SECOND 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

$7.7 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

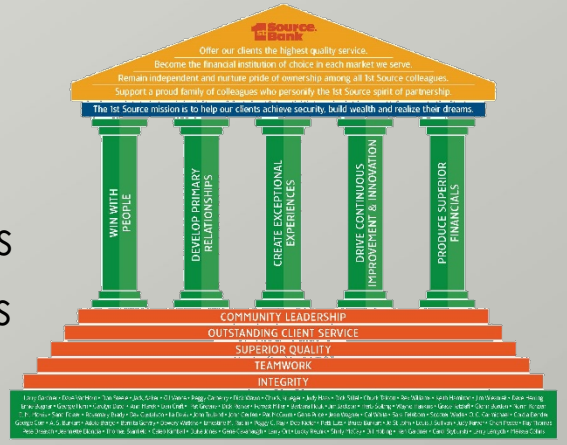
MISSION AND VISION

Mission

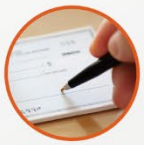
To help our clients achieve security, build wealth and realize their dreams by offering straight talk, sound advice and keeping their best interests in mind for the long-term.

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

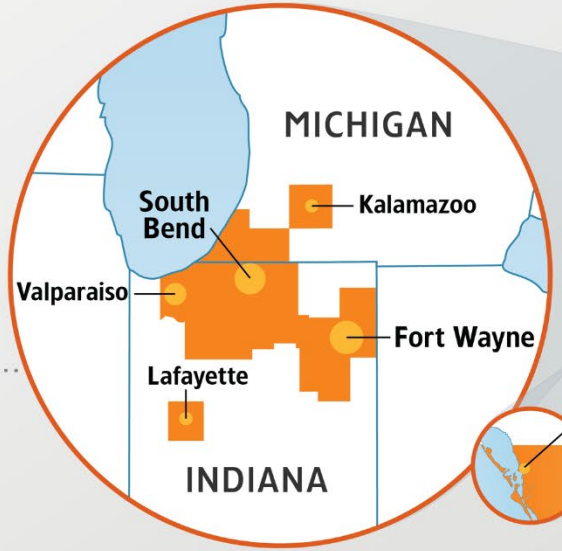

Savings

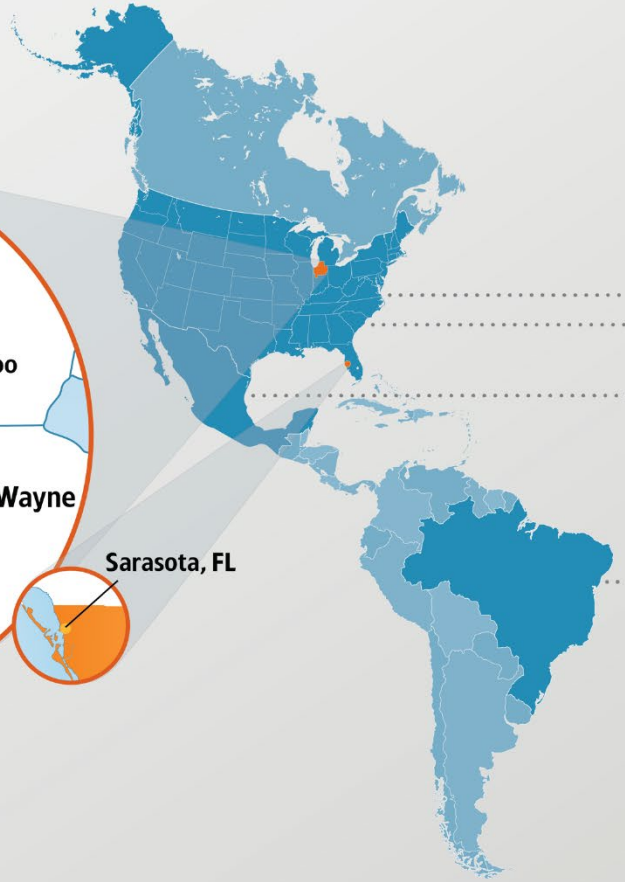

Loans


Mortgages


Business


Insurance






Auto & Light Truck


Medium & Heavy Duty Truck


Construction

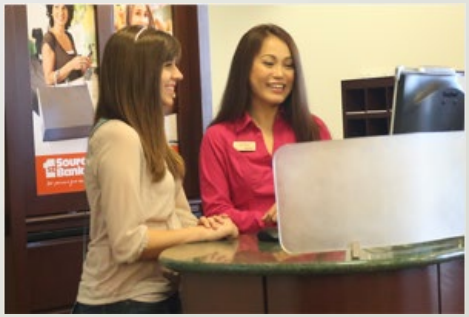

Aircraft

Community Bank
Loans and Leases
$2.97 billion

Specialty Finance
Loans and Leases
$2.57 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
- **9** Trust & Wealth Advisory locations with approximately $5.1 billion of assets under management
- **10** 1st Source Insurance offices



In person



Online



Over the phone



Mobile

SPECIALTY FINANCE GROUP SERVICES



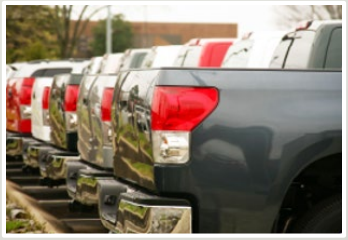
Aircraft Division

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

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

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

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

- 5 executives with an average 35 years each of banking experience and 25 years with 1st Source

Business Banking Officers

- 37 business banking officers with an average 19 years each of lending experience and with 1st Source from 1 to 32 years

Specialty Finance Group Officers

- 26 specialty finance officers with an average 25 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.
- #38 on Monitor Magazine's 2021 Top 100 Largest Equipment Finance/Leasing Companies in the U.S.

OUR RESPONSE TO COVID-19

Employees

- High-risk employees given option to work remotely
- Virtual meetings and conference calls have largely replaced in-person meetings
- Department teams were separated in 2020 to ensure that infection could not spread across entire units but are now being reunited
- Business travel is limited to fully vaccinated employees
- 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
- 75% of employees are fully vaccinated

Clients

- All 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 6,700 PPP loans for over $850 million have been disbursed in support of our communities
- As of June 30, 2021, over $520 million in PPP forgiveness had been secured for our 2020 PPP clients
- Granted over $1 billion in loan modifications. $76 million in modifications as of June 30, 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				
(Dollars in thousands)	Number of Loans	$ of Loans	Forgiveness/ Payments	$ of Loans at August 31, 2021
2020 PPP Loans	3,540	$597,451	$575,451	$ 22,000
2021 PPP Loans	3,239	261,459	45,047	216,412
Total	6,779	$858,910	$620,498	$238,412

2020 PPP Loans:

- 1,972 out of 3,540 loans for less than $50,000 (56%)
- Over 97% of total loan amounts funded during 2020 have been submitted to SBA for forgiveness as of August 31, 2021

2021 PPP Loans:

- 2,424 out of 3,239 for less than $50,000 (75%)
- Over 500 loans to minority-owned or woman-owned businesses
- Almost 400 loans to new clients to Bank
- Over 21% of total loan amounts funded during 2021 have been submitted to SBA for forgiveness as of August 31, 2021

COVID-19 RELATED LOAN DEFERRALS

As of June 30, 2021

(Dollars in millions)	Principal Deferrals	Principal and Interest Deferrals	Total Modifications in Deferment	Additional Modifications Expected[1]	Total Modifications	Recorded Investment at June 30, 2021	Modifications as a % of June 30, 2021 Balance
Auto and light truck rental	$ -	$ -	$ -	$ -	$ -	$ 467	—%
Specialty vehicle(2)	5	-	5	11	16	128	13%
Medium and heavy duty truck	-	-	-	-	-	256	—%
Aircraft	12	-	12	-	12	884	1%
Construction equipment	-	-	-	-	-	729	—%
Commercial	8	40	48	-	48	2,397	2%
Residential RE and home equity	-	-	-	-	-	493	—%
Consumer	-	-	-	-	-	129	—%
Total loans and leases	**$ 25**	**$ 40**	**$ 65**	**$ 11**	**$ 76**	**$ 5,483**	**1%**
PPP loans, net of unearned discount[3]	**-**	**-**	**-**	**-**	**-**	**315**	**—%**
Total loans and leases less PPP loans	**$ 25**	**$ 40**	**$ 65**	**$ 11**	**$ 76**	**$ 5,168**	**1%**

(1) Repesents modifications which ended deferment during June 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.

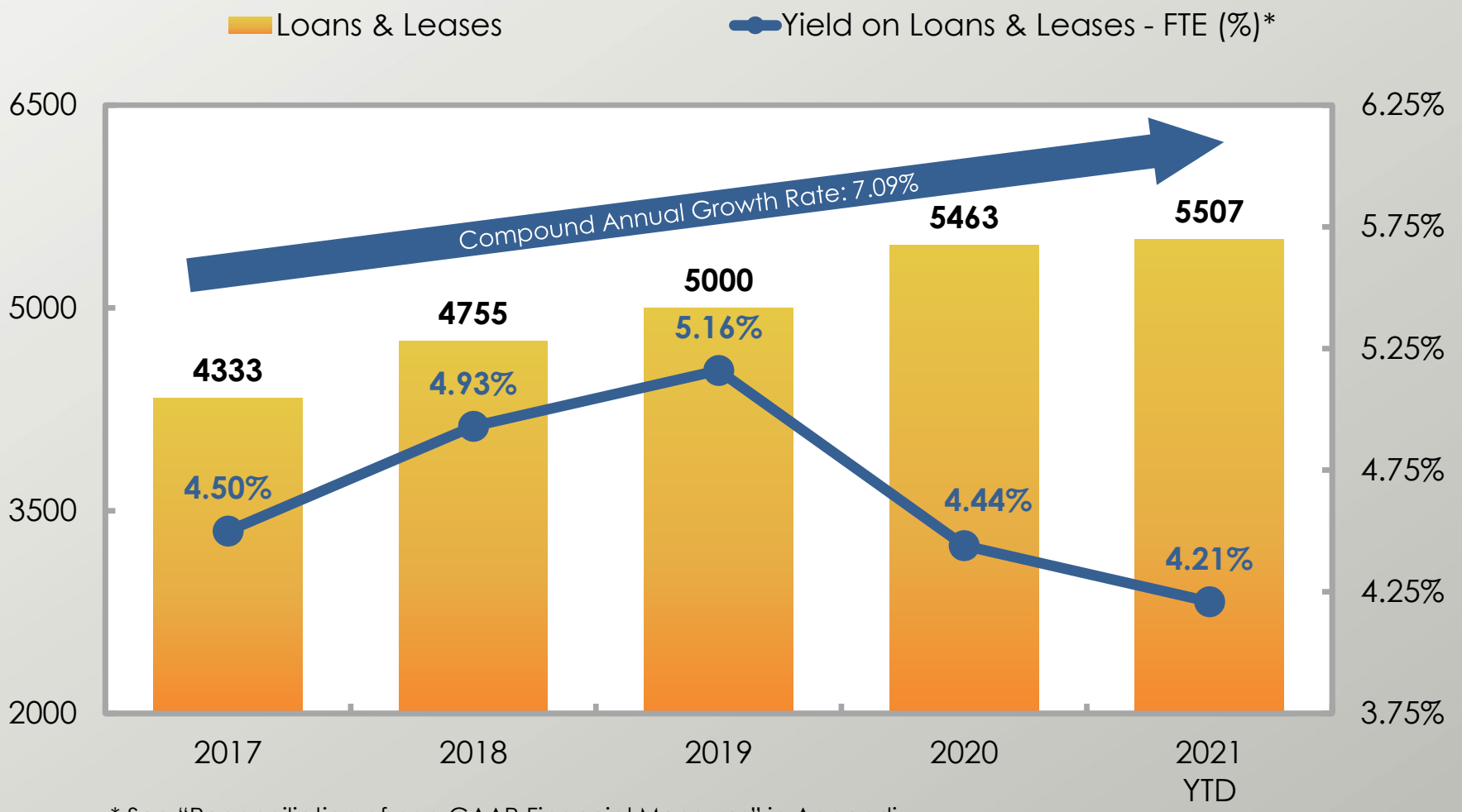
Modifications at June 30, 2021:

- $16 million to bus clients or 26% of our total bus loan balances. Included in the Specialty vehicle category above.
- $48 million to hotel industry clients or 29% of our total hotel loan balances. Included in the Commercial category above.

