INVESTOR PRESENTATION

4th Quarter 2021

1st Source® Corporation

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

$8.1 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

Renewable Energy Financing

- National footprint
- Construction loans, permanent loans and tax equity investments
- Community solar, commercial and industrial, small utility scale, university and municipal projects

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

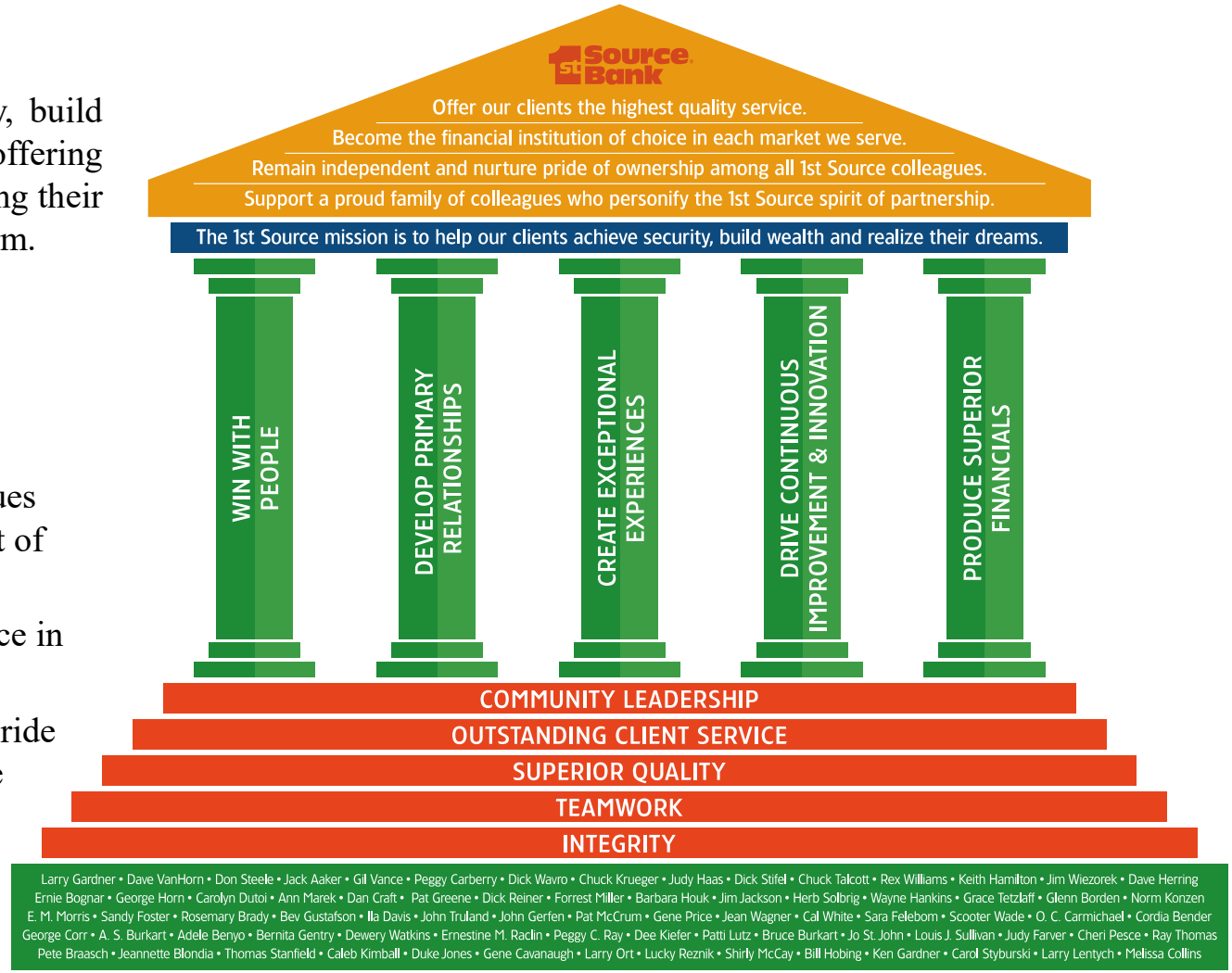
MISSION & VISION

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





Community Bank

Loans & Leases
$2.82 billion

Specialty Finance

Loans & Leases
$2.58 billion


Auto & Light Truck


Medium & Heavy Duty Truck


Construction


Aircraft

BUSINESS MIX

Loans & Leases





COMMUNITY BANKING

52%

SPECIALTY FINANCE

48%

COMMUNITY BANKING

79 Banking Centers

99 Twenty-four-hour ATMs

9 Trust & Wealth Advisory locations with approximately $5.3 billion of assets under management

10 1st Source Insurance offices



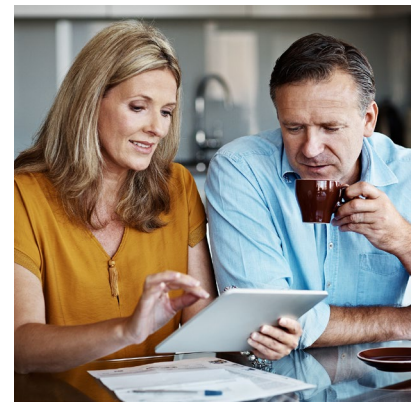
In person



Over the phone



Online



Mobile

SPECIALTY FINANCE GROUP



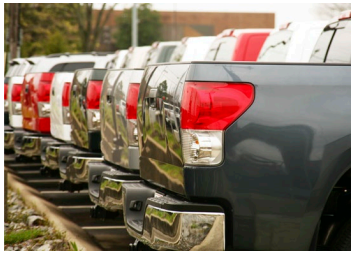
Aircraft Division

Aircraft division provides financing primarily for new and pre-owned 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.

AN 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

40 business banking officers with an average **16** 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 **25** years each of lending experience and with 1st Source from **1** to **31** years

PERFORMANCE CLIENT

#1 Deposit share in our 16 contiguous county market

#1 SBA Lender in our Indiana footprint

#1 SBA Lender Headquartered in State of Indiana

Indiana SBA Community Lender Award

2013-2021

Forbes' 500 Best Midsize Employers

2021-2022

#42 On Forbes' 150 Best Employers for Veterans 2021 List

#22 On Monitor Magazine's 2021 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 were reunited in 2021
- 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, provided masks to all employees
- 80% of employees have received at least their first dose of vaccine

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 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 December 31, 2021, over $780 million in PPP forgiveness had been secured
- Granted over $1 billion in loan modifications.

COMMUNITIES

- Grant of $600,000, in two phases during 2020, made by 1st Source Foundation to the United Ways of northern Indiana and southwestern Michigan
- Grant of $320,000 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
- Charitable contribution of $3 million to 1st Source Foundation during third quarter of 2021
- 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 December 31, 2021
2020 PPP Loans	3,540	$597,451	$596,673	$ 778
2021 PPP Loans	3,239	261,459	186,446	75,013
Total	6,779	$858,910	$783,119	$75,791

2020 PPP Loans:

- 1,972 out of 3,540 loans for less than $50,000 (56%)
- Over 99% of total loan amounts funded during 2020 have been submitted to SBA for forgiveness as of December 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 75% of total loan amounts funded during 2021 have been submitted to SBA for forgiveness as of December 31, 2021

