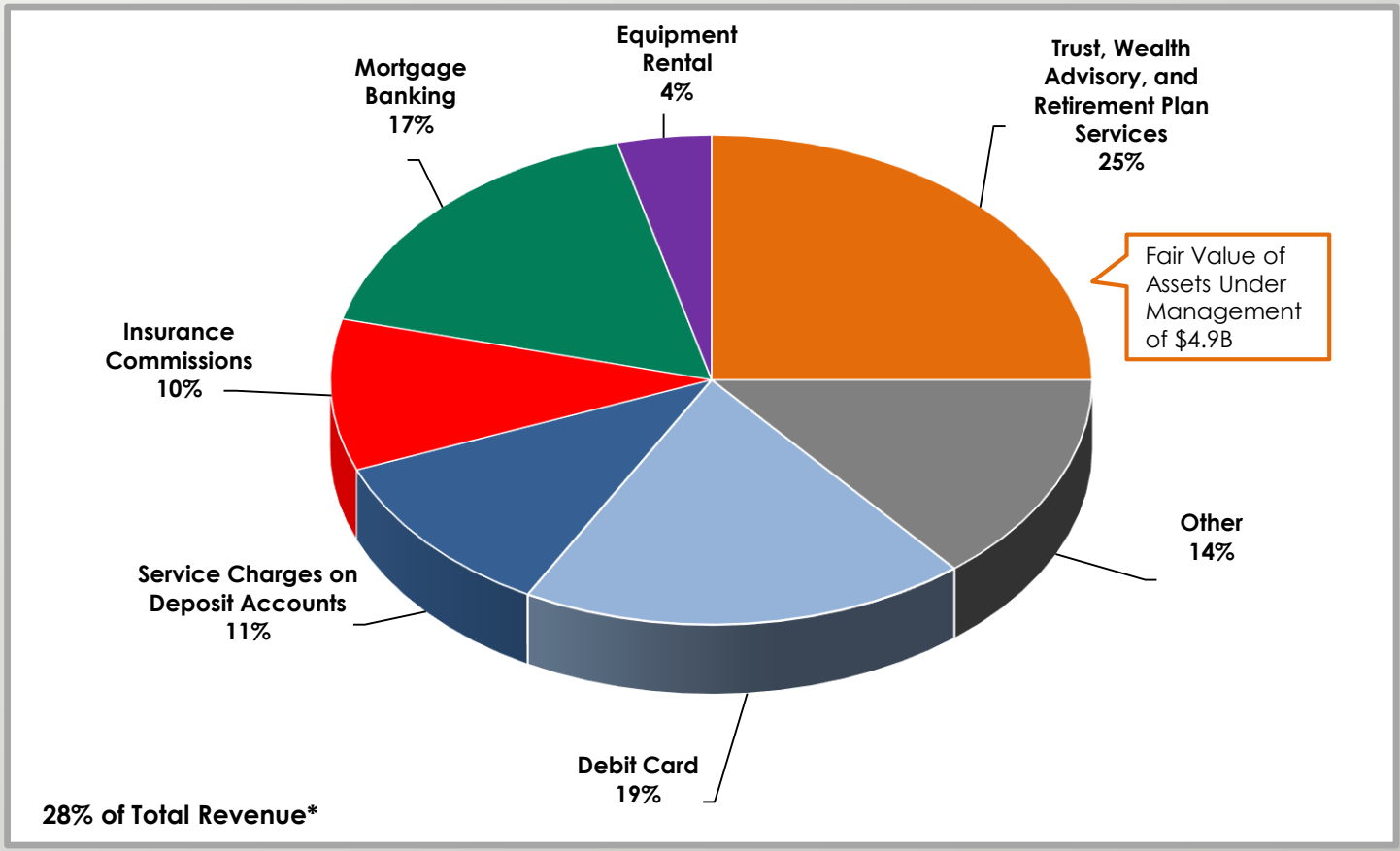


* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

DIVERSE SOURCES OF NONINTEREST INCOME

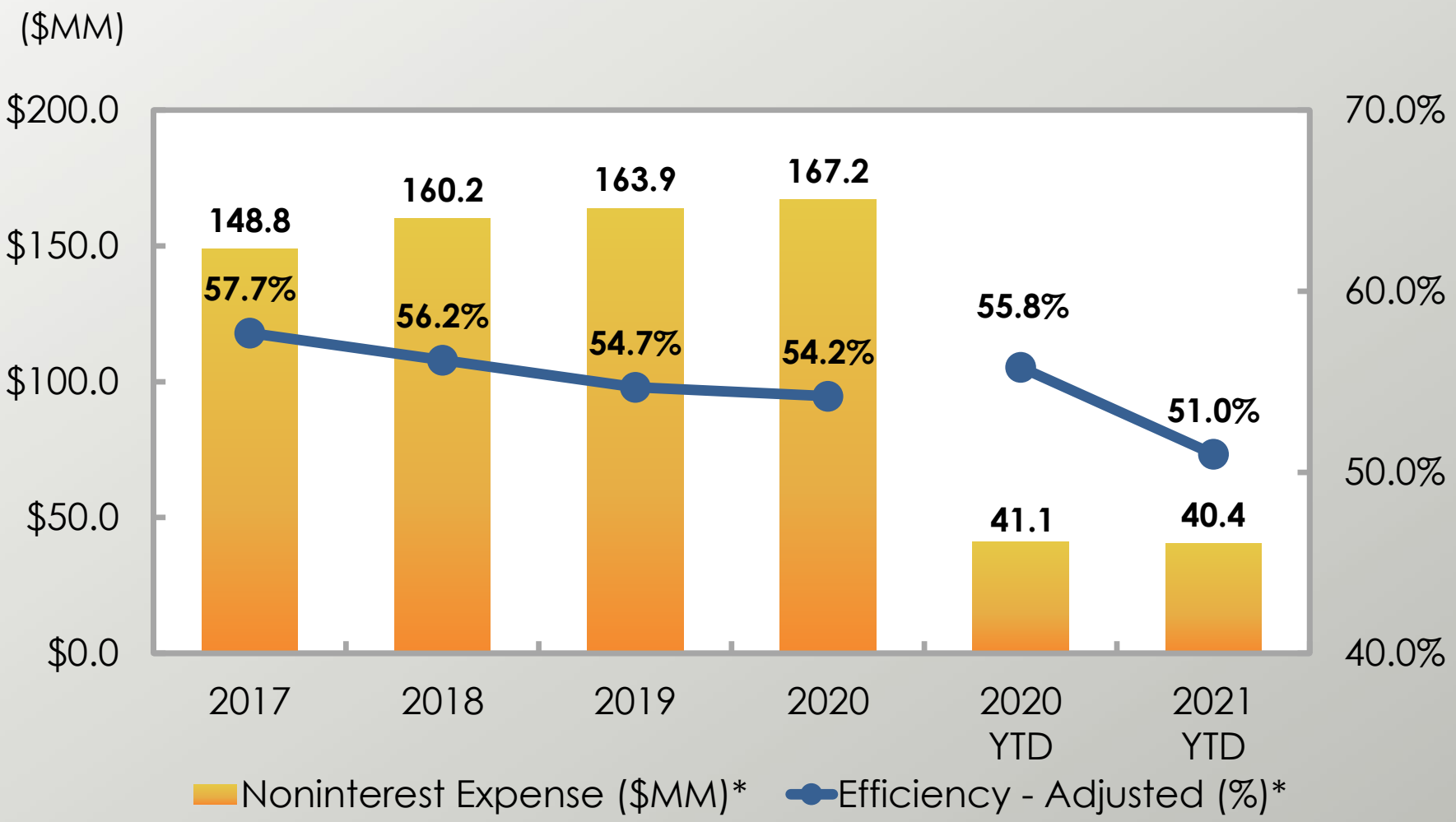
Noninterest Income Composition

2021 YTD = $22.1MM*



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