FINANCIAL REVIEW

GROWING LOAN PORTFOLIO

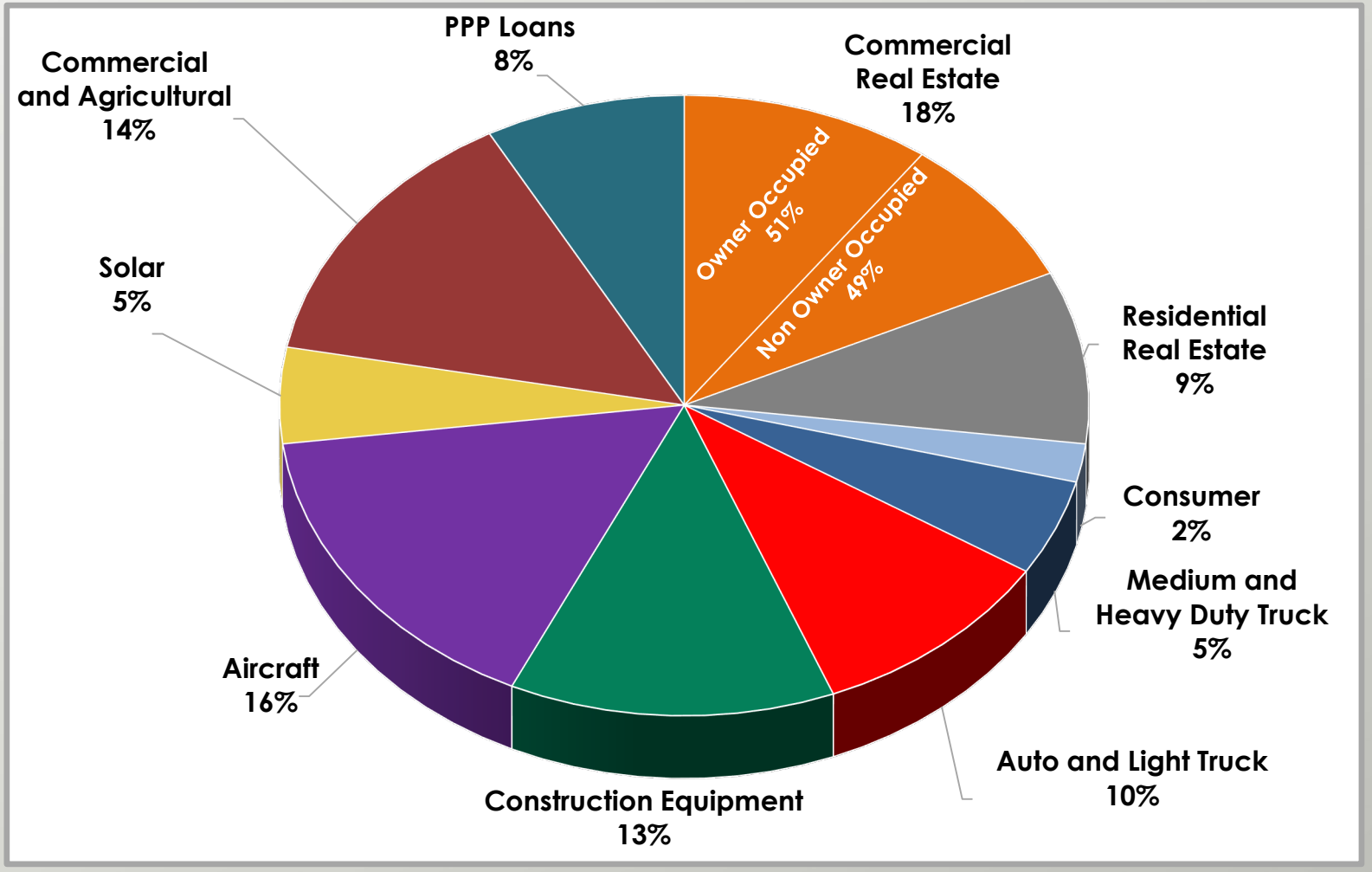
Total Average Loans & Leases ($MM)



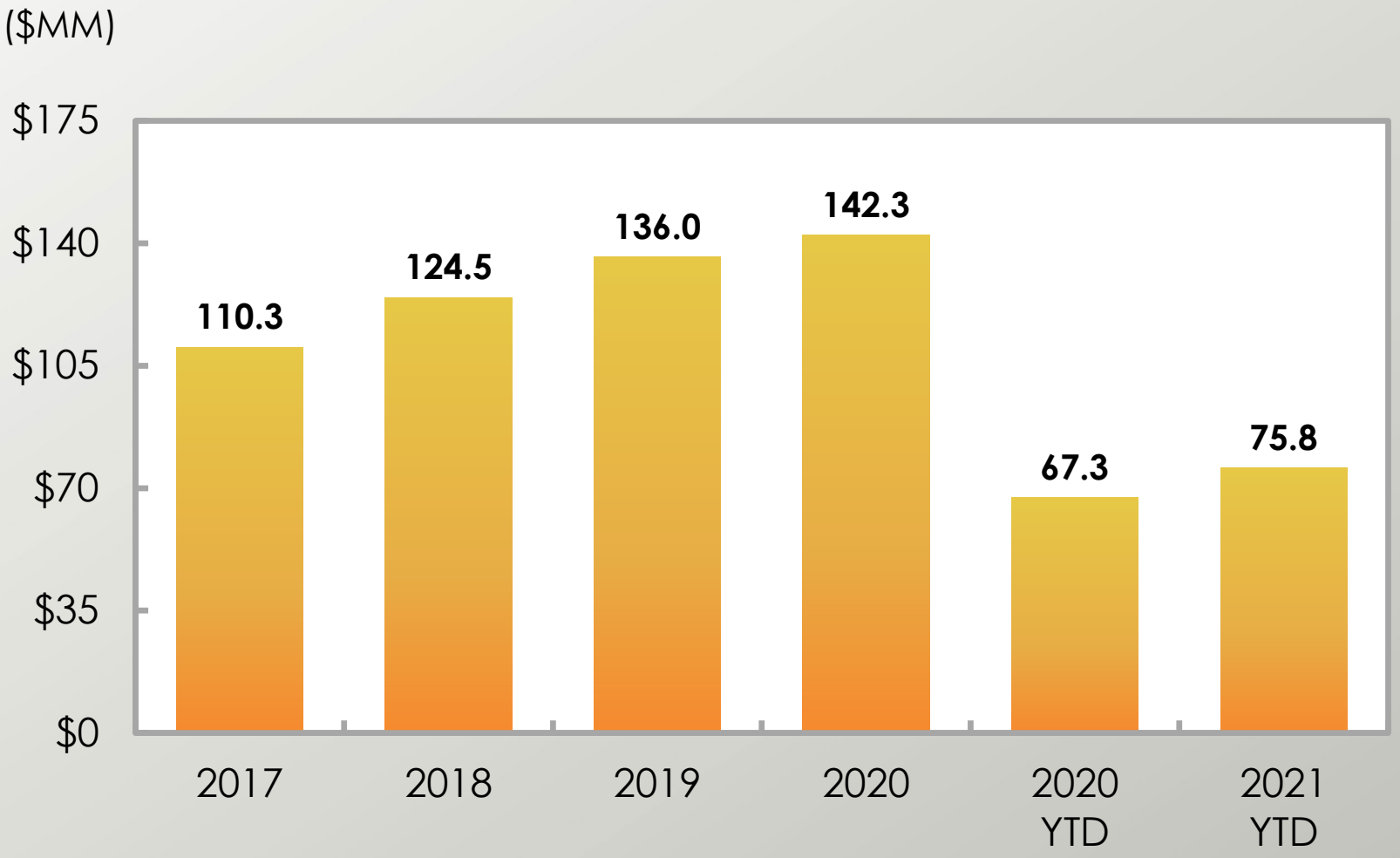
* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