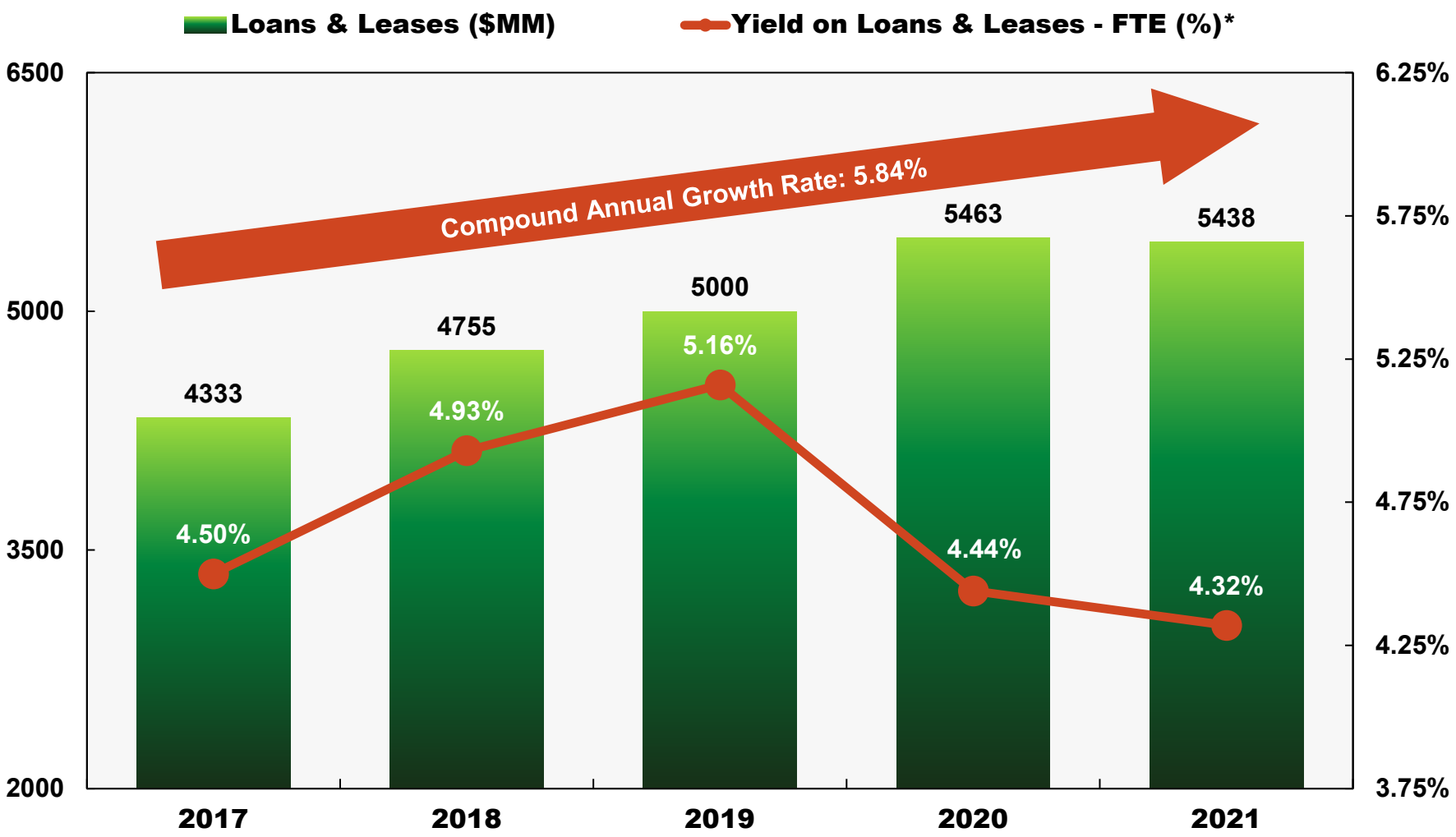
FINANCIAL REVIEW

1st Source® Corporation



GROWING LOAN PORTFOLIO

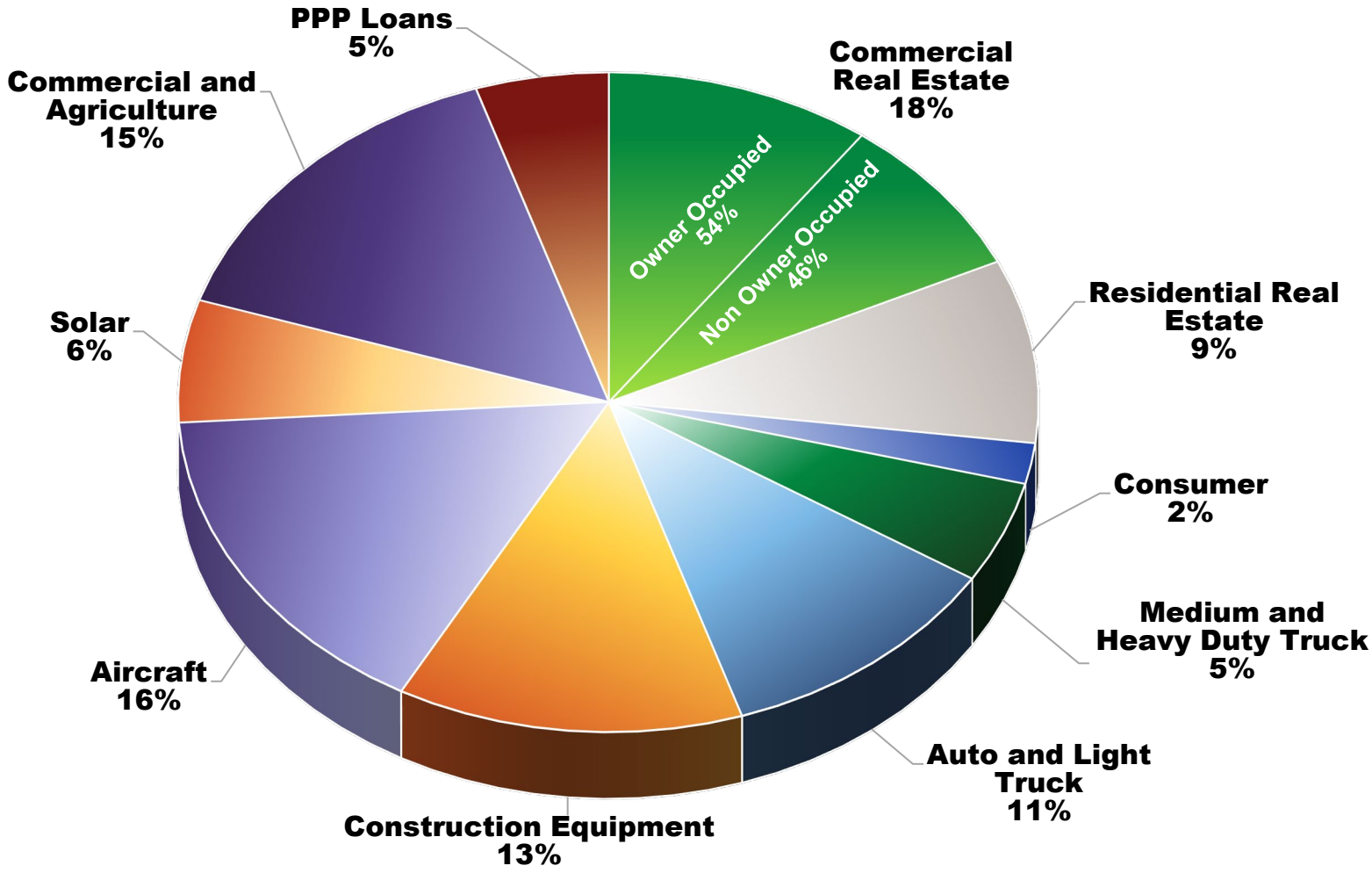
Total Average Loans & Leases



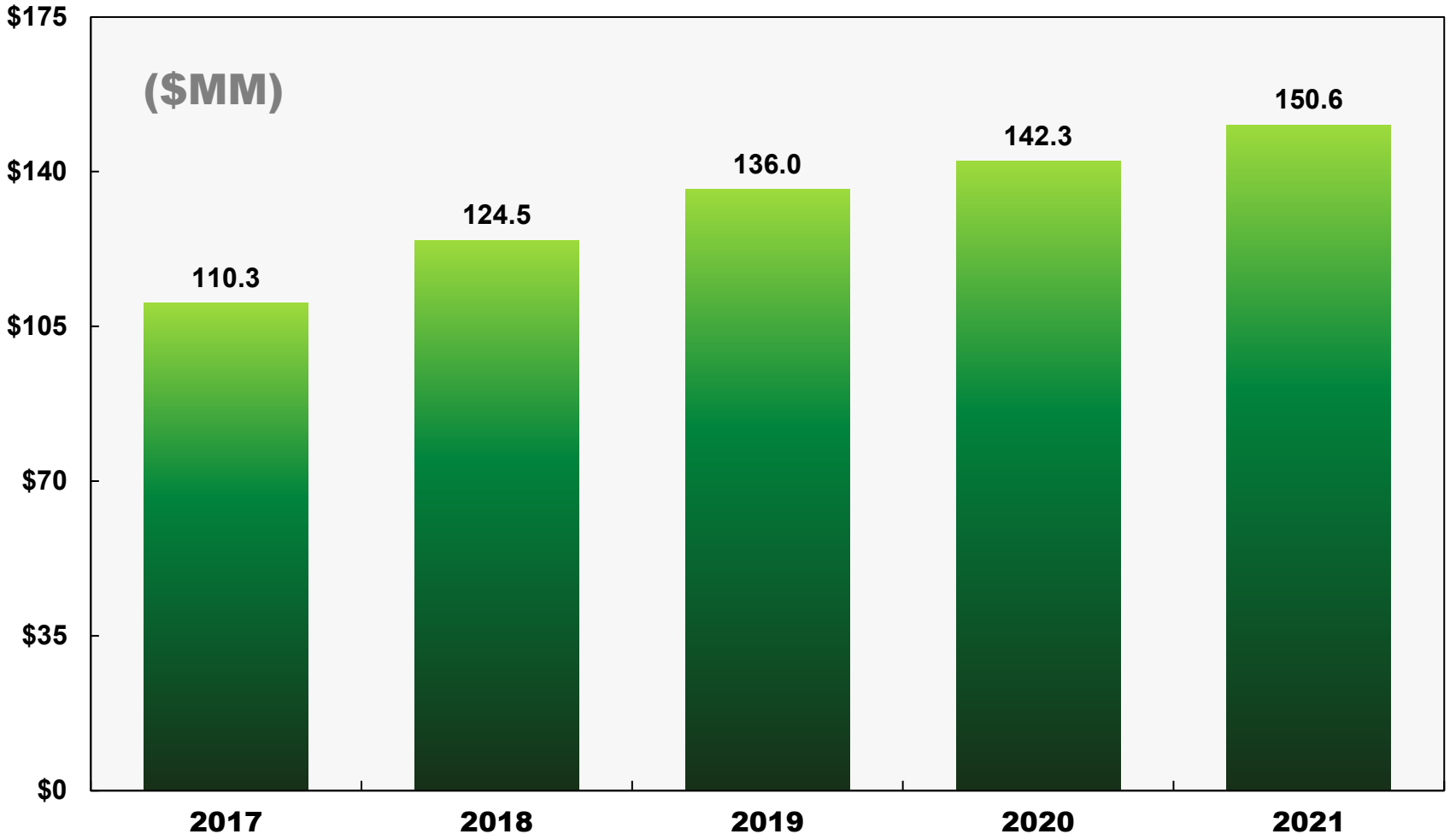
* See “Reconciliation of non-GAAP Financial Measures” in Appendix.

DIVERSIFIED LOAN PORTFOLIO

2021 Average Loans by Type



PRE-TAX, PRE-PROVISION INCOME

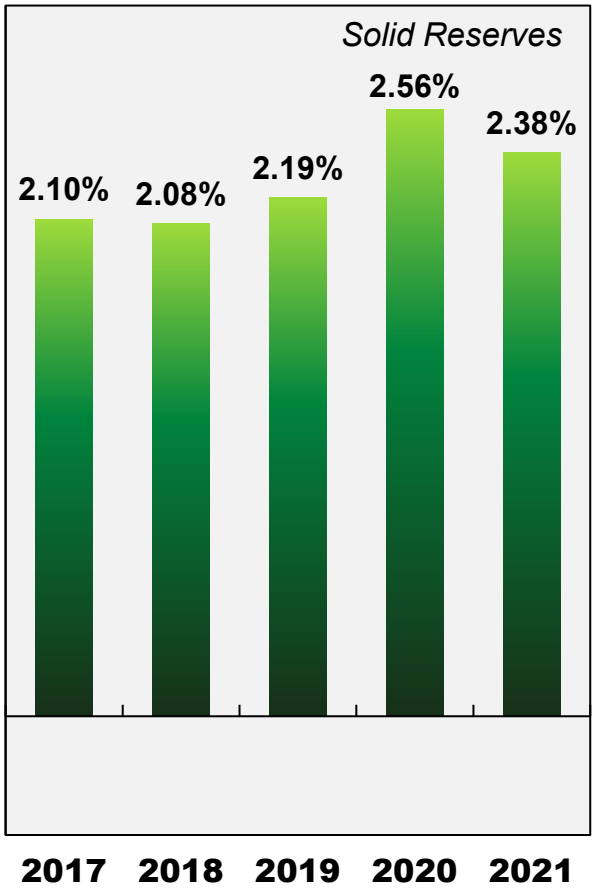


*See “Reconciliation of non-GAAP Financial Measures” in Appendix.