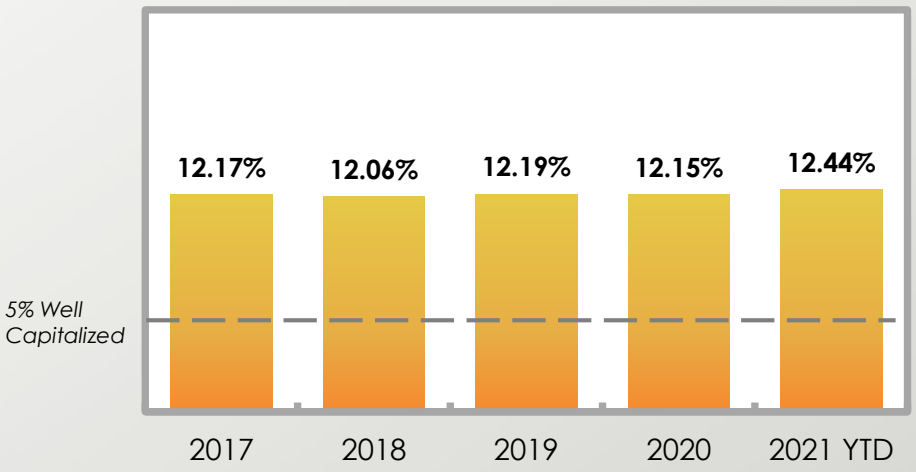
OPERATING EXPENSES



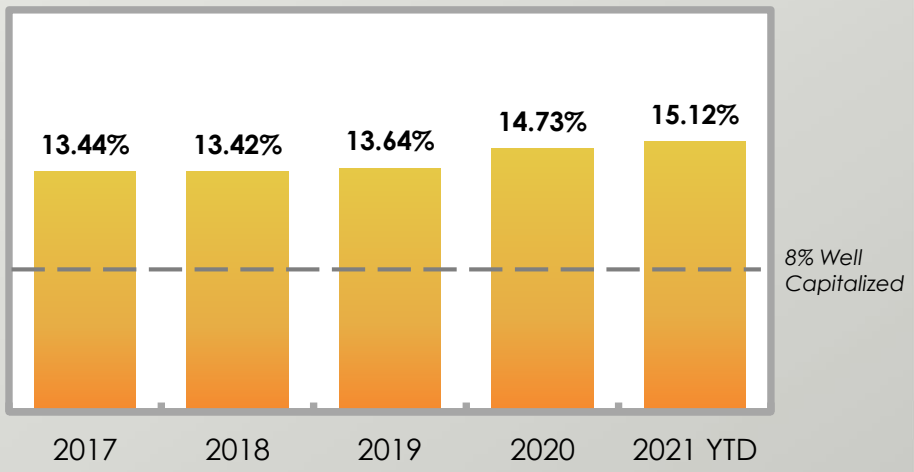
* Note: Noninterest expense is shown net of leased equipment depreciation. See "Reconciliation of non-GAAP Financial Measures" in Appendix.