DIVERSIFIED LOAN PORTFOLIO

2021 Average Loans by Type



PRE-TAX, PRE-PROVISION INCOME

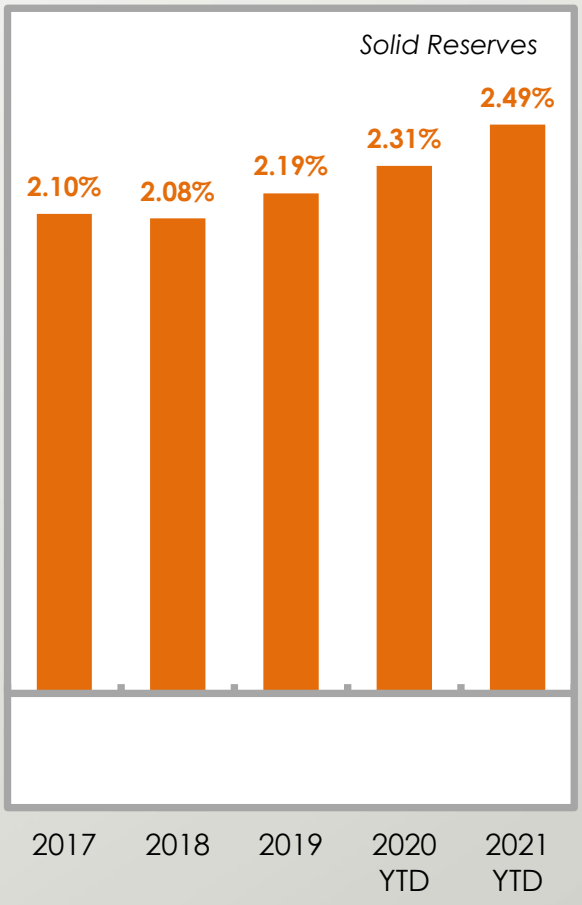


* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

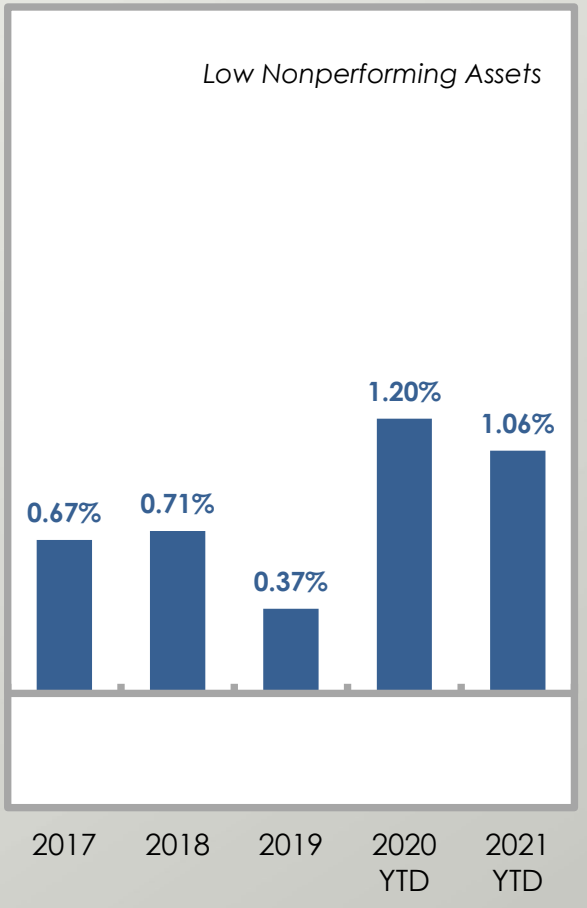
STRONG CREDIT QUALITY

% of Net Loans and Leases

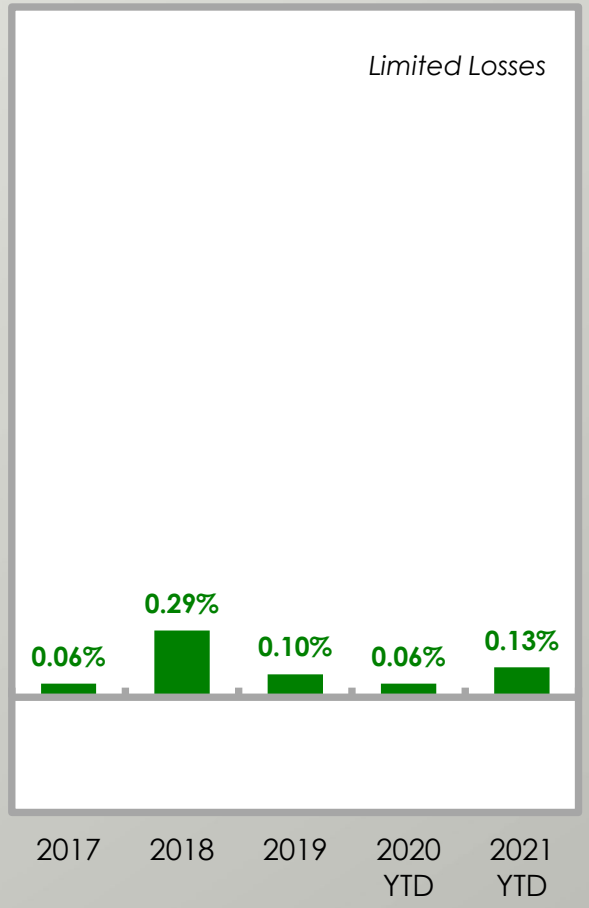
Loan & Lease Loss Allowance



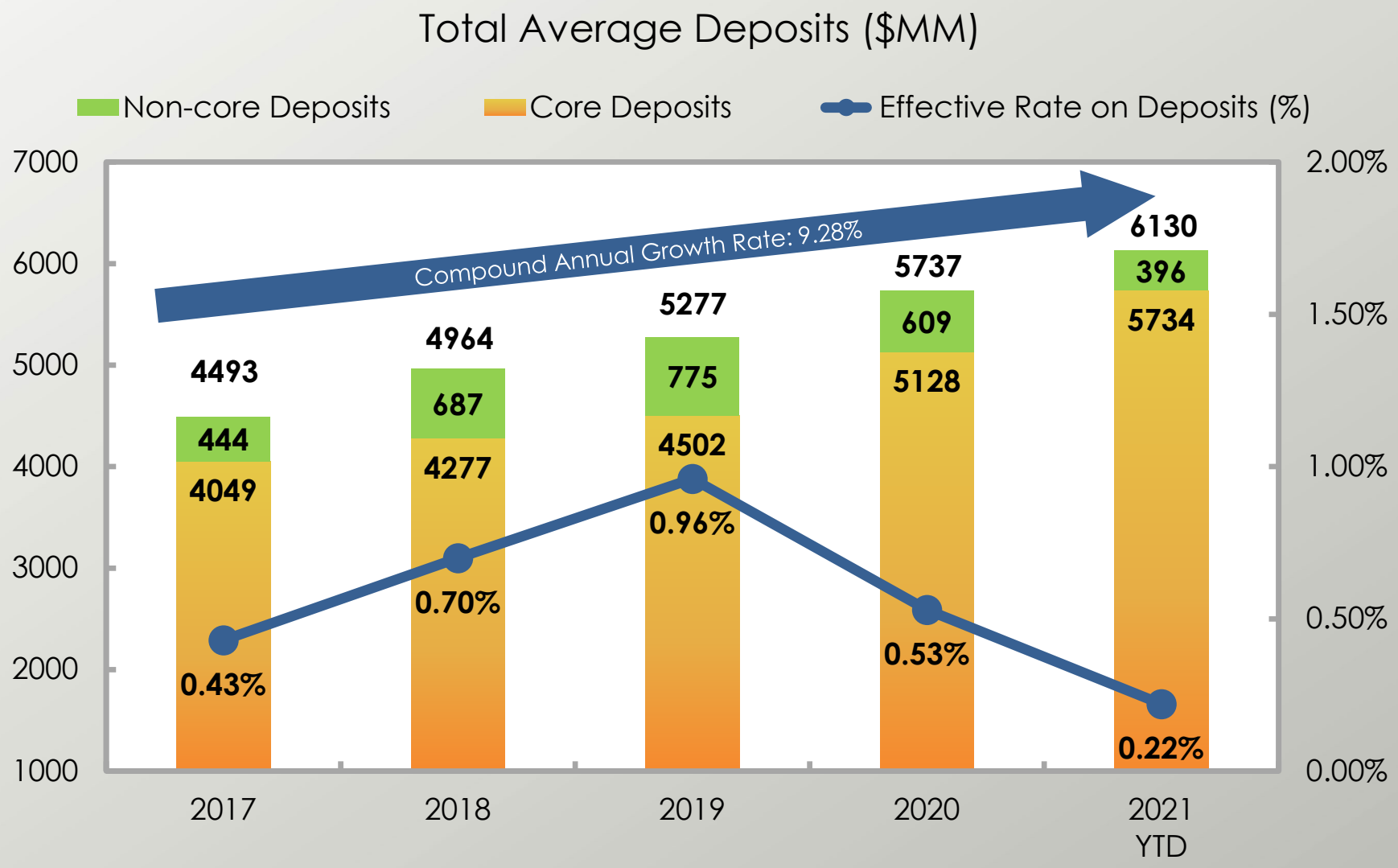
Nonperforming Assets



Net Charge-Offs



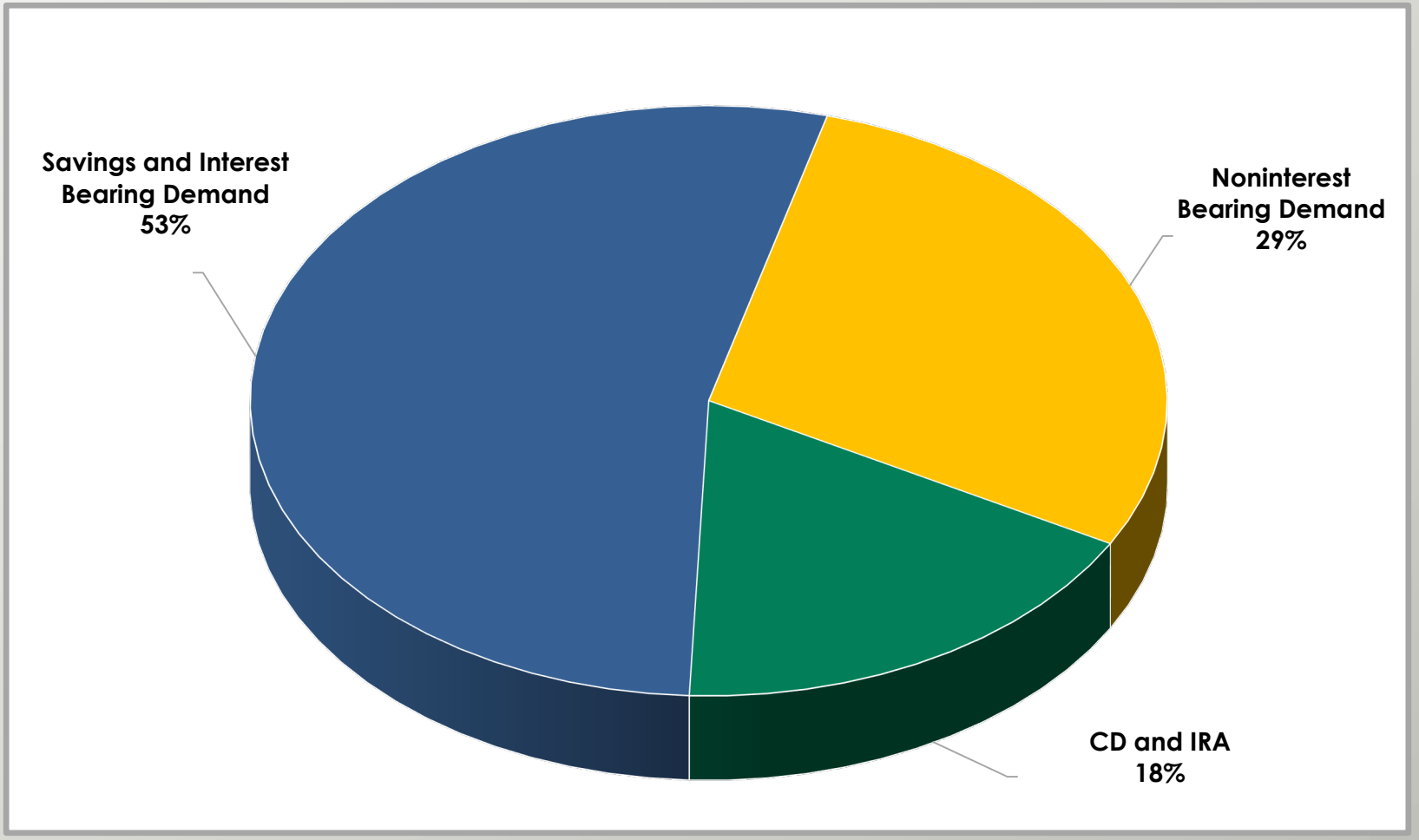
CORE DEPOSIT FRANCHISE