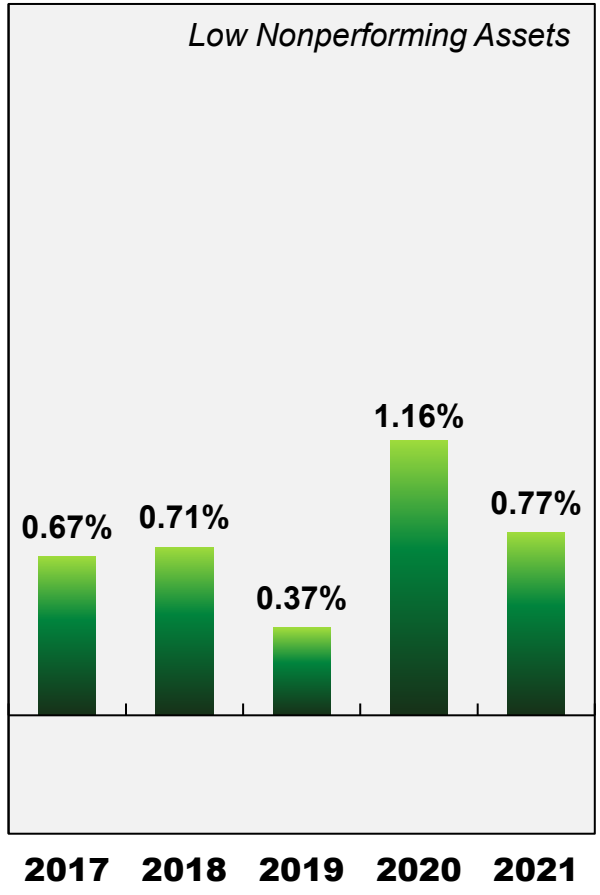
STRONG CREDIT QUALITY

% of Net Loans and Leases

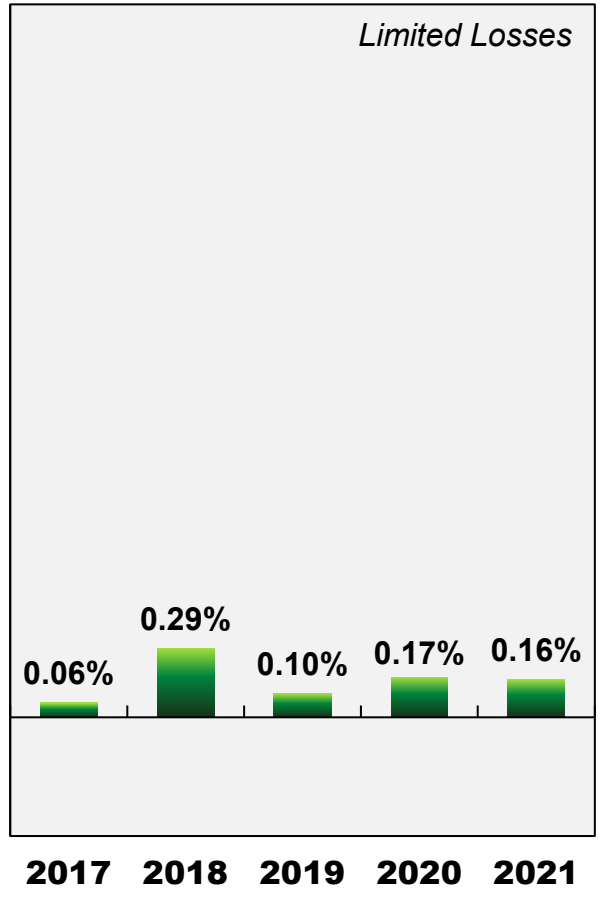
Loan & Lease Loss Allowance



Nonperforming Assets

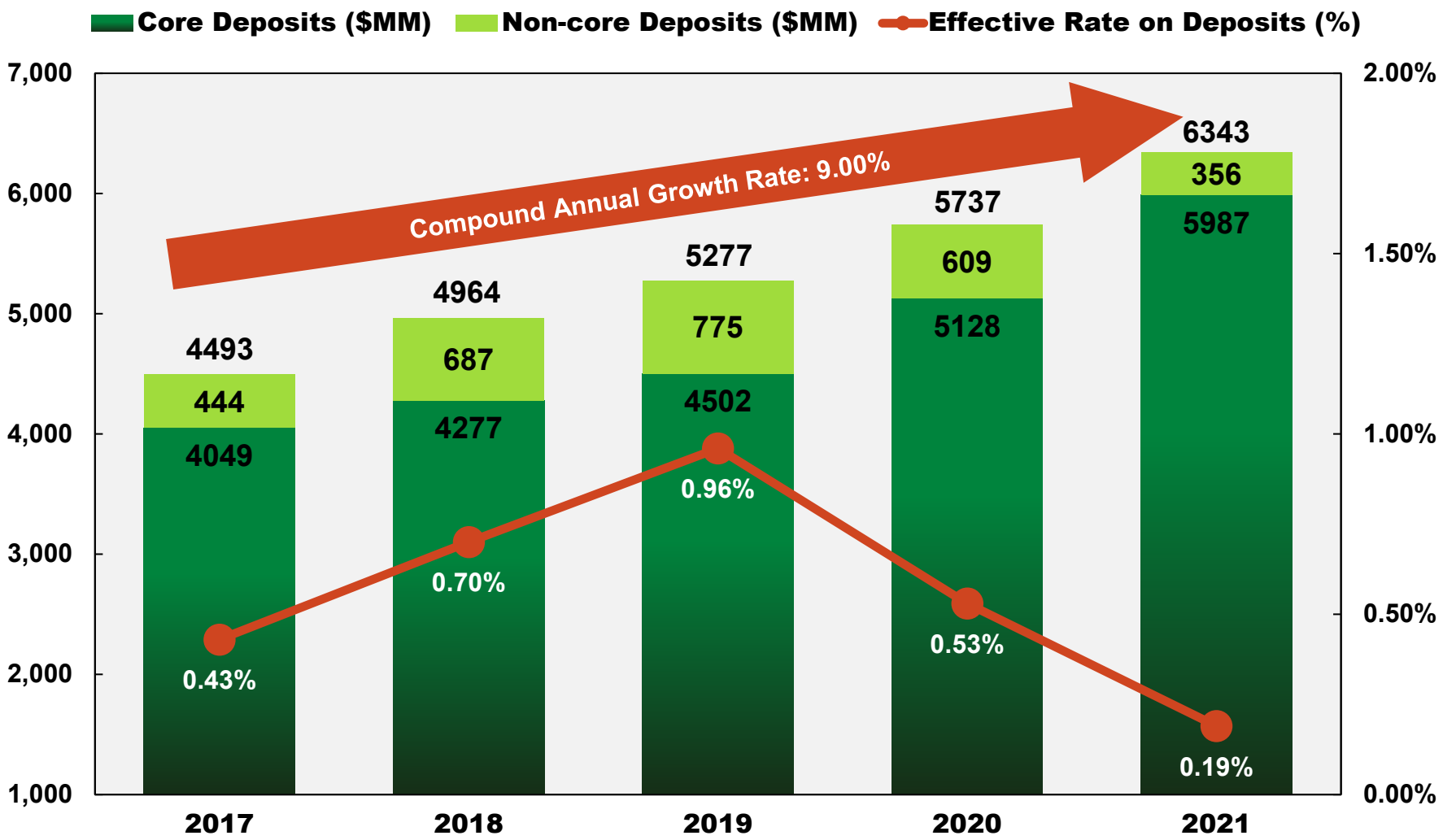


Net Charge-Offs



CORE DEPOSIT FRANCHISE

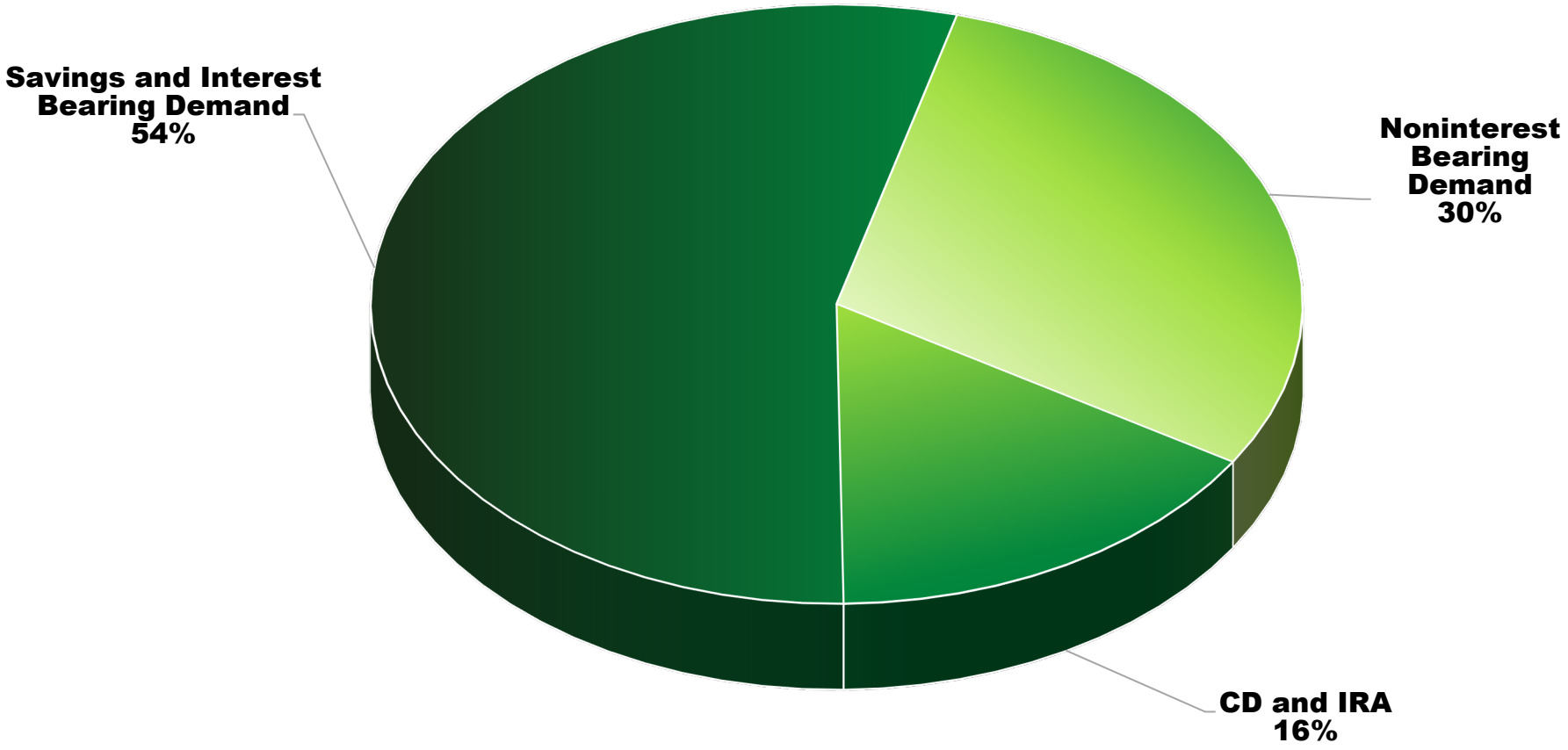
TOTAL AVERAGE DEPOSITS



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