STRONG CAPITAL POSITION

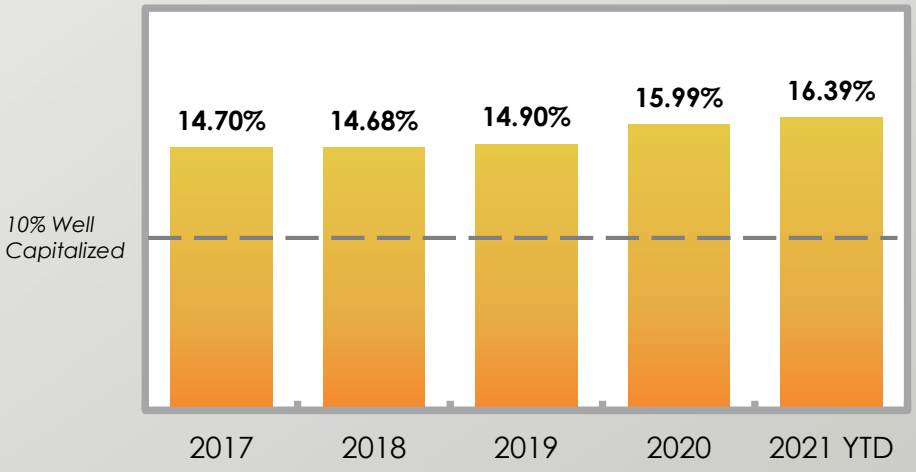
Tier 1 Leverage Ratio



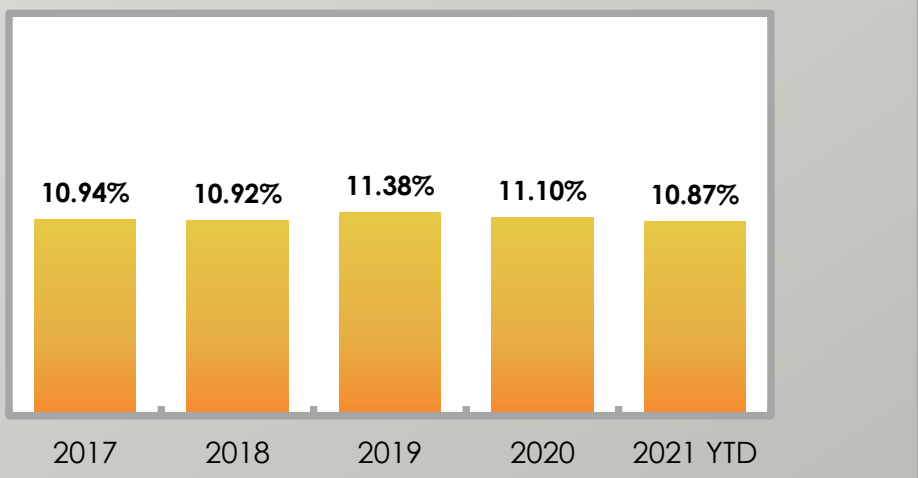
Tier 1 Risk Based Ratio



Total Risk Based Capital Ratio