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

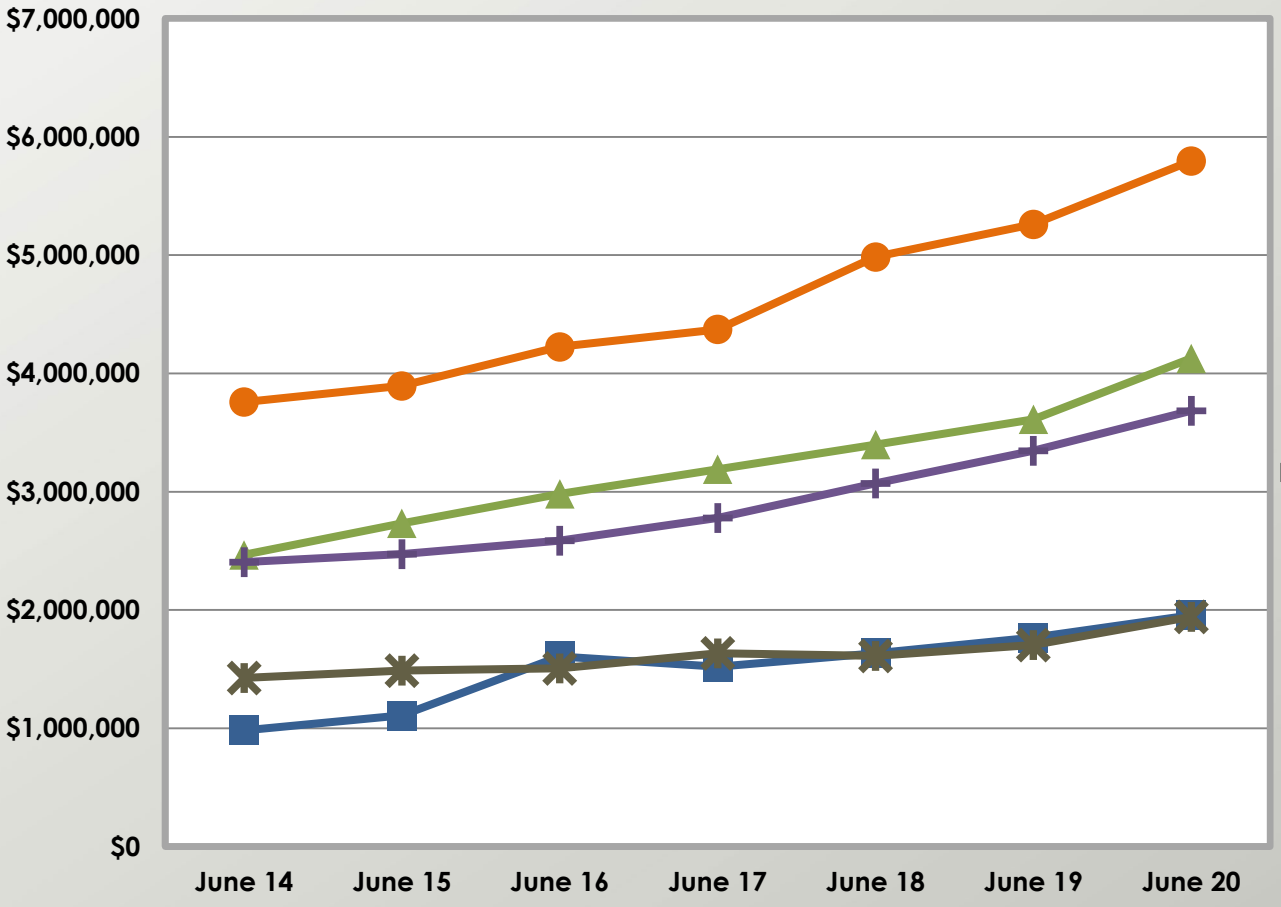
ATTRACTIVE DEPOSIT FRANCHISE

2021 Average Deposits By Type



DEPOSIT MARKET SHARE – 15 COUNTY CONTIGUOUS MARKET*

Leading Market Share in Community Banking Markets ($000)

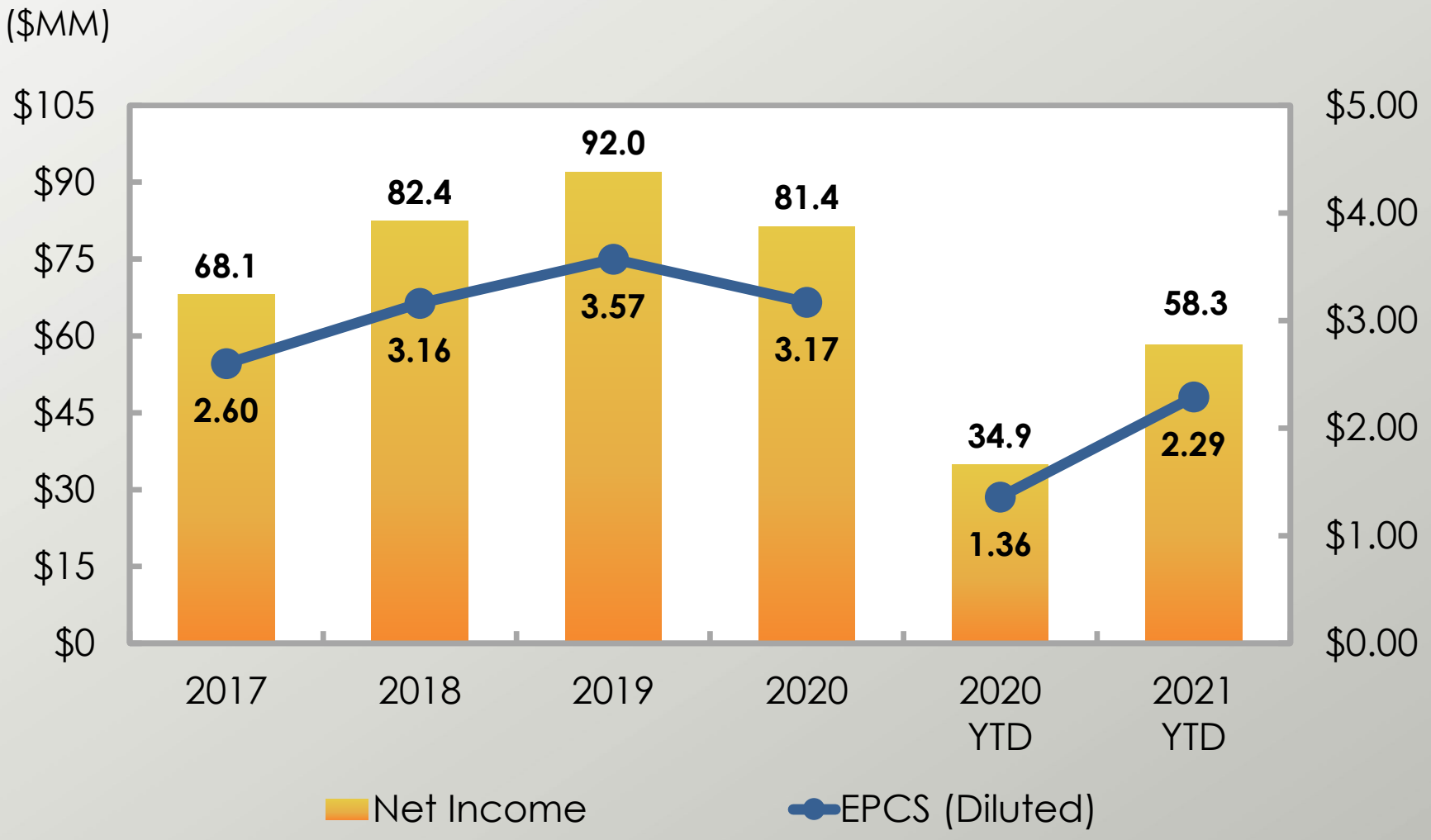


	2020
1st Source	14.87%
Chase	10.59%
Lake City Bank	9.45%
Horizon Bank	5.02%
Fifth Third	4.98%

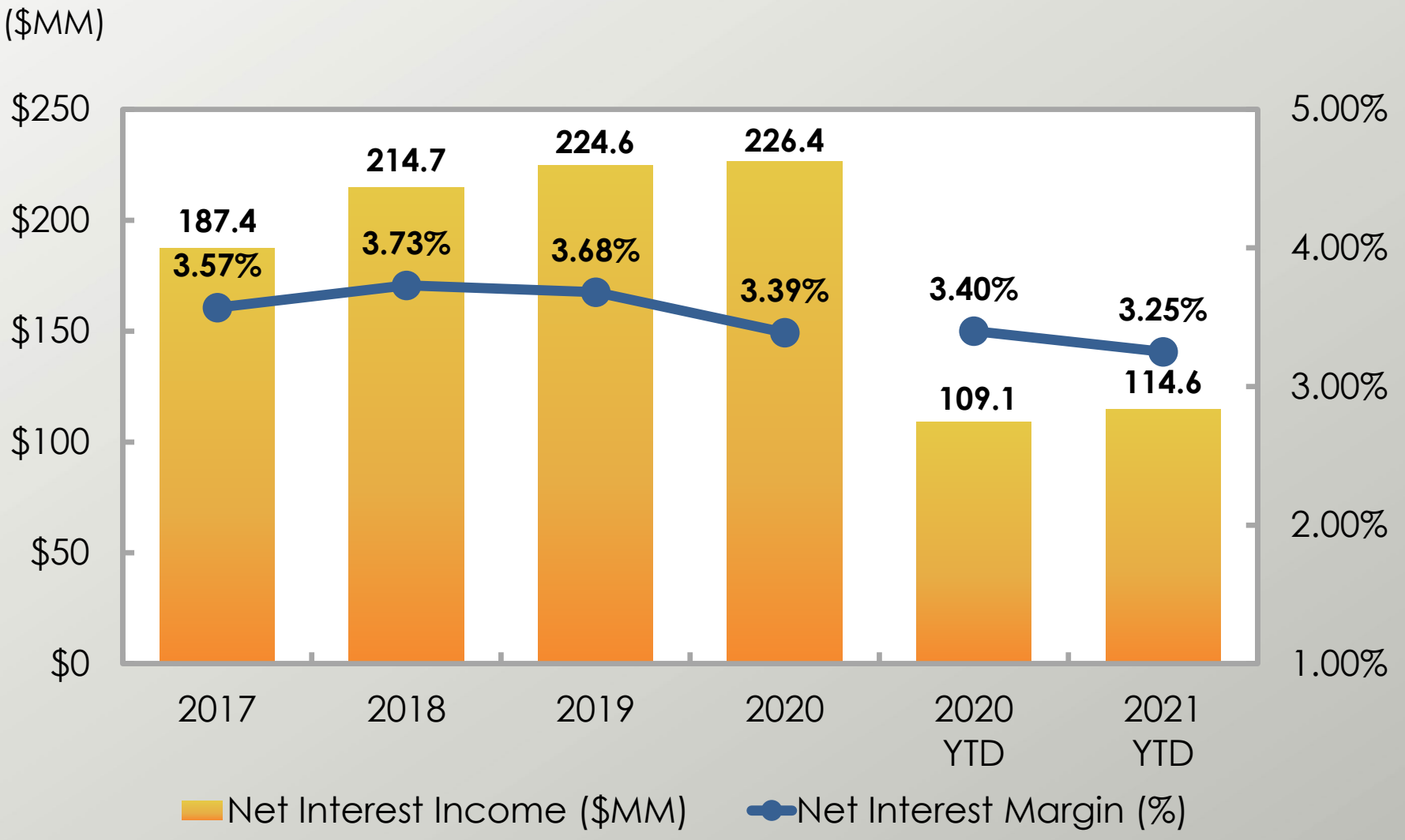
Data as of June 2020 – FDIC
(via S&P Global Market Intelligence)