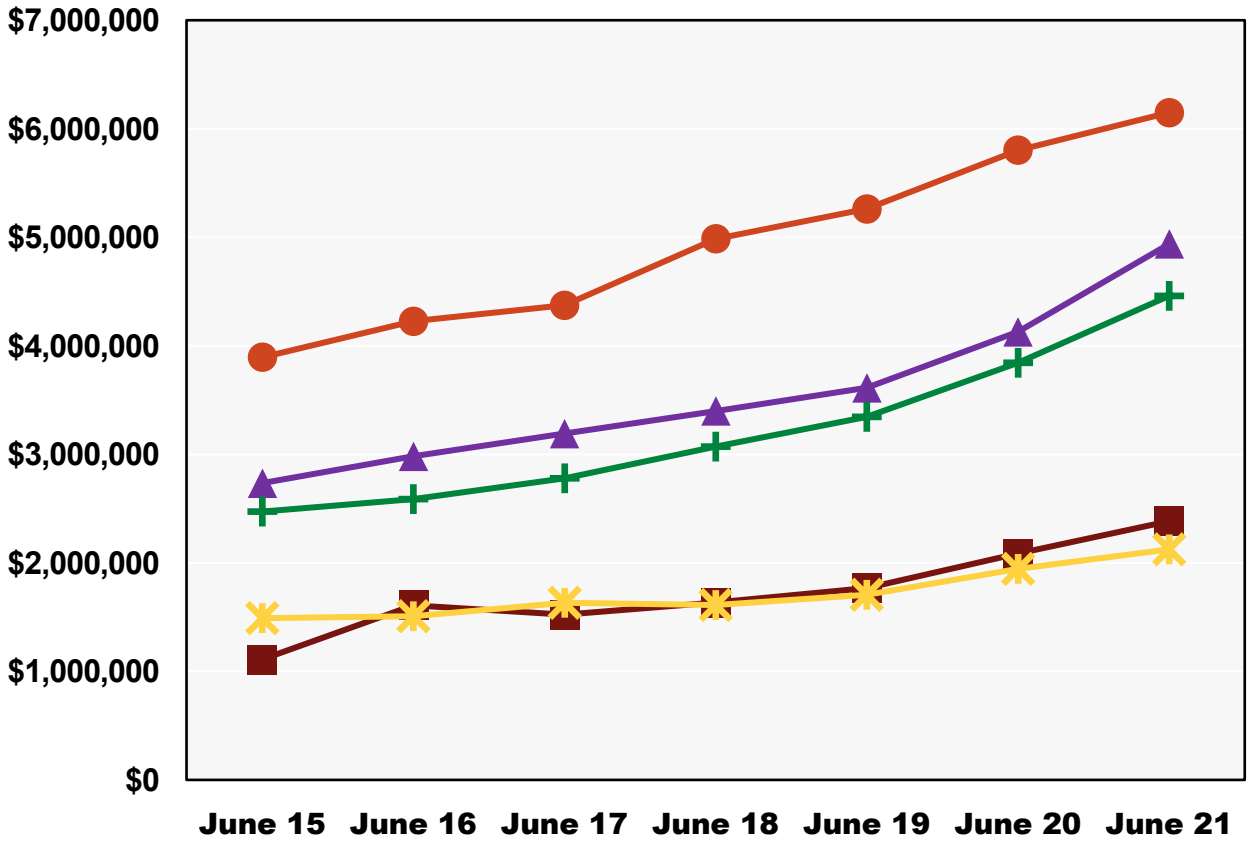
ATTRACTIVE DEPOSIT FRANCHISE

2021 Average Deposits By Type



DEPOSIT MARKET SHARE
16 COUNTY CONTIGUOUS MARKET*

Leading Market Share in Community Banking Markets ($000)



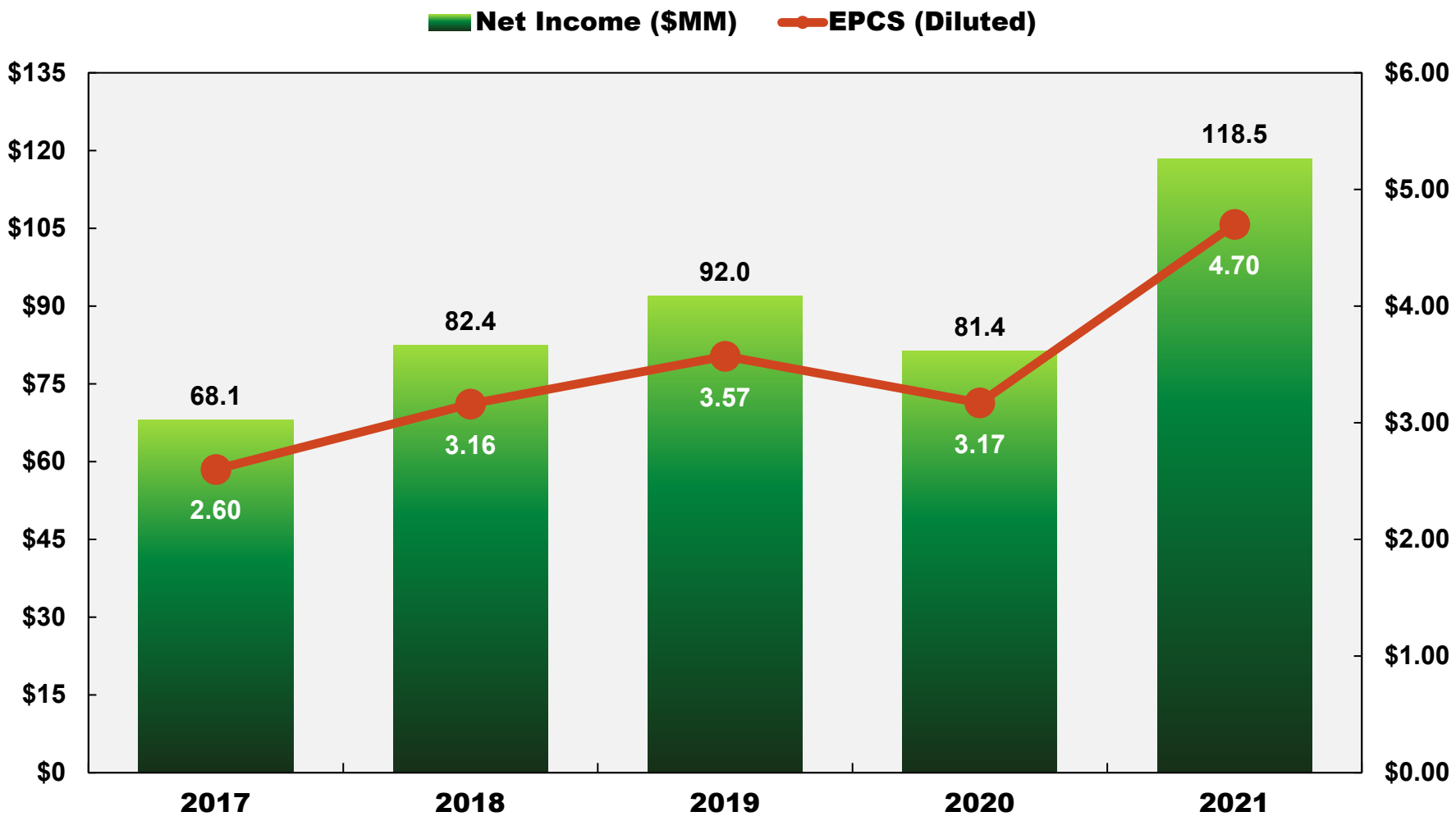
2021

1st Source	13.81%
Chase	11.09%
Lake City Bank	10.02%
Horizon Bank	5.35%
Fifth Third	4.77%