Tangible Common Equity / Tangible Assets*



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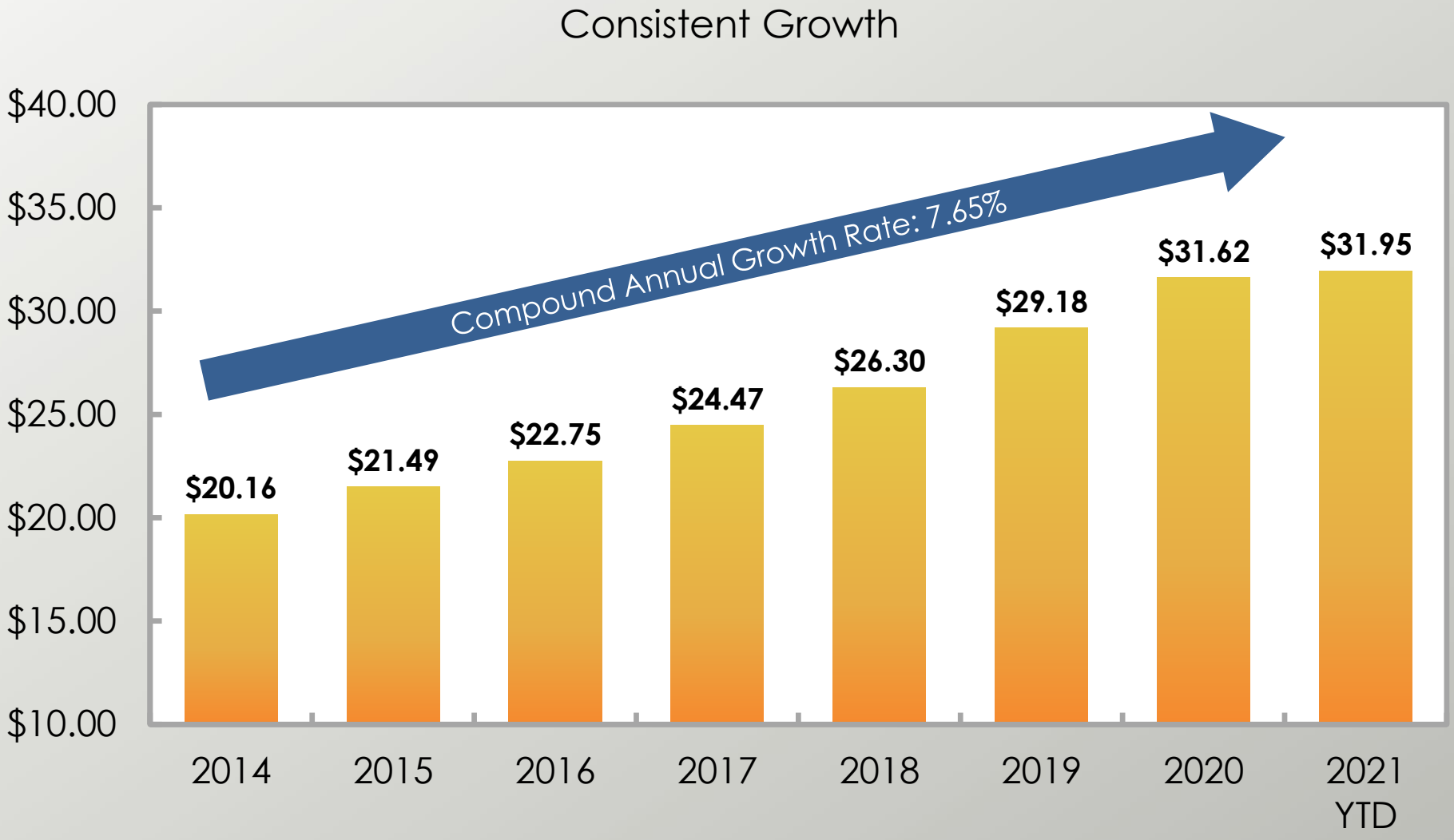
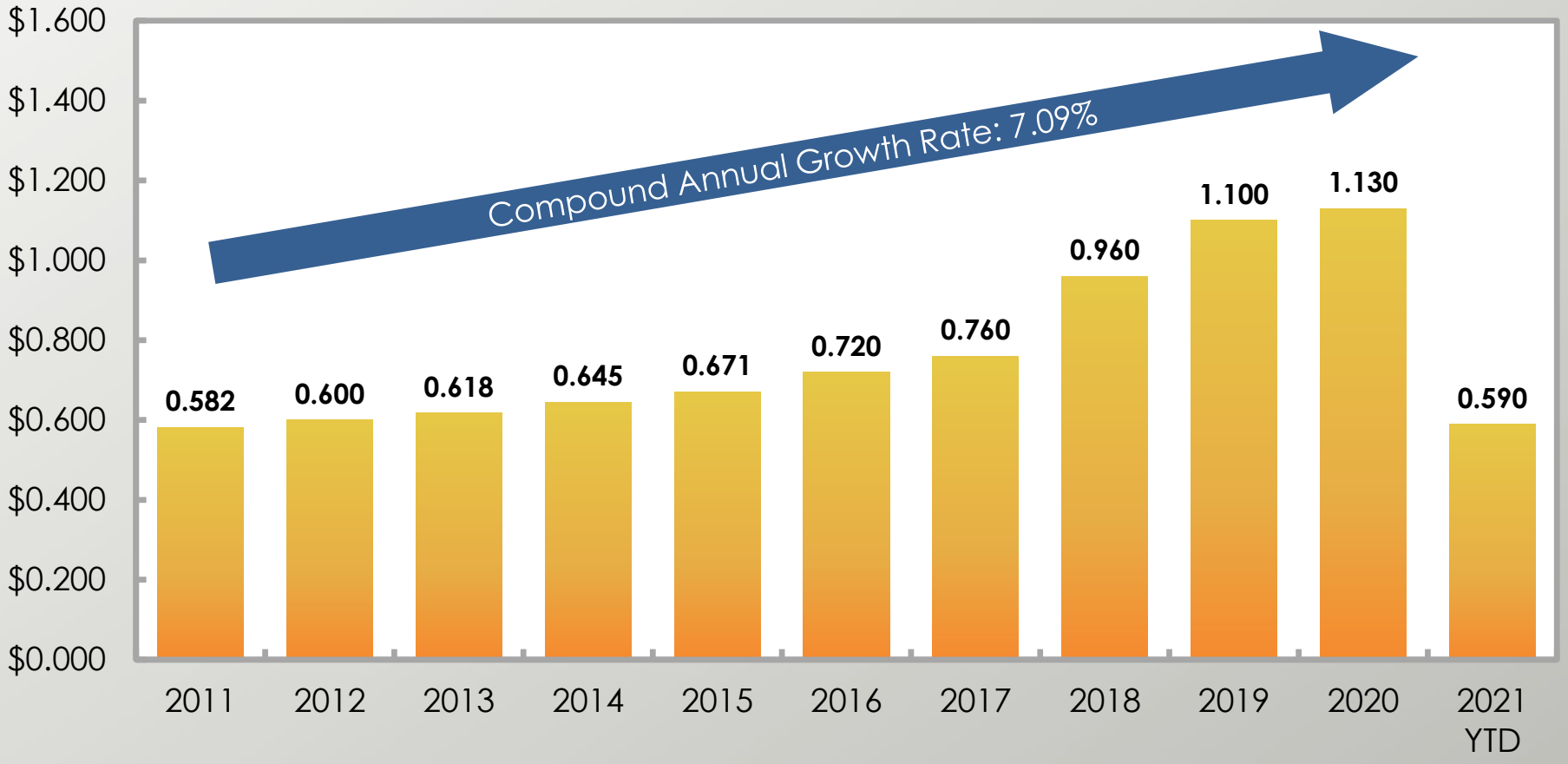
TANGIBLE BOOK VALUE PER COMMON SHARE*