*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)*

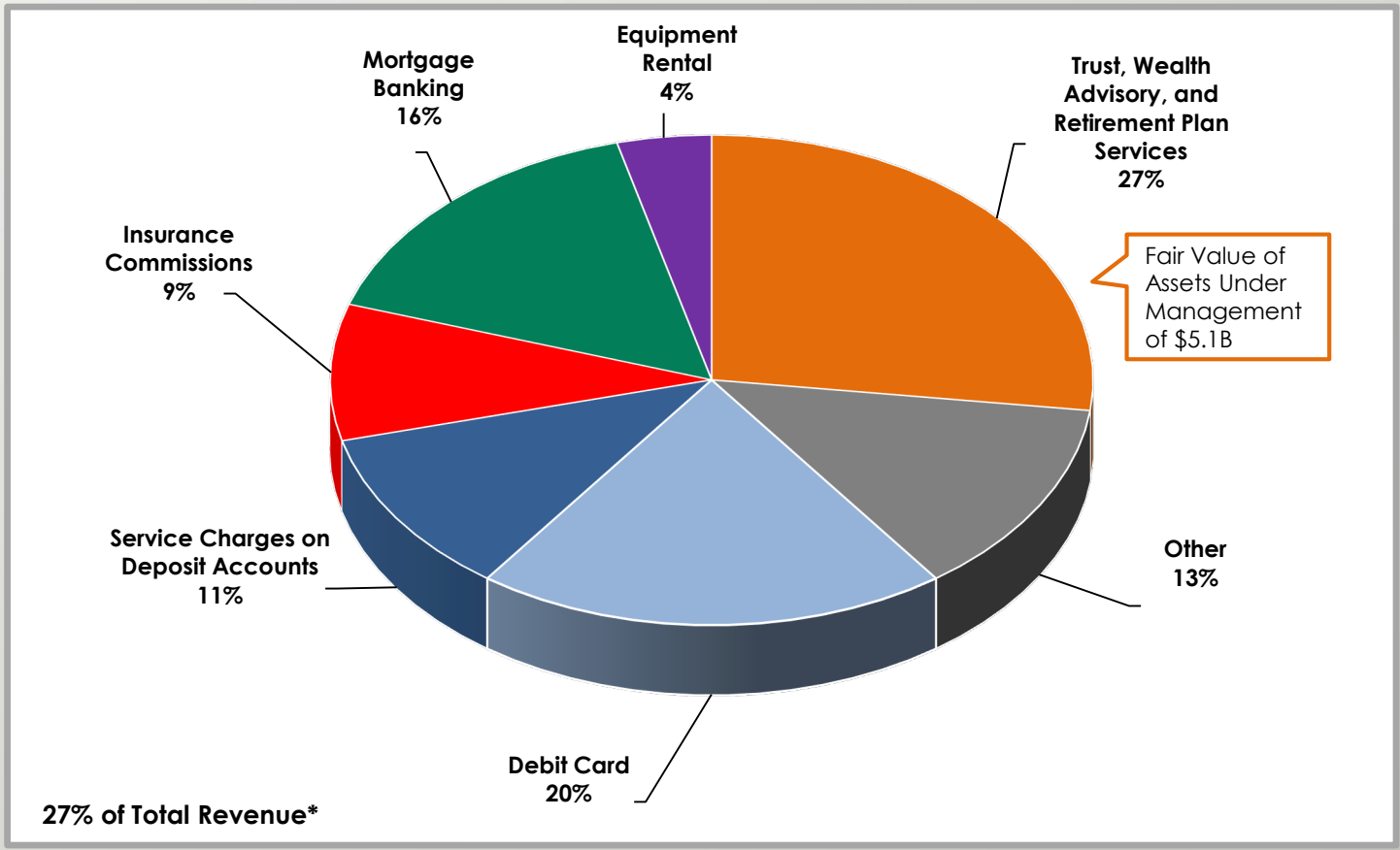


* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

DIVERSE SOURCES OF NONINTEREST INCOME

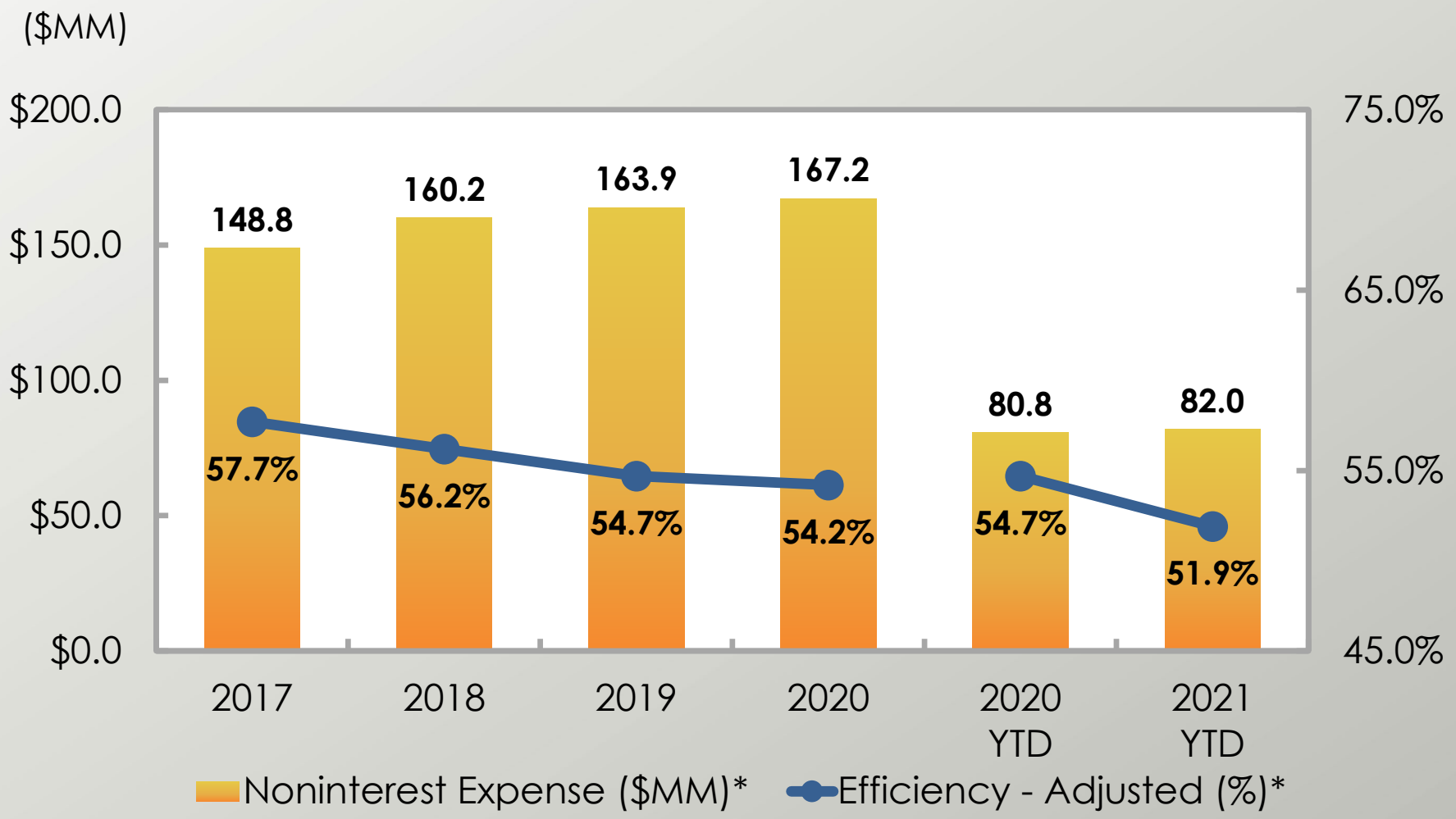
Noninterest Income Composition

2021 YTD = $43.4MM*



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

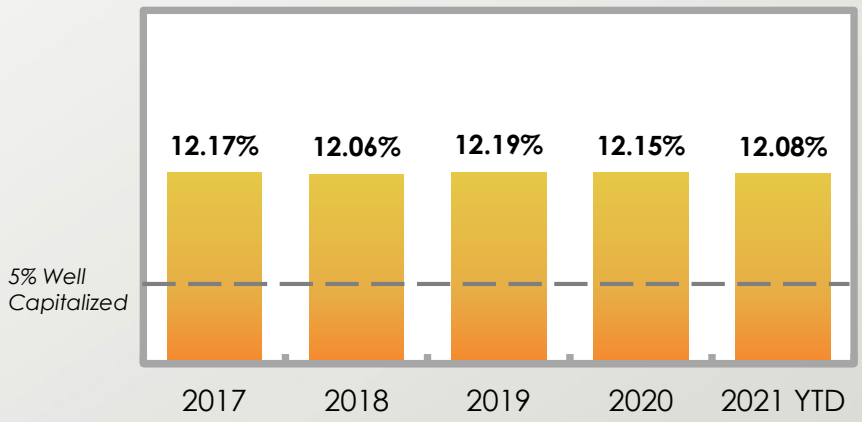
OPERATING EXPENSES



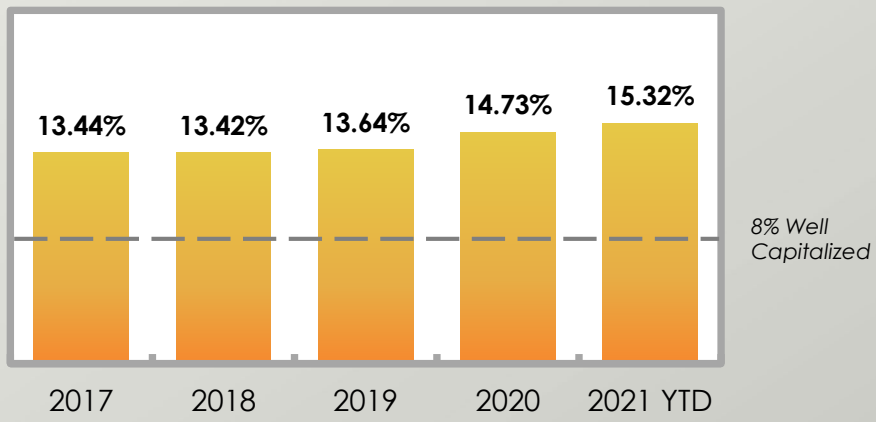
* Note: Noninterest expense is shown net of leased equipment depreciation. See "Reconciliation of non-GAAP Financial Measures" in Appendix.