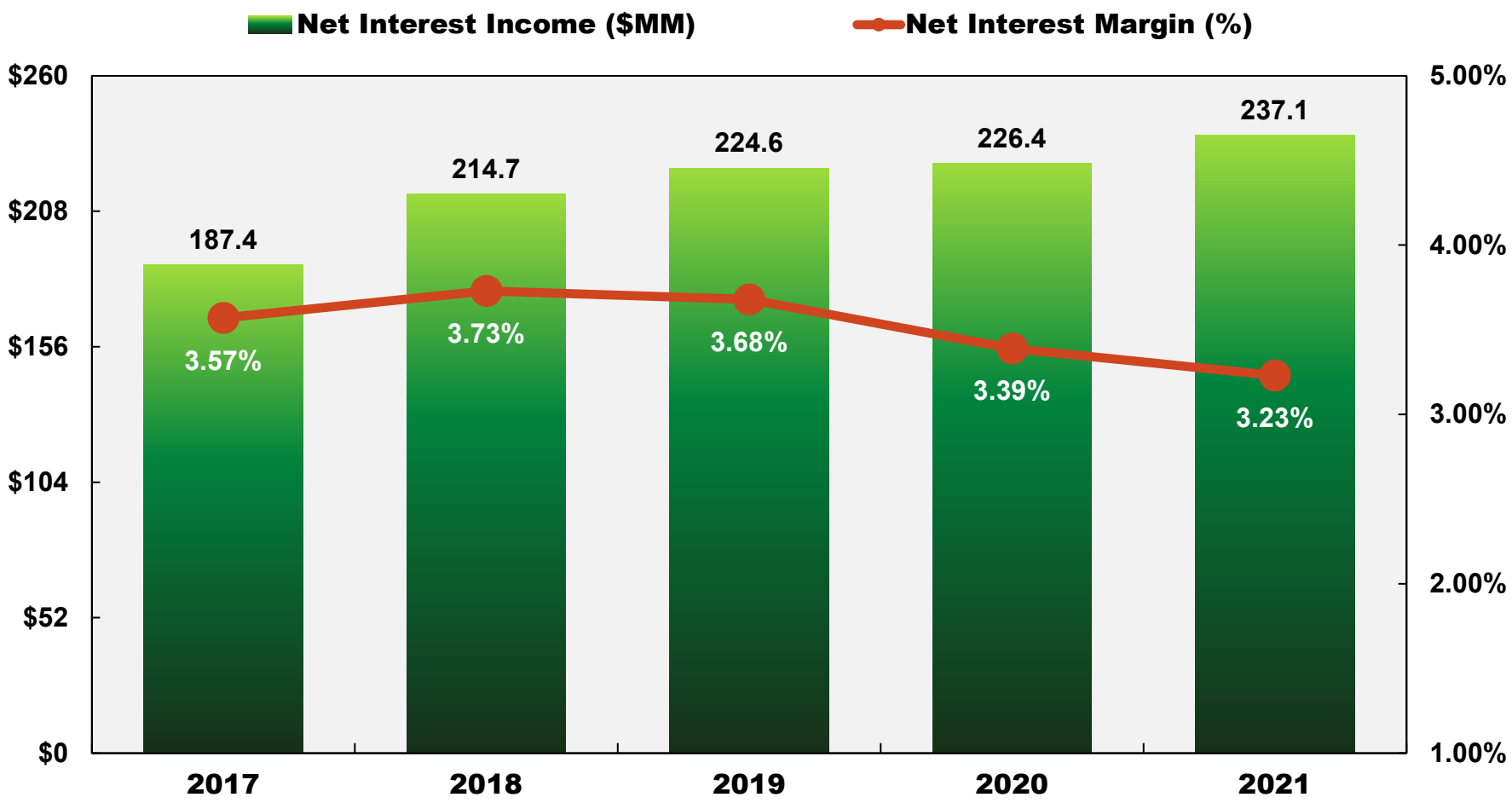
Data as of June 2021 – FDIC
(via S&P Global Market Intelligence)

*Includes Allen, DeKalb (added in June 2020), 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