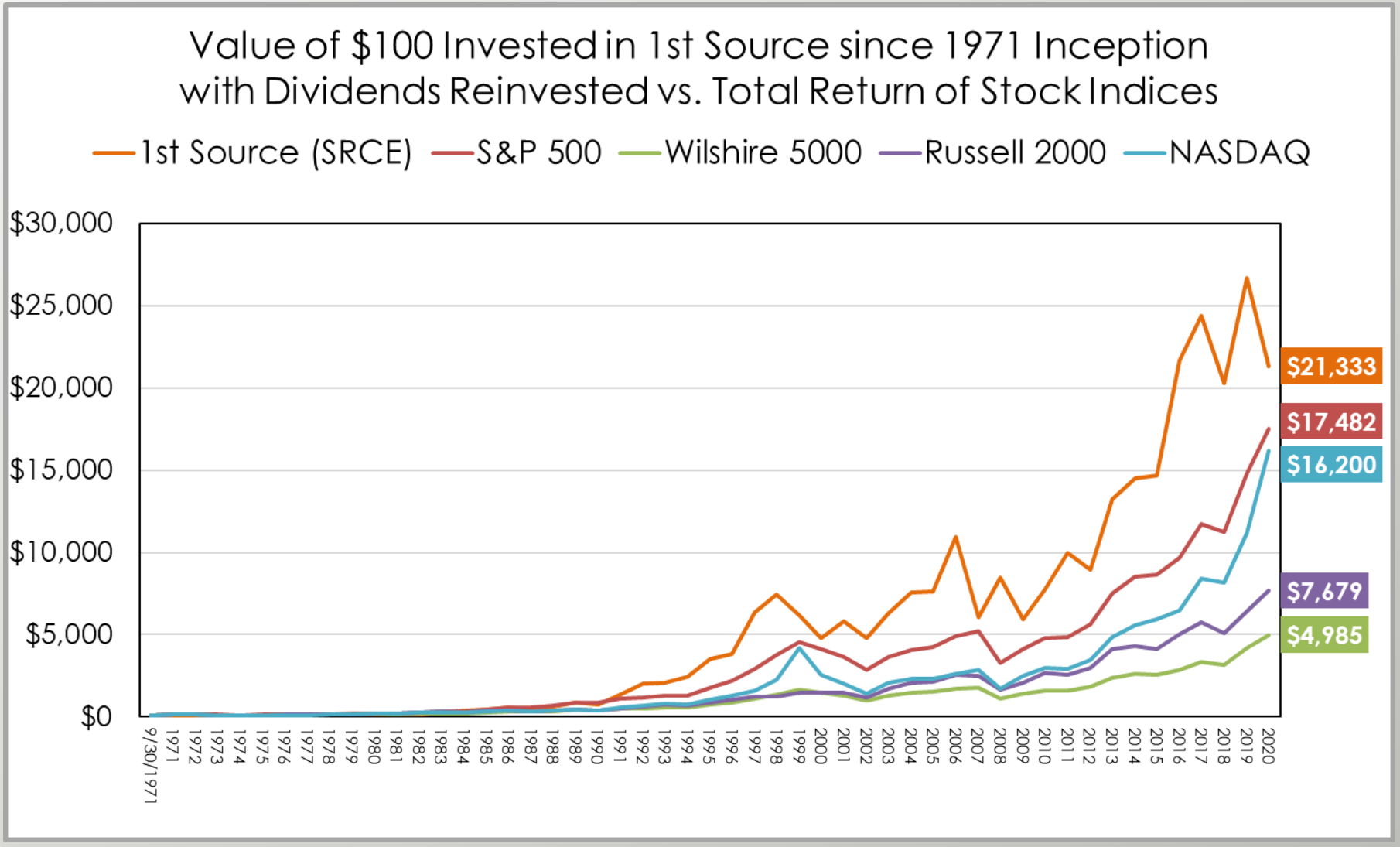
* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

COMMON DIVIDENDS PER SHARE

33 YEARS OF CONSECUTIVE DIVIDEND GROWTH



DELIVERING RETURNS TO SHAREHOLDERS



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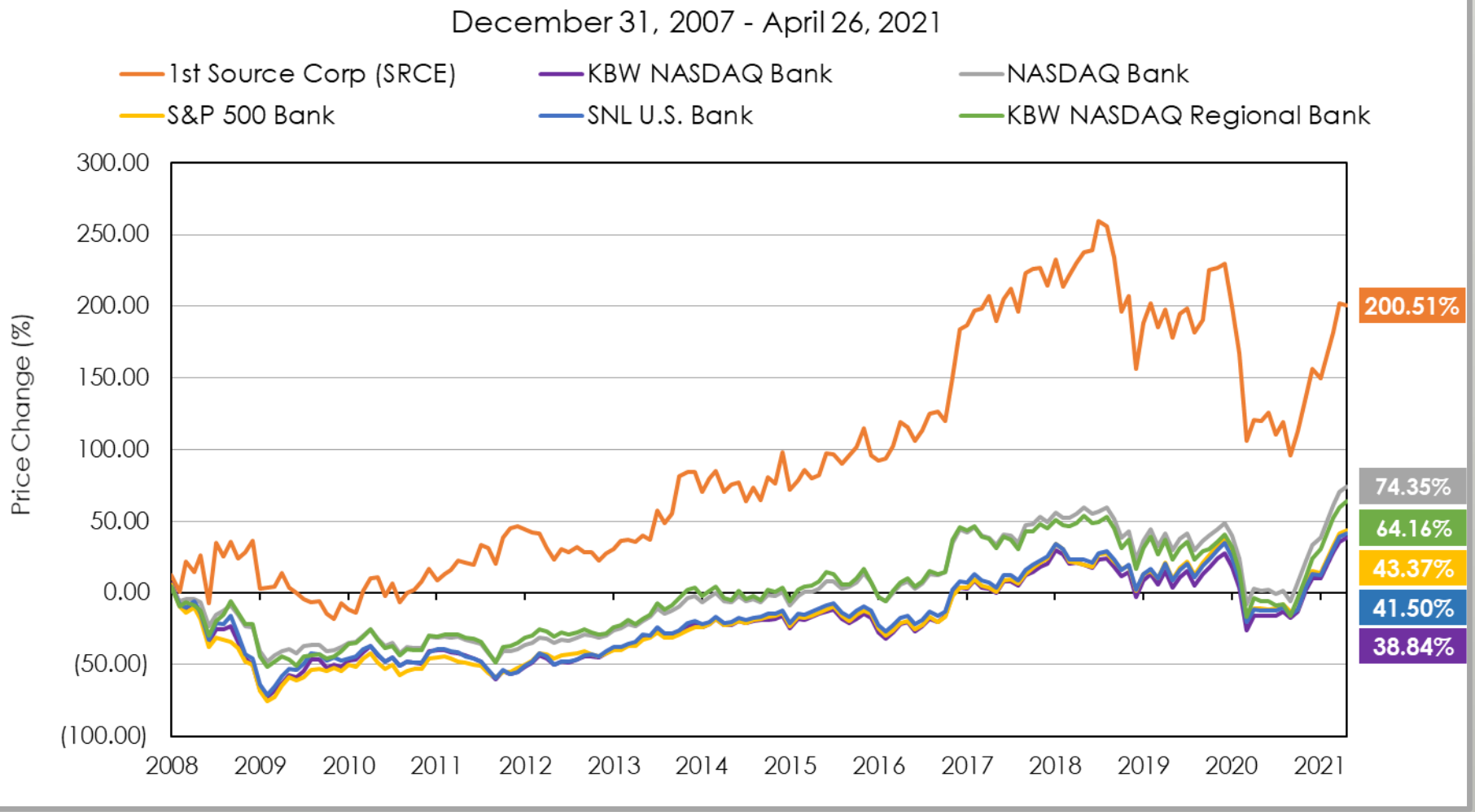