STRONG CAPITAL POSITION

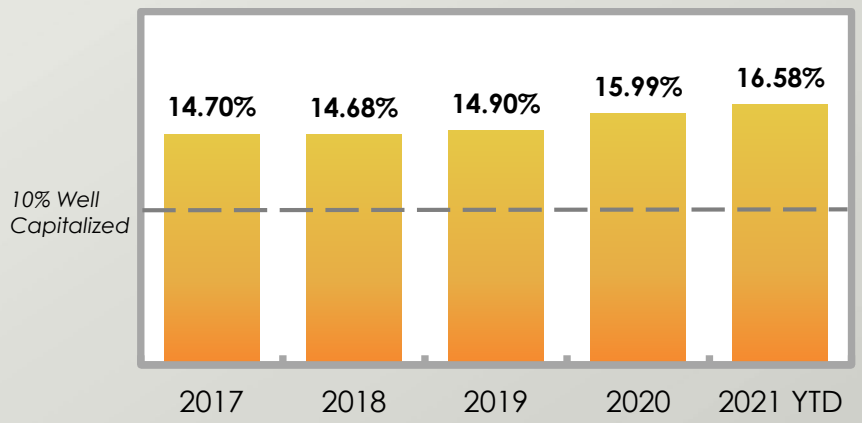
Tier 1 Leverage Ratio



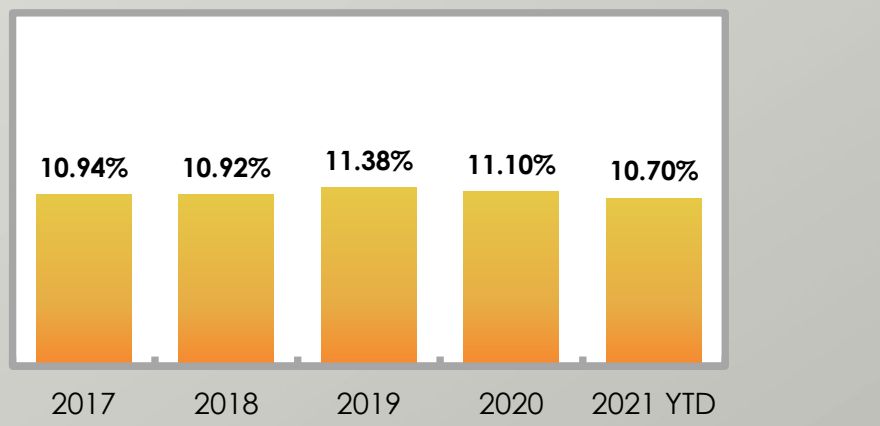
Tier 1 Risk Based Ratio



Total Risk Based Capital Ratio



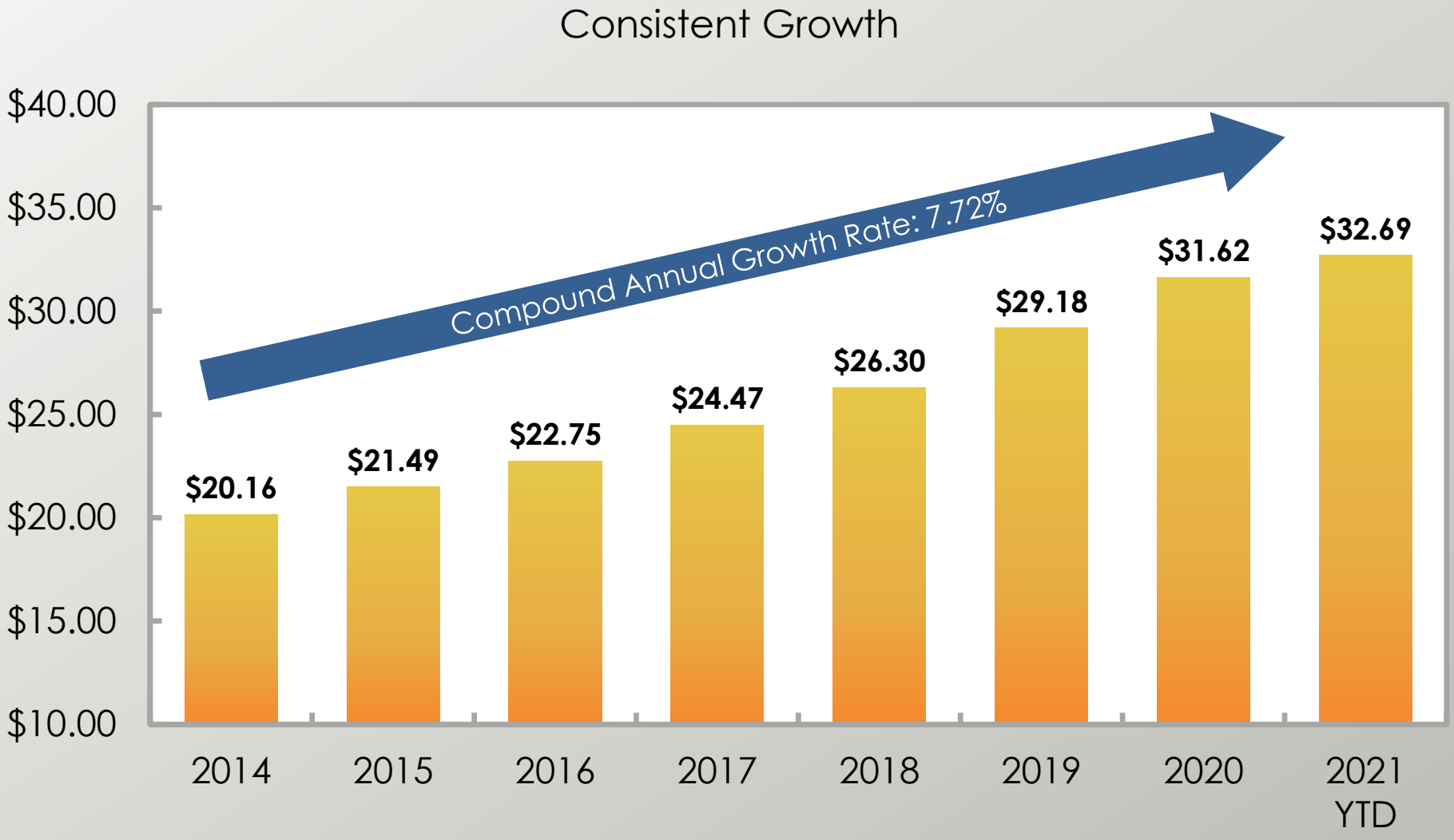
Tangible Common Equity / Tangible Assets*



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

Note: During 2021, shares repurchased through August were 576,820 shares (137,604 repurchased during July – August)