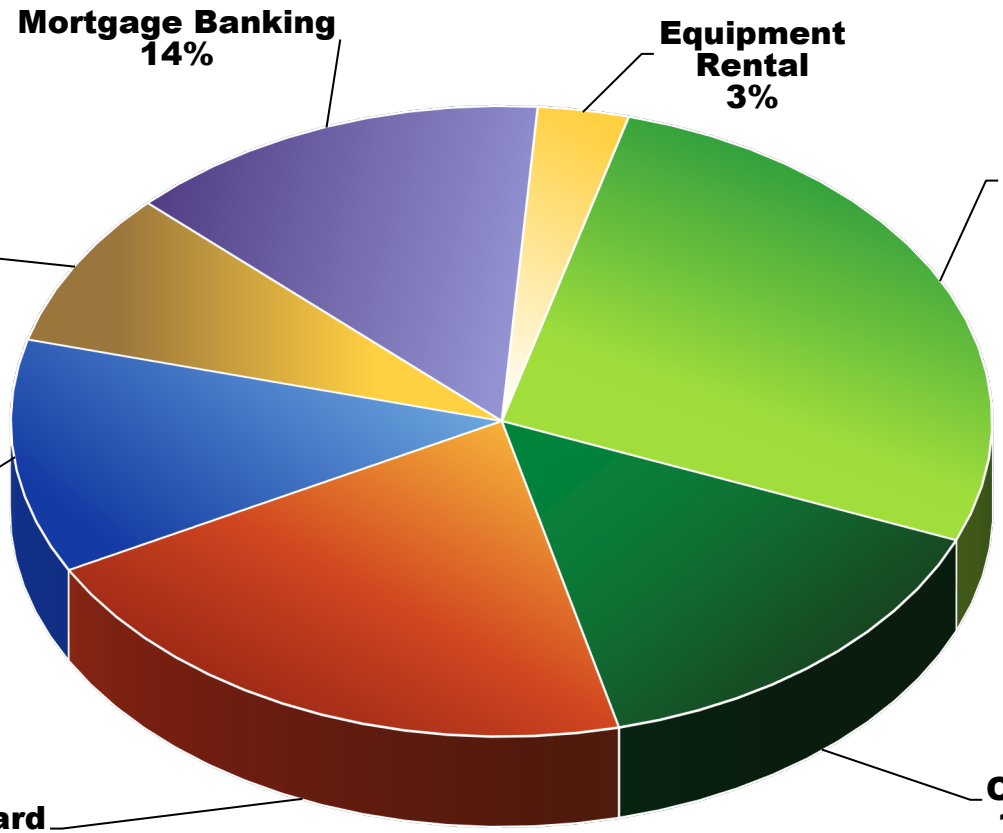
NET INTEREST MARGIN (FTE)*



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

DIVERSE SOURCES OF NONINTEREST INCOME

Noninterest Income Composition
2021 = $86.4MM*

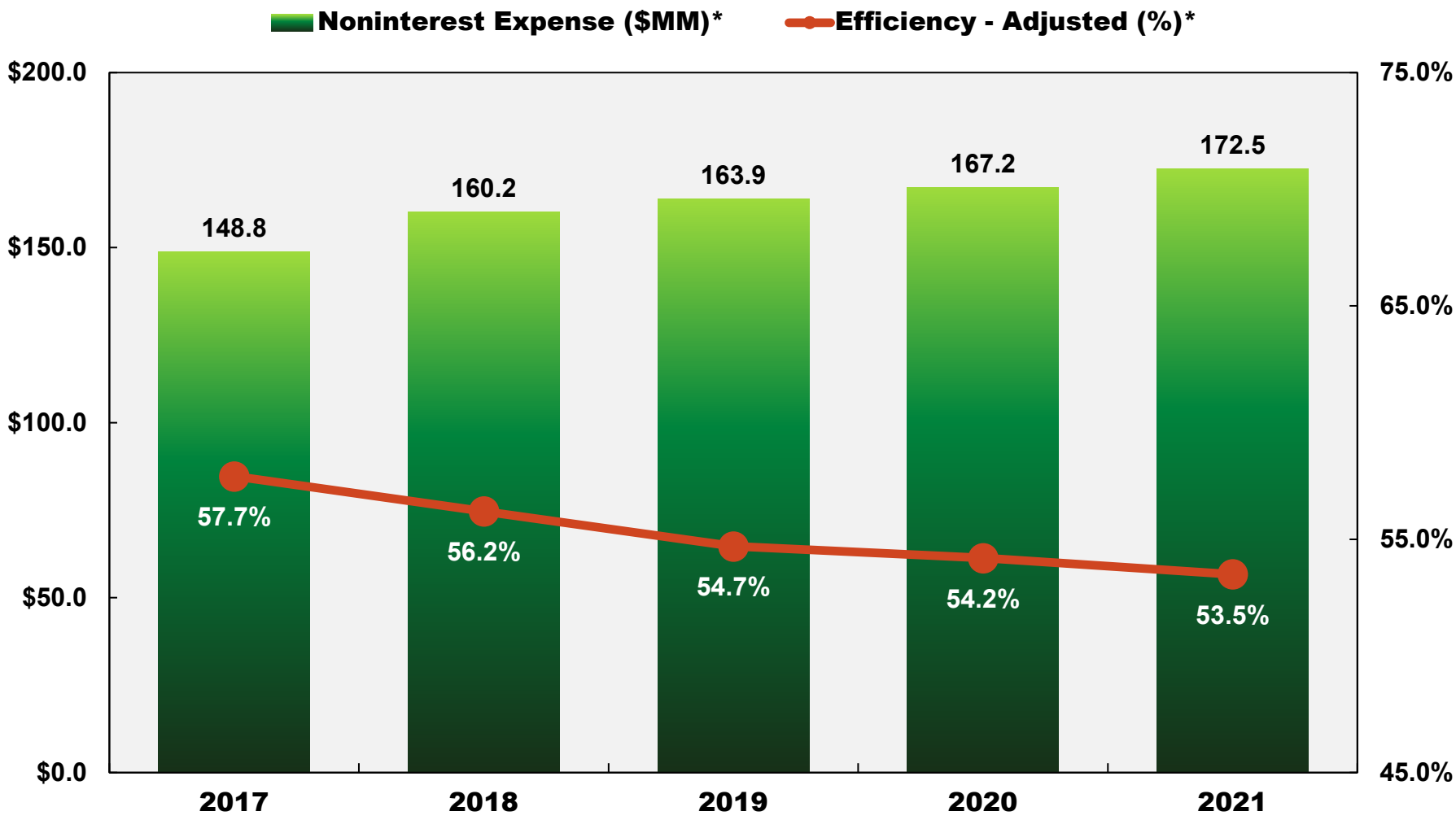


Fair Value of Assets Under Management of $5.3B

27% of Total Revenue*

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

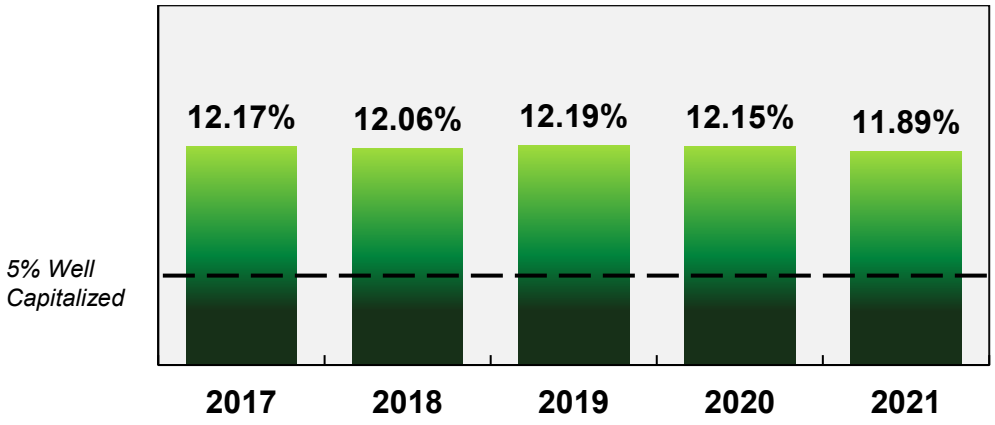
OPERATING EXPENSES



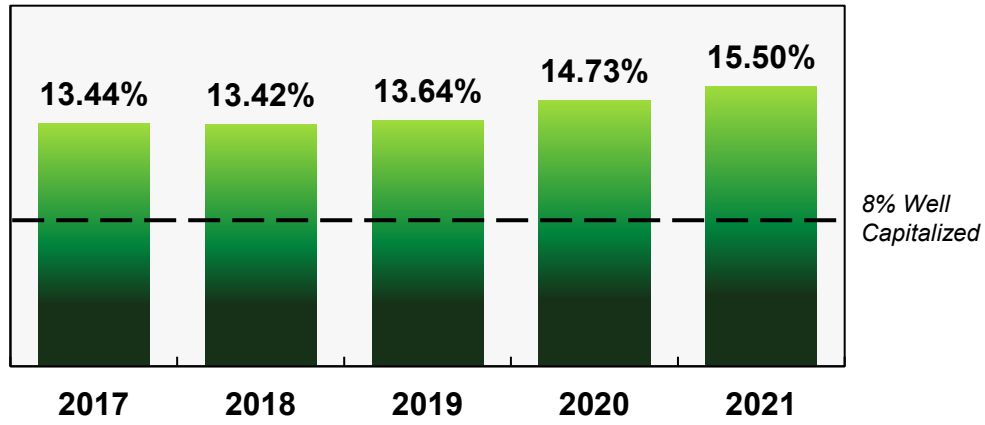
* Note: Noninterest expense is shown net of leased equipment depreciation. See “Reconciliation of non-GAAP Financial Measures” in Appendix.

STRONG CAPITAL POSITION

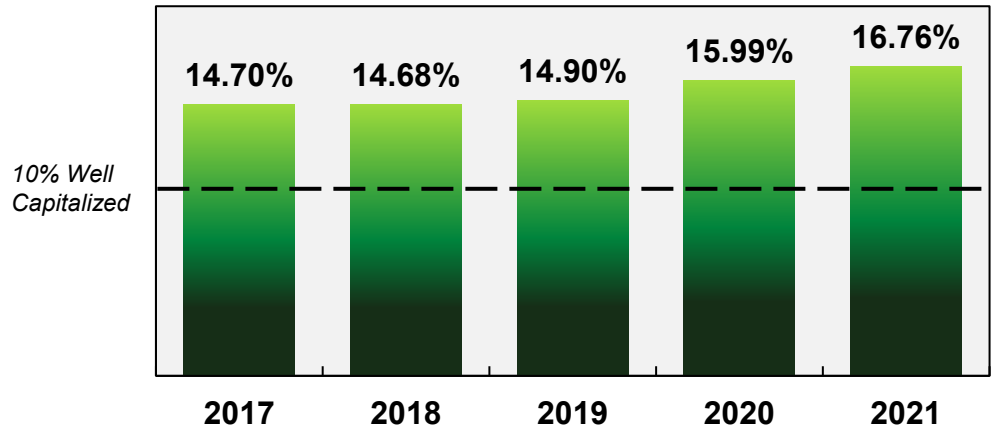
Tier 1 Leverage Ratio



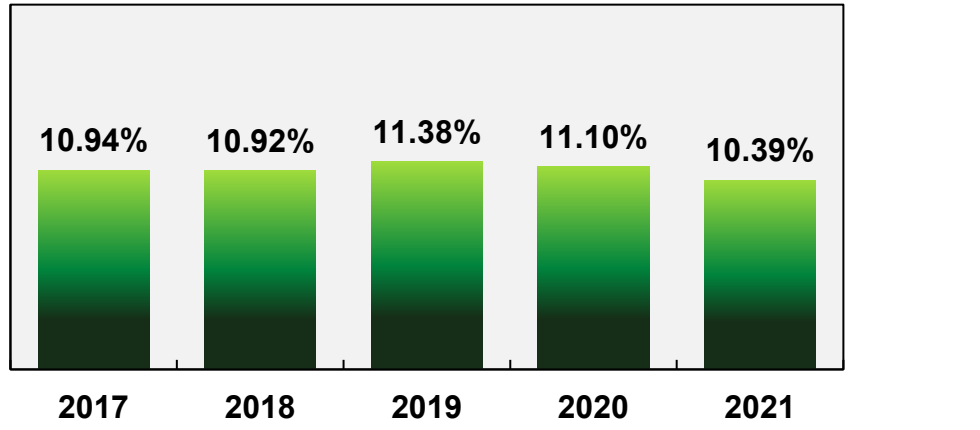
Tier 1 Risk Based Ratio



Total Risk Based Capital Ratio



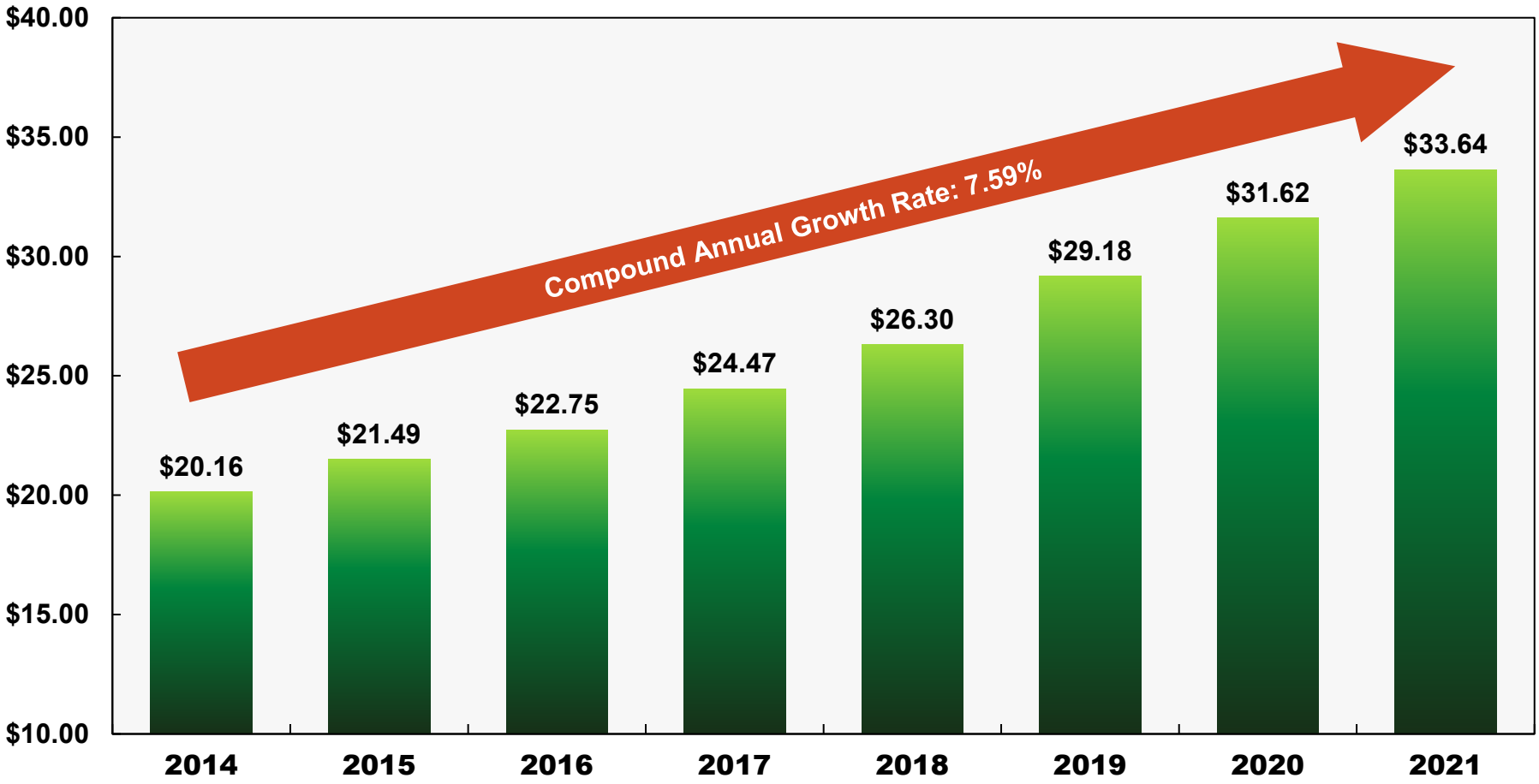
Tangible Common Equity / Tangible Assets*



* See “Reconciliation of non-GAAP Financial Measures” in Appendix.
Note: During 2021, shares repurchased were 713,132 shares (63,786 repurchased during fourth quarter)