PERFORMANCE – FINANCIAL

- 2021 KBW Bank Honor Roll – sixteen 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 – BauerFinancial
- 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

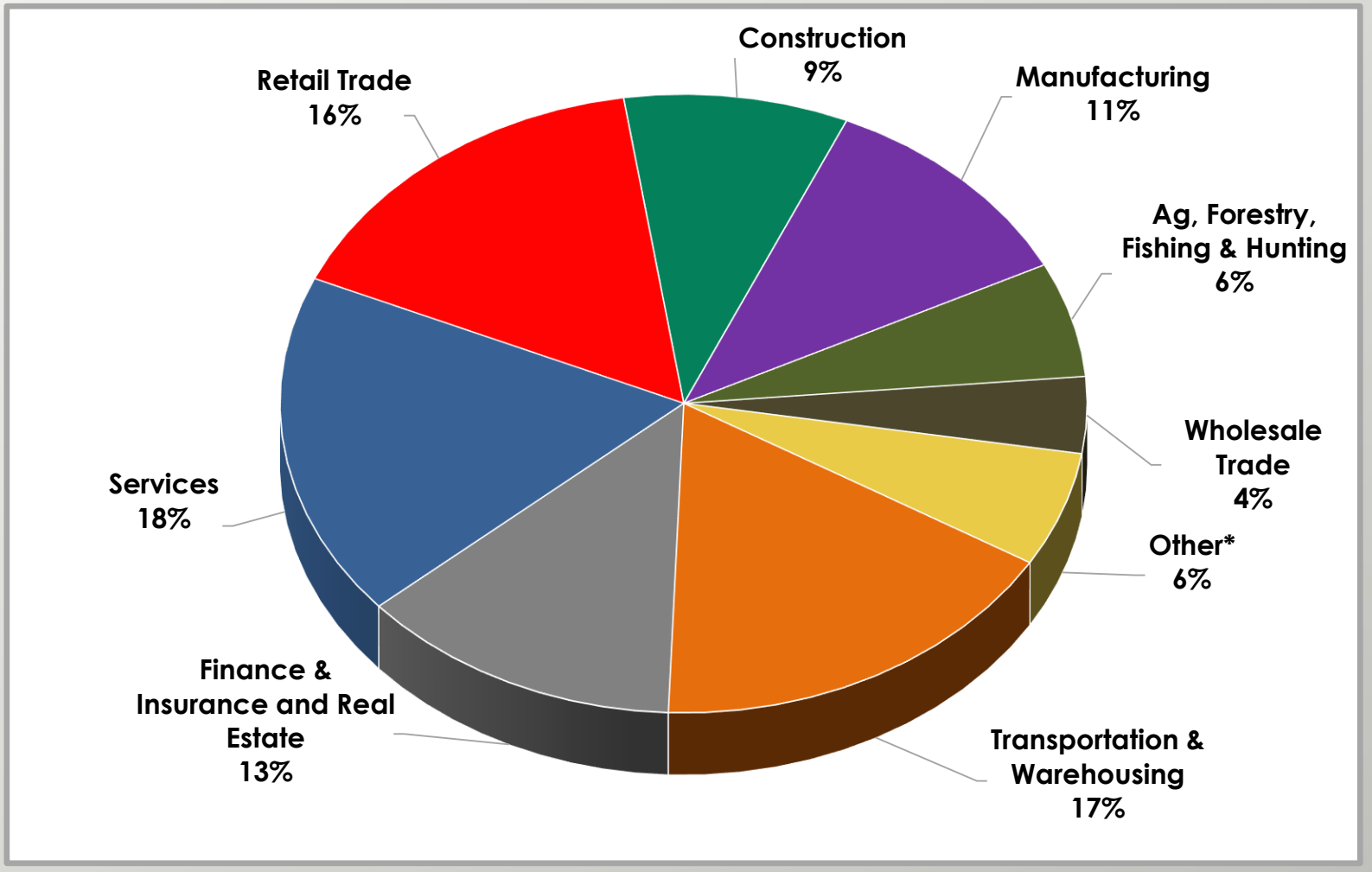
(Dollars in millions)	2017	2018	2019	2020	2021 YTD
Cash and cash equivalents	$ 78	$ 99	$ 83	$ 243	$ 336
Investment securities and other investments	930	1,019	1,069	1,225	1,319
Loans and leases, net of unearned discount	4,541	4,847	5,106	5,502	5,533
Allowance for loan and lease losses	(95)	(100)	(111)	(141)	(140)
Equipment owned under operating leases, net	140	134	112	65	61
Other assets	293	295	364	422	403
Total assets	$ 5,887	$ 6,294	$ 6,623	$ 7,316	$ 7,512
Noninterest-bearing deposits	$ 1,064	$ 1,217	$ 1,217	$ 1,637	$ 1,833
Interest-bearing deposits	3,689	3,905	4,140	4,309	4,298
Total deposits	4,753	5,122	5,357	5,946	6,131
Total borrowings	342	329	276	291	321
Other liabilities	73	79	141	148	124
Total shareholders' equity	719	762	829	887	891
Noncontrolling interests	-	2	20	44	45
Total equity	719	764	849	931	936
Total liabilities and equity	$ 5,887	$ 6,294	$ 6,623	$ 7,316	$ 7,512