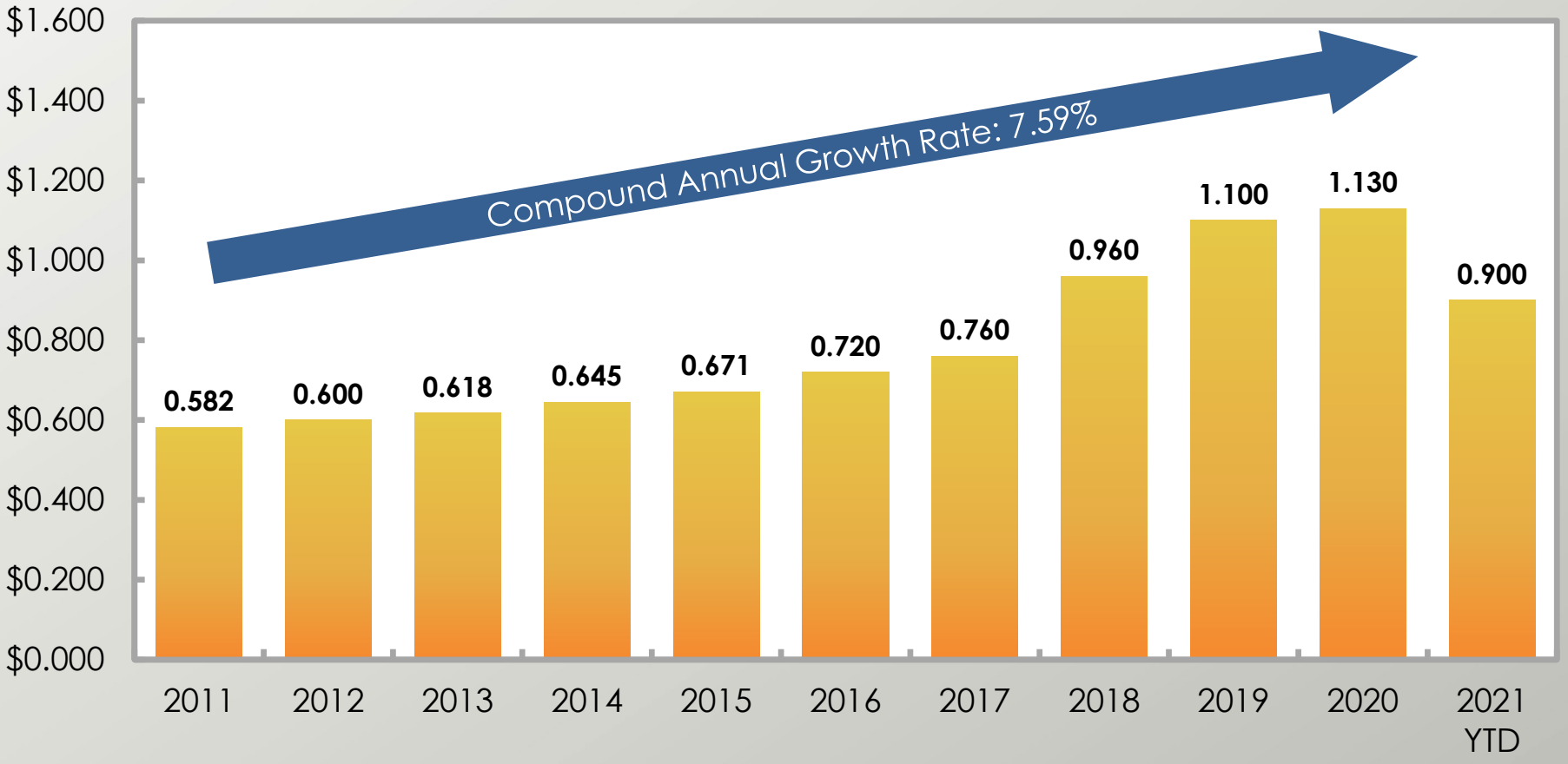
TANGIBLE BOOK VALUE PER COMMON SHARE*



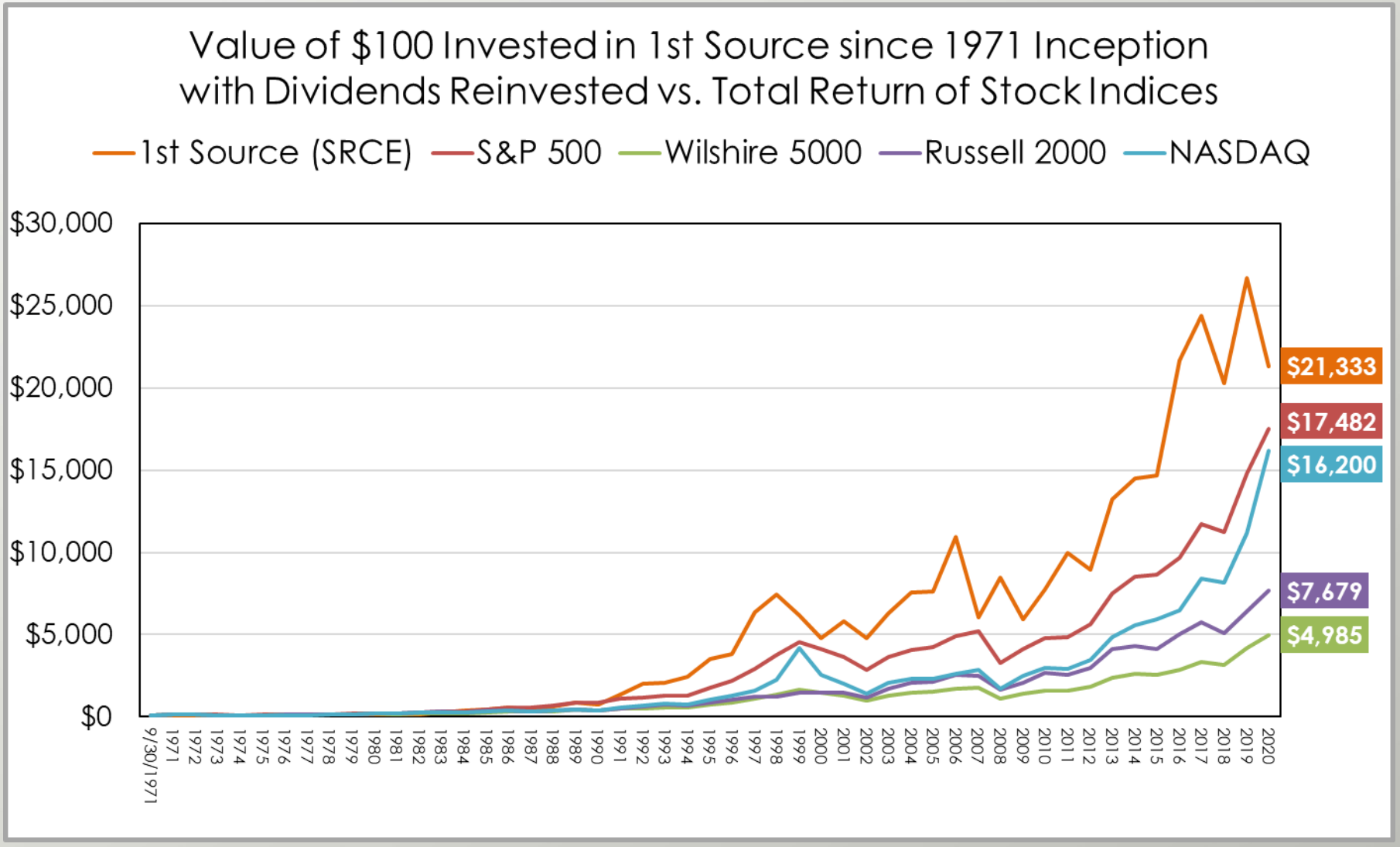
* See "Reconciliation of non-GAAP Financial Measures" in Appendix.

COMMON DIVIDENDS PER SHARE

33 YEARS OF CONSECUTIVE DIVIDEND GROWTH



DELIVERING RETURNS TO SHAREHOLDERS



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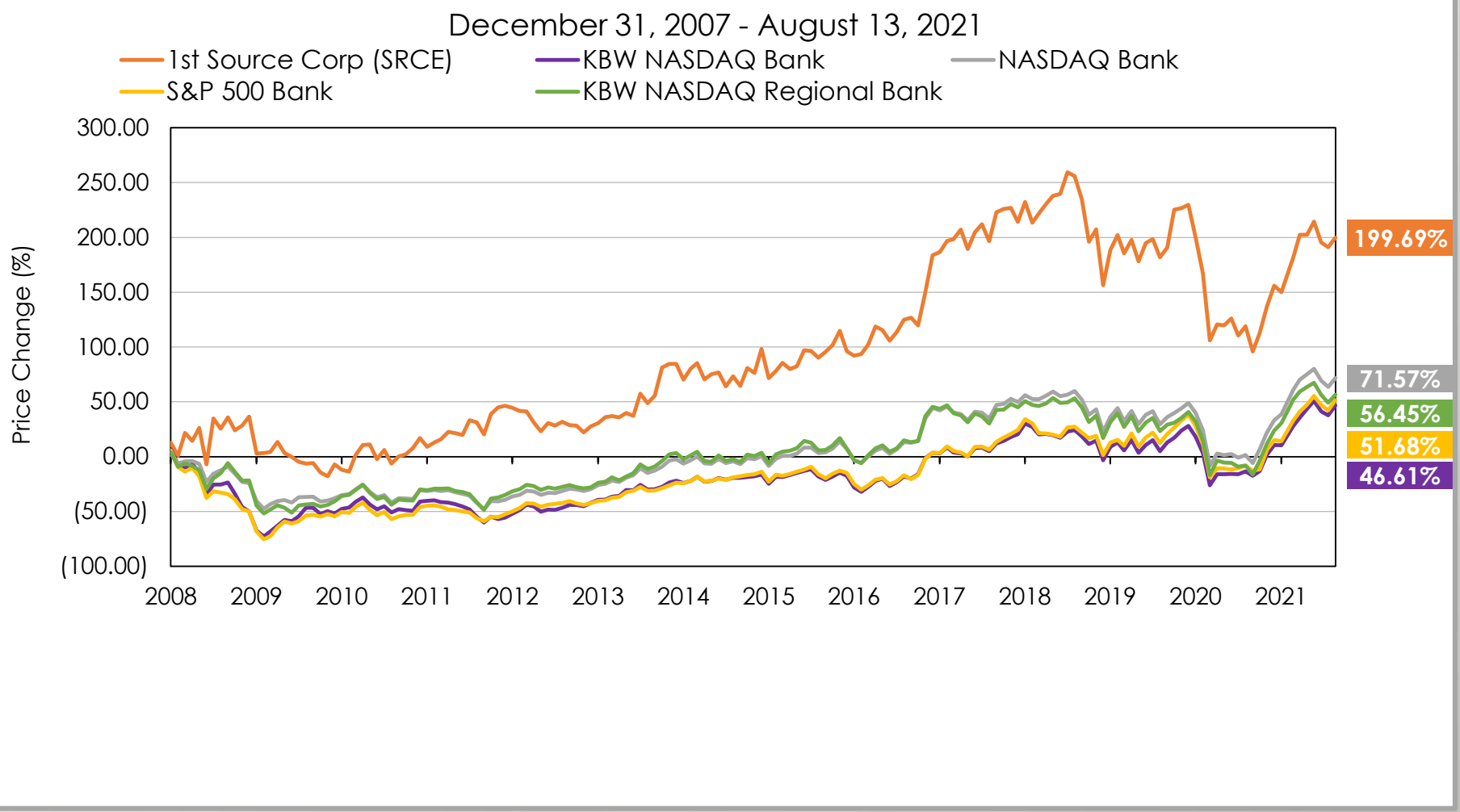


PERFORMANCE – FINANCIAL

- 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

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

Brett A. Bauer
CFO and Treasurer
(574) 235-2638
bauerb@1stsource.com

APPENDIX

Consolidated Balance Sheet

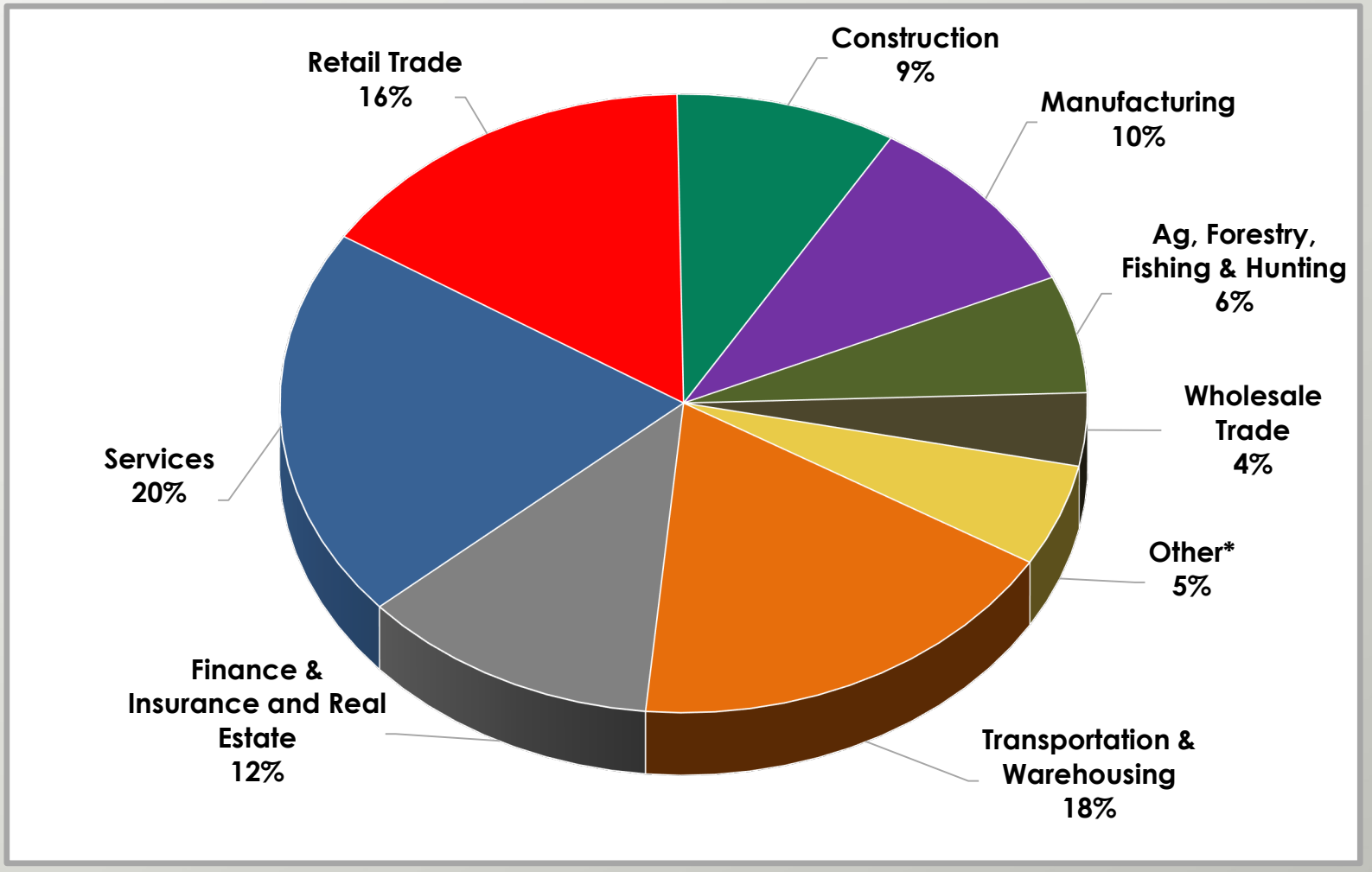
(Dollars in millions)	2017	2018	2019	2020	2021 YTD
Cash and cash equivalents	$ 78	$ 99	$ 83	$ 243	$ 469
Investment securities and other investments	930	1,019	1,069	1,225	1,440
Loans and leases, net of unearned discount	4,541	4,847	5,106	5,502	5,490
Allowance for loan and lease losses	(95)	(100)	(111)	(141)	(136)
Equipment owned under operating leases, net	140	134	112	65	56
Other assets	293	295	364	422	400
Total assets	$ 5,887	$ 6,294	$ 6,623	$ 7,316	$ 7,719
Noninterest-bearing deposits	$ 1,064	$ 1,217	$ 1,217	$ 1,637	$ 1,852
Interest-bearing deposits	3,689	3,905	4,140	4,309	4,493
Total deposits	4,753	5,122	5,357	5,946	6,345
Total borrowings	342	329	276	291	313
Other liabilities	73	79	141	148	116
Total shareholders' equity	719	762	829	887	901
Noncontrolling interests	-	2	20	44	44
Total equity	719	764	849	931	945
Total liabilities and equity	$ 5,887	$ 6,294	$ 6,623	$ 7,316	$ 7,719