TANGIBLE BOOK VALUE PER COMMON SHARE*

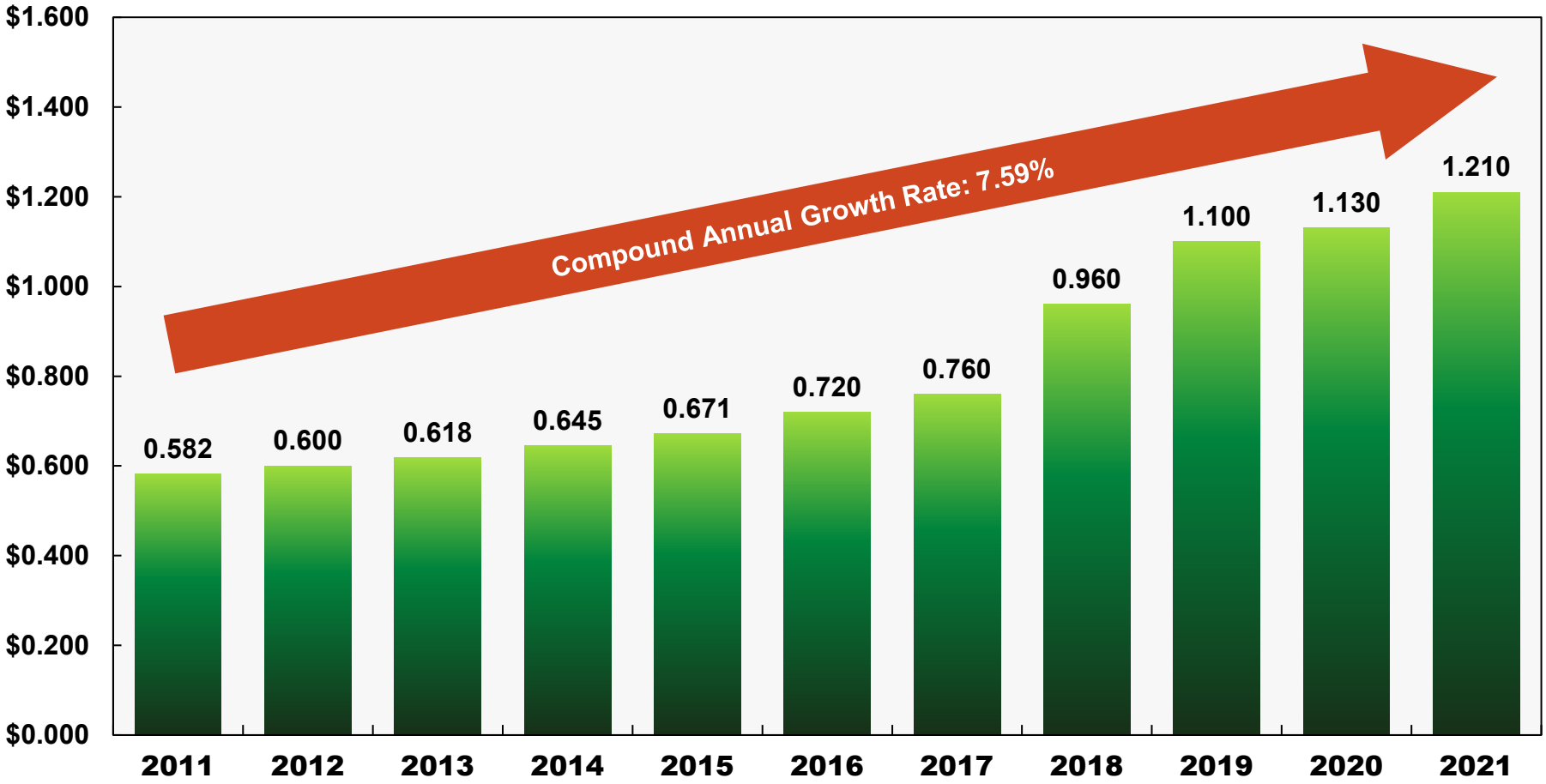
Consistent Growth



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

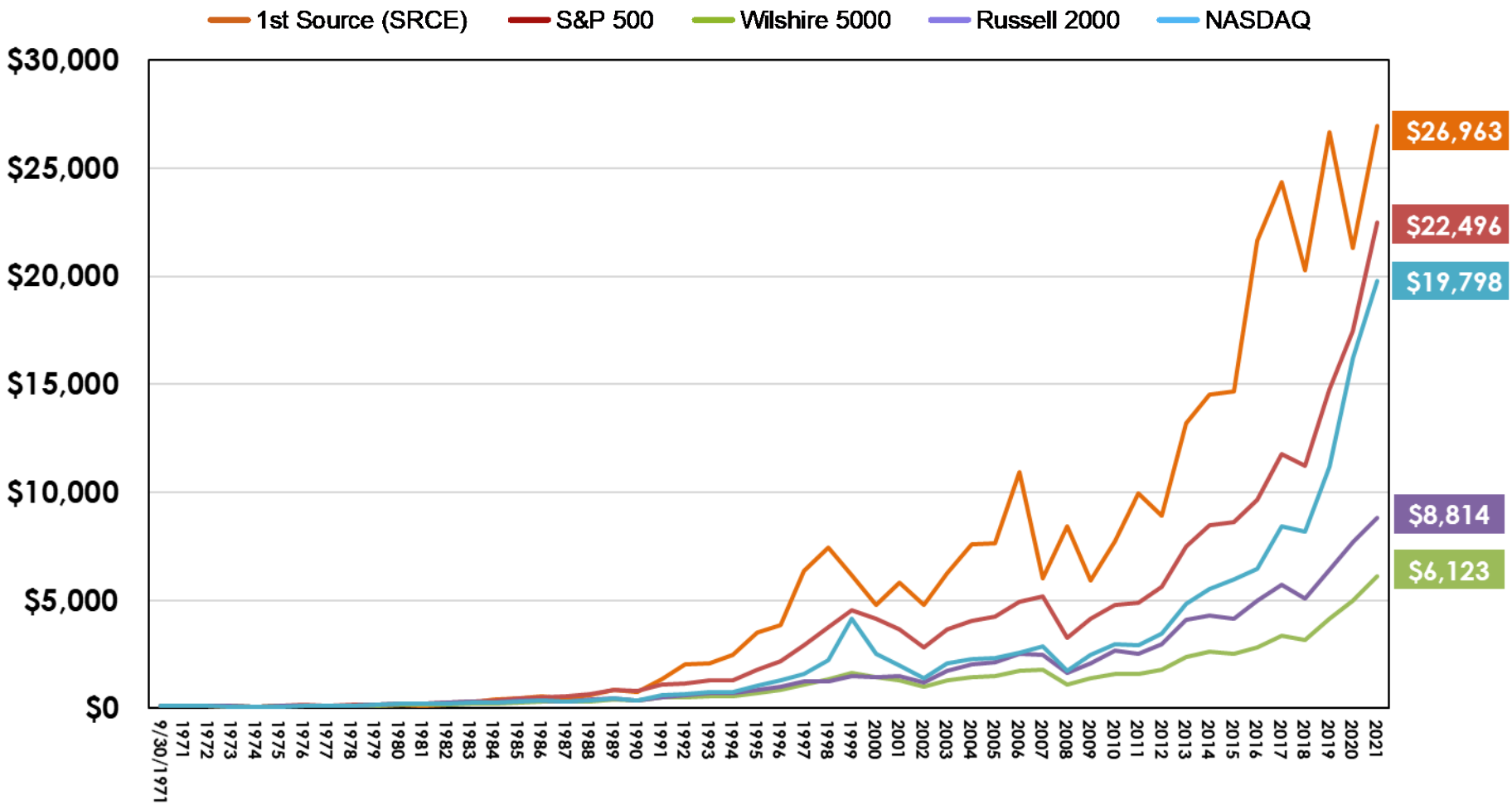
COMMON DIVIDENDS PER SHARE

34 YEARS OF CONSECUTIVE DIVIDEND GROWTH



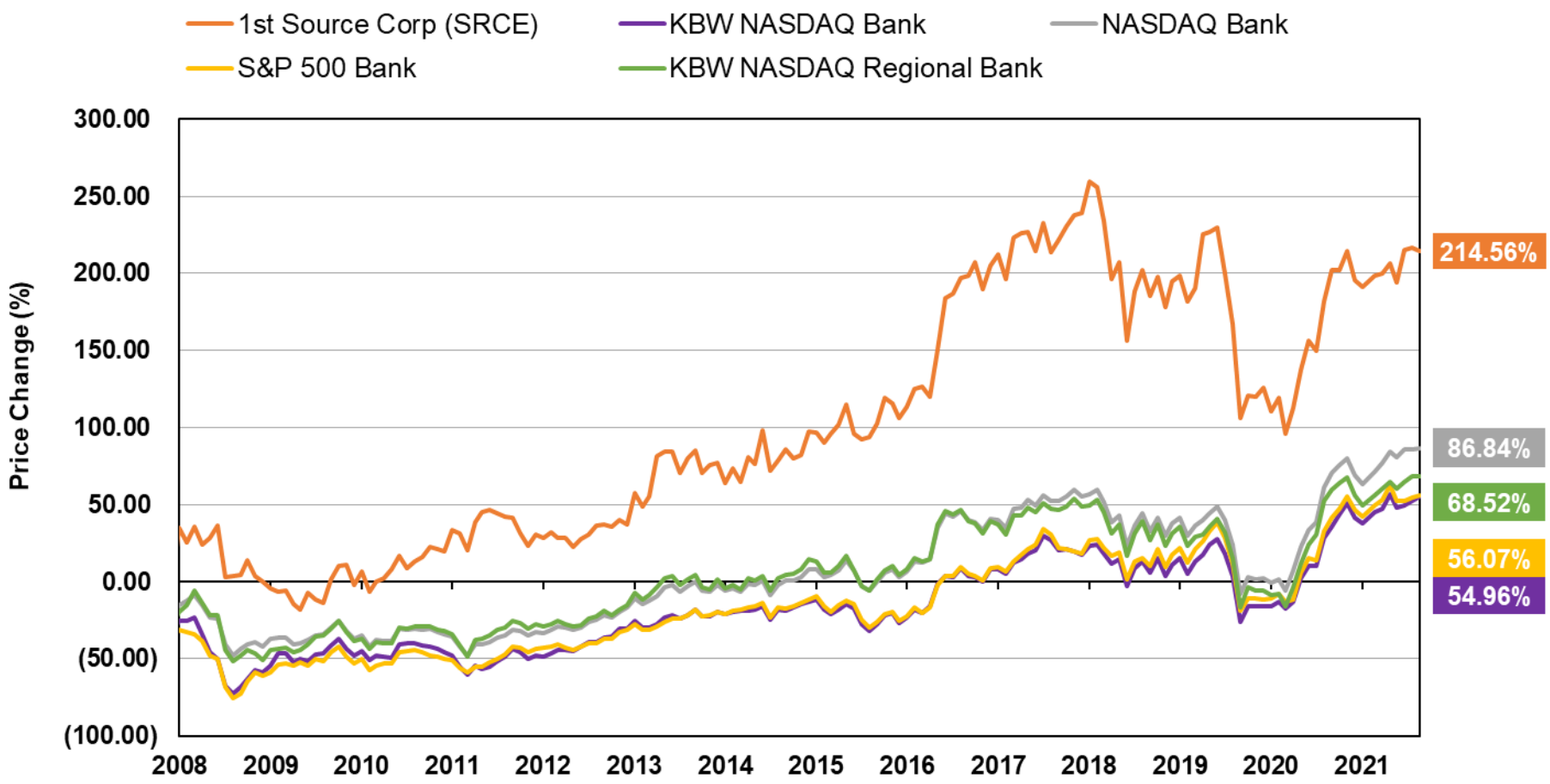
DELIVERING RETURNS TO SHAREHOLDERS

Value of $100 Invested in 1st Source since 1971 Inception with Dividends Reinvested vs. Total Return of Stock Indices