Consolidated Income Statement

(Dollars in millions)	2017	2018	2019	2020	2020 YTD	2021 YTD
Net interest income	$ 186	$ 214	$ 224	$ 226	$ 55	$ 57
Provision for credit losses	9	19	16	36	11	2
Noninterest income*	73	70	76	83	19	22
Noninterest expense*	149	160	164	167	42	40
Income before income taxes	101	105	120	106	21	37
Income tax expense	33	23	28	25	5	9
Net income	68	82	92	81	16	28
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income available to common shareholders	$ 68	$ 82	$ 92	$ 81	$ 16	$ 28
Diluted net income per common share	$ 2.60	$ 3.16	$ 3.57	$ 3.17	$ 0.64	$ 1.10

* 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

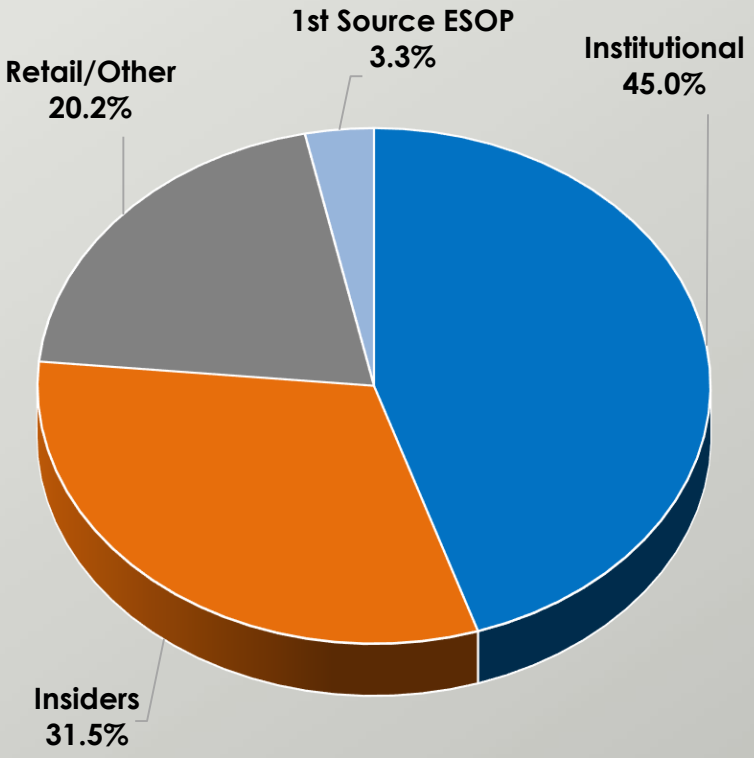


*Other includes: Mining & Utilities and Information

Ownership Summary

Shareholder Type	Shares	% of Total
Institutional	11,381,183	45.0%
Insiders	7,966,329	31.5%
Retail/Other	5,101,414	20.2%
1st Source ESOP	819,761	3.3%
Total Shares Outstanding[1]	**25,268,687**	**100.0%**

Rank	Institution (Top 10 Institutions)	Shares	% of Total
1	Dimensional Fund Advisors LP	1,843,367	7.3%
2	BlackRock Inc.	1,261,557	5.0%
3	Wellington Management Group LLP	1,006,265	4.0%
4	Vanguard Group Inc.	927,780	3.7%
5	AllianceBernstein LP	641,214	2.5%
6	Manulife Asset Management	426,389	1.7%
7	State Street Global Advisors Inc.	407,326	1.6%
8	Renaissance Technologies LLC	321,240	1.3%
9	Geode Capital Management LLC	287,798	1.1%
10	Boston Trust Walden Co.	287,698	1.1%
	Top 10 Institutions[2]	**7,410,634**	**29.3%**
	Other	3,970,549	15.7%
	Total Institutional Ownership[2]	**11,381,183**	**45.0%**



(1) As of March 31, 2021
(2) As of December 31, 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)		2017	2018	2019	2020	2021 YTD
(A)	Loans and leases interest income (GAAP)	$ 194,297	$ 234,083	$ 257,738	$ 242,172	$ 57,779
(B)	Plus: loans and leases fully tax-equivalent adjustments	621	367	375	333	81
(C)	Loans and leases interest income - FTE (A+B)	194,918	234,450	258,113	242,505	57,860
(D)	Average loans and leases	$ 4,333,375	$4,755,256	$5,000,161	$5,463,436	$5,499,009
(E)	Annualization factor	1.00	1.00	1.00	1.00	4.06
	Yield on loans and leases (GAAP) (A*E)/D	4.48%	4.92%	5.15%	4.43%	4.26%
	Yield on loans and leases - FTE (C*E)/D	4.50%	4.93%	5.16%	4.44%	4.27%

Calculation of Net Interest Margin

(Dollars in thousands)		2017	2018	2019	2020	2020 YTD	2021 YTD
(A)	Interest income (GAAP)	$ 212,385	$ 257,316	$ 282,877	$ 263,031	$ 67,686	$ 62,292
(B)	Plus: fully tax-equivalent adjustments	1,795	803	686	543	151	121
(C)	Interest income - FTE (A+B)	214,180	258,119	283,563	263,574	67,837	62,413
(D)	Interest expense (GAAP)	26,754	43,410	59,011	37,211	12,842	4,880
(E)	Net interest income (GAAP) (A-D)	185,631	213,906	223,866	225,820	54,844	57,412
(F)	Net interest income - FTE (C-D)	187,426	214,709	224,552	226,363	54,995	57,533
(G)	Average earning assets	$ 5,251,094	$5,761,761	$6,104,673	$6,684,246	$6,181,794	$ 6,960,551
(H)	Annualization factor	1.00	1.00	1.00	1.00	4.02	4.06
	Net interest margin (GAAP) (E*H)/G	3.54%	3.71%	3.67%	3.38%	3.57%	3.35%
	Net interest margin - FTE (F*H)/G	3.57%	3.73%	3.68%	3.39%	3.58%	3.35%