Consolidated Income Statement

(Dollars in millions)	2017	2018	2019	2020	2020 YTD	2021 YTD
Net interest income	$ 186	$ 214	$ 224	$ 226	$ 109	$ 114
Provision for (recovery of) credit losses	9	19	16	36	22	(1)
Noninterest income*	73	70	76	83	40	43
Noninterest expense*	149	160	164	167	81	82
Income before income taxes	101	105	120	106	46	76
Income tax expense	33	23	28	25	11	18
Net income	68	82	92	81	35	58
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income available to common shareholders	$ 68	$ 82	$ 92	$ 81	$ 35	$ 58
Diluted net income per common share	$ 2.60	$ 3.16	$ 3.57	$ 3.17	$ 1.36	$ 2.29

* 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

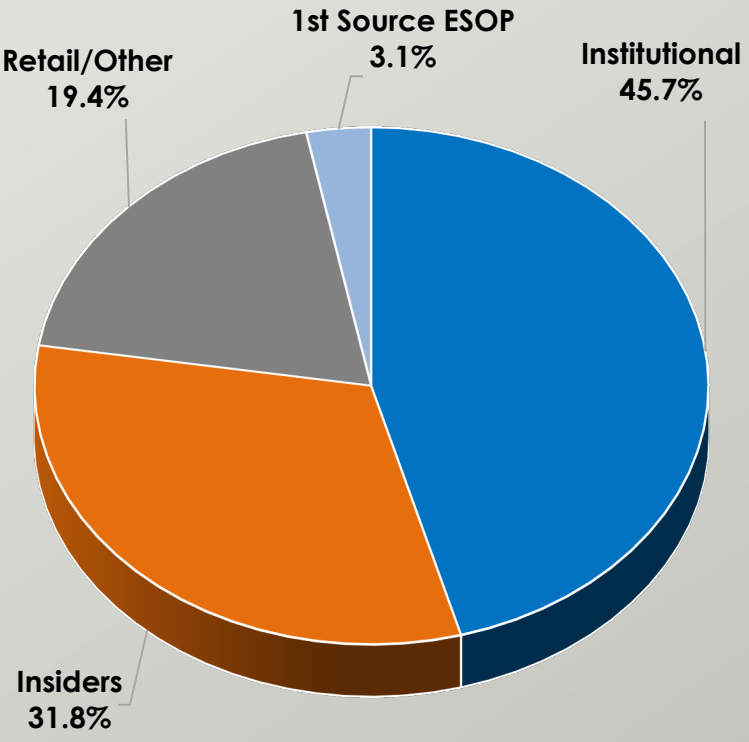


*Other includes: Mining & Utilities and Information

Ownership Summary

Shareholder Type	Shares	% of Total
Institutional	11,435,296	45.7%
Insiders	7,937,988	31.8%
Retail/Other	4,859,587	19.4%
1st Source ESOP	767,856	3.1%
Total Shares Outstanding(1)	**25,000,727**	**100.0%**

Rank	Institution (Top 10 Institutions)	Shares	% of Total
1	Dimensional Fund Advisors LP	1,769,434	7.1%
2	BlackRock Inc.	1,413,557	5.7%
3	Wellington Management Group LLP	916,841	3.7%
4	Vanguard Group Inc.	892,431	3.6%
5	AllianceBernstein LP	854,421	3.4%
6	State Street Global Advisors Inc.	462,281	1.7%
7	Manulife Asset Management	424,332	1.7%
8	Geode Capital Management LLC	316,218	1.3%
9	Boston Trust Walden Co.	285,655	1.1%
10	Norges Bank Investment Management	251,478	1.0%
	Top 10 Institutions(2)	**7,586,648**	**30.3%**
	Other	3,848,648	15.4%
	Total Institutional Ownership(2)	**11,435,296**	**45.7%**



(1) As of June 30, 2021
(2) As of March 31, 2021 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	$ 114,868
(B)	Plus: loans and leases fully tax-equivalent adjustments	621	367	375	333	161
(C)	Loans and leases interest income - FTE (A+B)	194,918	234,450	258,113	242,505	115,029
(D)	Average loans and leases	$ 4,333,375	$4,755,256	$5,000,161	$5,463,436	$5,507,243
(E)	Annualization factor	1.00	1.00	1.00	1.00	2.02
	Yield on loans and leases (GAAP) (A*E)/D	4.48%	4.92%	5.15%	4.43%	4.21%
	Yield on loans and leases - FTE (C*E)/D	4.50%	4.93%	5.16%	4.44%	4.21%

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	$ 131,536	$ 124,062
(B)	Plus: fully tax-equivalent adjustments	1,795	803	686	543	288	239
(C)	Interest income - FTE (A+B)	214,180	258,119	283,563	263,574	131,824	124,301
(D)	Interest expense (GAAP)	26,754	43,410	59,011	37,211	22,691	9,715
(E)	Net interest income (GAAP) (A-D)	185,631	213,906	223,866	225,820	108,845	114,347
(F)	Net interest income - FTE (C-D)	187,426	214,709	224,552	226,363	109,133	114,586
(G)	Average earning assets	$ 5,251,094	$5,761,761	$6,104,673	$6,684,246	$6,454,403	$ 7,113,559
(H)	Annualization factor	1.00	1.00	1.00	1.00	2.01	2.02
	Net interest margin (GAAP) (E*H)/G	3.54%	3.71%	3.67%	3.38%	3.39%	3.24%

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	$ 45,620	$ 76,403
(B)	Plus: Provision for (recovery of) credit losses	8,980	19,462	15,833	36,001	21,728	(627)
(C)	Pre-tax, pre-provision income (A+B)	$ 110,340	$ 124,489	$ 135,987	$ 142,342	$ 67,348	$ 75,776

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	$ 49,863	$ 50,767
(B)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(10,569)	(7,323)
	Noninterest income - adjusted (A-B)	$ 73,491	$ 70,802	$ 76,002	$ 83,686	$ 39,294	$ 43,444

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	$ 91,360	$ 89,338
(B)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(10,569)	(7,323)
	Noninterest expense - adjusted (A-B)	$ 148,782	$ 160,219	$ 163,881	$ 167,164	$ 80,791	$ 82,015

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	$ 108,845	$ 114,347
(B)	Net interest income - FTE	187,426	214,709	224,552	226,363	109,133	114,586
(C)	Plus: noninterest income (GAAP)	98,706	97,050	101,130	103,889	49,863	50,767
(D)	Less: gains/losses on investment securities and partnership investments	(4,569)	(320)	(653)	(1,652)	(761)	(112)
(E)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(10,569)	(7,323)
(F)	Total net revenue (GAAP) (A+C)	284,337	310,956	324,996	329,709	158,708	165,114
(G)	Total net revenue - adjusted (B+C-D-E)	256,348	285,191	299,901	308,397	147,666	157,918
(H)	Noninterest expense (GAAP)	173,997	186,467	189,009	187,367	91,360	89,338
(E)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(10,569)	(7,323)
(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	$ 80,791	$ 82,015
	Efficiency ratio (GAAP-derived) (H/F)	61.2%	60.0%	58.2%	56.8%	57.6%	54.1%
	Efficiency ratio - adjusted (J/G)	57.7%	56.2%	54.7%	54.2%	54.7%	51.9%

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	$ 901,226
(B)	Less: goodwill and intangible assets	(83,742)	(83,998)	(83,971)	(83,948)	(83,937)
(C)	Total tangible common shareholders' equity (A-B)	634,795	678,084	744,306	802,897	817,289
(D)	Total assets (GAAP)	5,887,284	6,293,745	6,622,776	7,316,411	7,718,694
(B)	Less: goodwill and intangible assets	(83,742)	(83,998)	(83,971)	(83,948)	(83,937)
(E)	Total tangible assets (D-B)	$ 5,803,542	$ 6,209,747	$ 6,538,805	$ 7,232,463	$ 7,634,757
	Common equity-to-assets ratio (GAAP-derived) (A/D)	12.20%	12.11%	12.51%	12.12%	11.68%
	Tangible common equity-to-tangible assets ratio (C/E)	10.94%	10.92%	11.38%	11.10%	10.70%

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	$ 901,226
(B)	Less: goodwill and intangible assets	(85,371)	(84,676)	(84,102)	(83,742)	(83,998)	(83,971)	(83,948)	(83,937)
(C)	Total tangible common shareholders' equity (A-B)	$ 529,102	$ 559,377	$ 588,548	$ 634,795	$ 678,084	$ 744,306	$ 802,897	$ 817,289
(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	25,000,727
	Book value per common share (GAAP-derived) (A/D)*1000	$ 23.41	$ 24.75	$ 26.00	$ 27.70	$ 29.56	$ 32.47	$ 34.93	$ 36.05
	Tangible common book value per share (C/D)*1000	$ 20.16	$ 21.49	$ 22.75	$ 24.47	$ 26.30	$ 29.18	$ 31.62	$ 32.69