Pre-Tax, Pre-Provision Income

(Dollars in thousands)		2017	2018	2019	2020	2020 YTD	2021 YTD
(A)	Income before income taxes (GAAP)	$ 101,360	$ 105,027	$ 120,154	$ 106,341	$ 21,578	$ 36,743
(B)	Plus: Provision for credit losses	8,980	19,462	15,833	36,001	11,353	2,398
(C)	Pre-tax, pre-provision income (A+B)	$ 110,340	$ 124,489	$ 135,987	$ 142,342	$ 32,931	$ 39,141

Reconciliation of Non-GAAP Financial Measures

Noninterest Income

(Dollars in thousands)	2017	2018	2019	2020	2020 YTD	2021 YTD
(A) Noninterest income (GAAP)	$ 98,706	$ 97,050	$ 101,130	$ 103,889	$ 24,622	$ 25,869
(B) Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(5,427)	(3,773)
Noninterest income - adjusted (A-B)	$ 73,491	$ 70,802	$ 76,002	$ 83,686	$ 19,195	$ 22,096

Noninterest Expense

(Dollars in thousands)	2017	2018	2019	2020	2020 YTD	2021 YTD
(A) Noninterest expense (GAAP)	$ 173,997	$ 186,467	$ 189,009	$ 187,367	$ 46,535	$ 44,140
(B) Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(5,427)	(3,773)
Noninterest expense - adjusted (A-B)	$ 148,782	$ 160,219	$ 163,881	$ 167,164	$ 41,108	$ 40,367

Calculation of Efficiency Ratio

(Dollars in thousands)	2017	2018	2019	2020	2020 YTD	2021 YTD
(A) Net interest income (GAAP)	$ 185,631	$ 213,906	$ 223,866	$ 225,820	$ 54,844	$ 57,412
(B) Net interest income - FTE	187,426	214,709	224,552	226,363	54,995	57,533
(C) Plus: noninterest income (GAAP)	98,706	97,050	101,130	103,889	24,622	25,869
(D) Less: gains/losses on investment securities and partnership investments	(4,569)	(320)	(653)	(1,652)	(513)	(460)
(E) Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(5,427)	(3,773)
(F) Total net revenue (GAAP) (A+C)	284,337	310,956	324,996	329,709	79,466	83,281
(G) Total net revenue - adjusted (B+C-D-E)	256,348	285,191	299,901	308,397	73,677	79,169
(H) Noninterest expense (GAAP)	173,997	186,467	189,009	187,367	46,535	44,140
(E) Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(5,427)	(3,773)
(I) Less: contribution expense limited to gains on investment securities in (D)	(959)	-	-	-	-	-
(J) Noninterest expense - adjusted (H-E-I)	$ 147,823	$ 160,219	$ 163,881	$ 167,164	$ 41,108	$ 40,367
Efficiency ratio (GAAP-derived) (H/F)	61.2%	60.0%	58.2%	56.8%	58.6%	53.0%
Efficiency ratio - adjusted (J/G)	57.7%	56.2%	54.7%	54.2%	55.8%	51.0%

Reconciliation of Non-GAAP Financial Measures

Calculation of Tangible Common Equity-to-Tangible Assets Ratio

(Dollars in thousands)		2017	2018	2019	2020	2021 YTD
(A)	Total common shareholders' equity (GAAP)	$ 718,537	$ 762,082	$ 828,277	$ 886,845	$ 891,295
(B)	Less: goodwill and intangible assets	(83,742)	(83,998)	(83,971)	(83,948)	(83,942)
(C)	Total tangible common shareholders' equity (A-B)	634,795	678,084	744,306	802,897	807,353
(D)	Total assets (GAAP)	5,887,284	6,293,745	6,622,776	7,316,411	7,511,931
(B)	Less: goodwill and intangible assets	(83,742)	(83,998)	(83,971)	(83,948)	(83,942)
(E)	Total tangible assets (D-B)	$ 5,803,542	$ 6,209,747	$ 6,538,805	$ 7,232,463	$ 7,427,989
	Common equity-to-assets ratio (GAAP-derived) (A/D)	12.20%	12.11%	12.51%	12.12%	11.87%
	Tangible common equity-to-tangible assets ratio (C/E)	10.94%	10.92%	11.38%	11.10%	10.87%

Calculation of Tangible Book Value per Common Share

(Dollars in thousands, except for per share data)		2014	2015	2016	2017	2018	2019	2020	2021 YTD
(A)	Total common shareholders' equity (GAAP)	$ 614,473	$ 644,053	$ 672,650	$ 718,537	$ 762,082	$ 828,277	$ 886,845	$ 891,295
(B)	Less: goodwill and intangible assets	(85,371)	(84,676)	(84,102)	(83,742)	(83,998)	(83,971)	(83,948)	(83,942)
(C)	Total tangible common shareholders' equity (A-B)	$ 529,102	$ 559,377	$ 588,548	$ 634,795	$ 678,084	$ 744,306	$ 802,897	$ 807,353
(D)	Actual common shares outstanding	26,248,690	26,027,584	25,875,765	25,936,764	25,783,728	25,509,474	25,389,117	25,268,687
	Book value per common share (GAAP-derived) (A/D)*1000	$ 23.41	$ 24.75	$ 26.00	$ 27.70	$ 29.56	$ 32.47	$ 34.93	$ 35.27
	Tangible common book value per share (C/D)*1000	$ 20.16	$ 21.49	$ 22.75	$ 24.47	$ 26.30	$ 29.18	$ 31.62	$ 31.95