DELIVERING RETURNS TO SHAREHOLDERS

December 31, 2007 – February 3, 2022



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

34 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 34 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

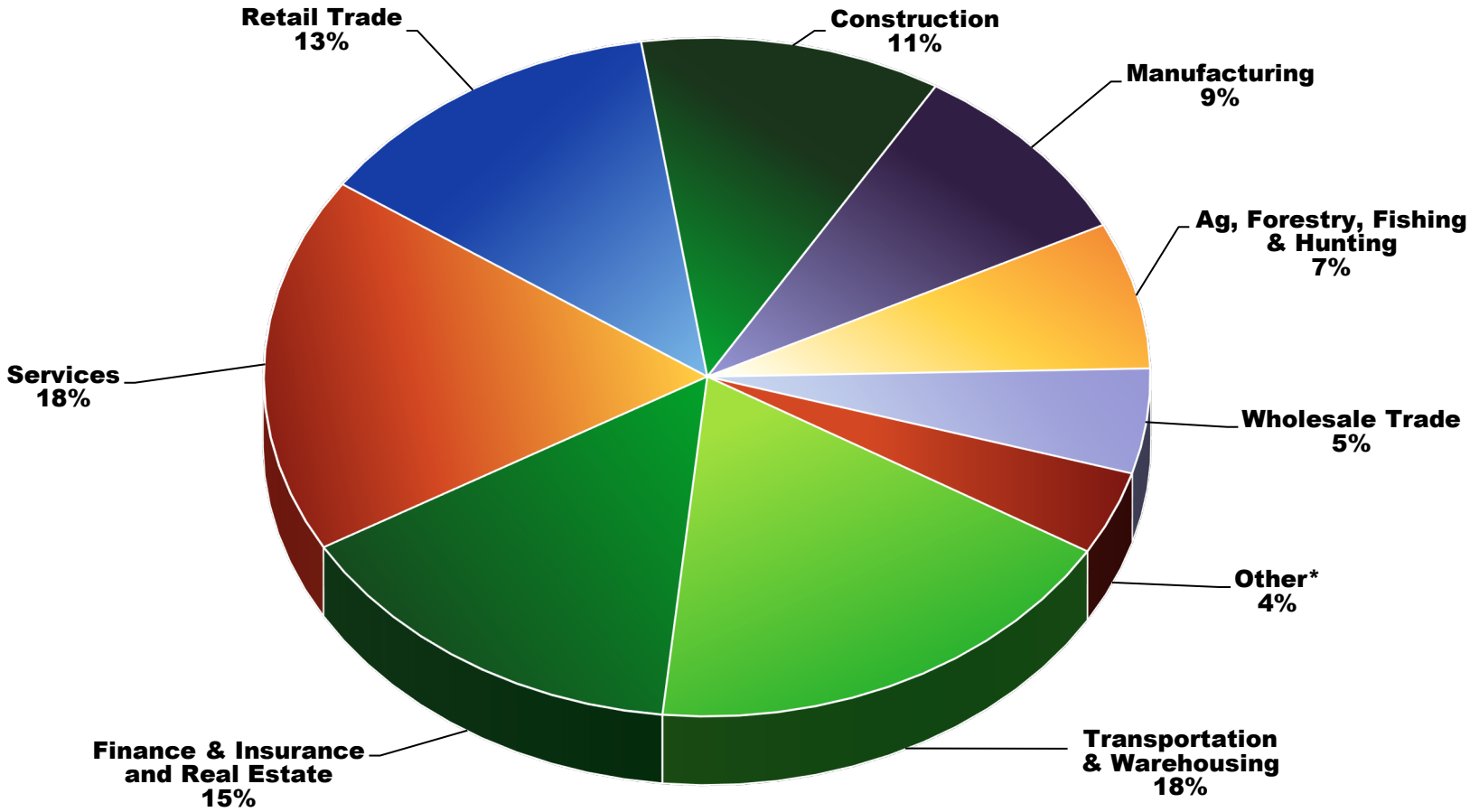
(Dollars in millions)	2017	2018	2019	2020	2021
Cash and cash equivalents	$ 78	$ 99	$ 83	$ 243	$ 525
Investment securities and other investments	930	1,019	1,069	1,225	1,890
Loans and leases, net of unearned discount	4,541	4,847	5,106	5,502	5,360
Allowance for loan and lease losses	(95)	(100)	(111)	(141)	(127)
Equipment owned under operating leases, net	140	134	112	65	48
Other assets	293	295	364	422	400
Total assets	$ 5,887	$ 6,294	$ 6,623	$ 7,316	$ 8,096
Noninterest-bearing deposits	$ 1,064	$ 1,217	$ 1,217	$ 1,637	$ 2,053
Interest-bearing deposits	3,689	3,905	4,140	4,309	4,626
Total deposits	4,753	5,122	5,357	5,946	6,679
Total borrowings	342	329	276	291	330
Other liabilities	73	79	141	148	118
Total shareholders' equity	719	762	829	887	916
Noncontrolling interests	-	2	20	44	53
Total equity	719	764	849	931	969
Total liabilities and equity	$ 5,887	$ 6,294	$ 6,623	$ 7,316	$ 8,096

CONSOLIDATED INCOME STATEMENT

(Dollars in millions)	2017	2018	2019	2020	2021
Net interest income	$ 186	$ 214	$ 224	$ 226	$ 237
Provision for (recovery of) credit losses	9	19	16	36	(4)
Noninterest income*	73	70	76	83	86
Noninterest expense*	149	160	164	167	172
Income before income taxes	101	105	120	106	155
Income tax expense	33	23	28	25	36
Net income	68	82	92	81	119
Net income attributable to noncontrolling interests	-	-	-	-	-
Net income available to common shareholders	$ 68	$ 82	$ 92	$ 81	$ 119
Diluted net income per common share	$ 2.60	$ 3.16	$ 3.57	$ 3.17	$ 4.70

* 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

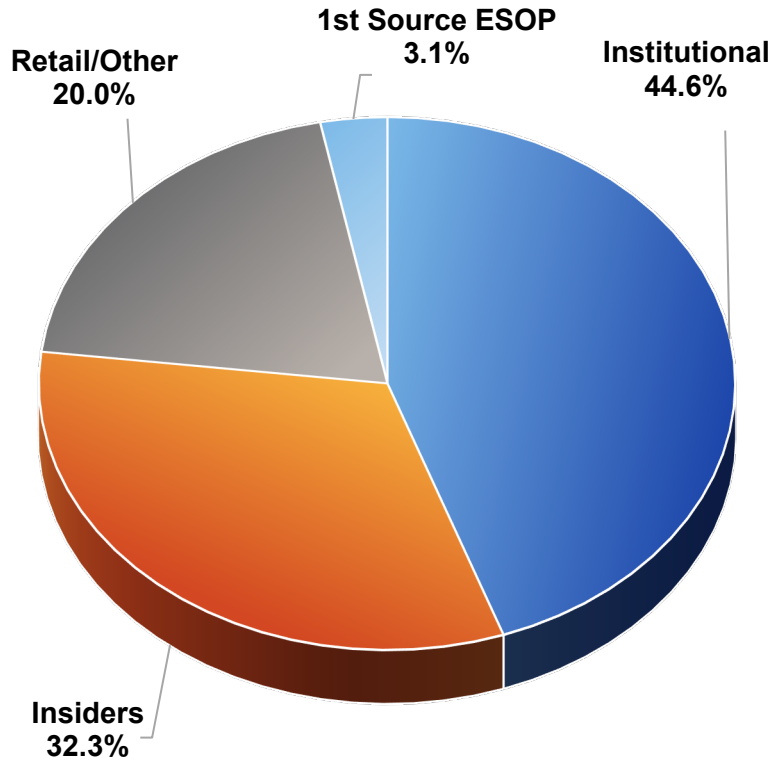


* Other includes: Mining & Utilities and Information

OWNERSHIP SUMMARY

Institutional	11,036,230	44.6%
Insiders	7,998,207	32.3%
Retail/Other	4,953,628	20.0%
1st Source ESOP	751,447	3.1%
Total Shares Outstanding[1]	**24,739,512**	**100.0%**

Institution (Top 10 Institutions)	Shares	% of Total
Dimensional Fund Advisors LP	1,706,074	6.9%
BlackRock Inc.	1,265,103	5.1%
Vanguard Group Inc.	833,344	3.4%
Wellington Management Group LLP	784,280	3.2%
AllianceBernstein LP	778,323	3.1%
State Street Global Advisors Inc.	487,011	2.0%
Manulife Asset Management	431,011	1.7%
Boston Trust Walden Co.	364,016	1.4%
Geode Capital Management LLC	319,934	1.3%
Charles Schwab Investment Mgmt	289,284	1.2%
Top 10 Institutions[2]	**7,258,380**	**29.3%**
Other	3,777,850	15.3%
Total Institutional Ownership[2]	**11,036,230**	**44.6%**



(1) As of December 31, 2021
(2) As of September 30, 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
(A)	Loans and leases interest income (GAAP)	$ 194,297	$ 234,083	$ 257,738	$ 242,172	$ 234,583
(B)	Plus: loans and leases fully tax-equivalent adjustments	621	367	375	333	319
(C)	Loans and leases interest income - FTE (A+B)	194,918	234,450	258,113	242,505	234,902
(D)	Average loans and leases	$ 4,333,375	$ 4,755,256	$ 5,000,161	$ 5,463,436	$ 5,437,817
	Yield on loans and leases (GAAP) (A/D)	4.48%	4.92%	5.15%	4.43%	4.31%
	Yield on loans and leases - FTE (C/D)	4.50%	4.93%	5.16%	4.44%	4.32%

(Dollars in thousands)		2017	2018	2019	2020	2021
(A)	Interest income (GAAP)	$ 212,385	$ 257,316	$ 282,877	$ 263,031	$ 254,772
(B)	Plus: fully tax-equivalent adjustments	1,795	803	686	543	459
(C)	Interest income - FTE (A+B)	214,180	258,119	283,563	263,574	255,231
(D)	Interest expense (GAAP)	26,754	43,410	59,011	37,211	18,134
(E)	Net interest income (GAAP) (A-D)	185,631	213,906	223,866	225,820	236,638
(F)	Net interest income - FTE (C-D)	187,426	214,709	224,552	226,363	237,097
(G)	Average earning assets	$ 5,251,094	$ 5,761,761	$ 6,104,673	$ 6,684,246	$ 7,338,639
	Net interest margin (GAAP) (E/G)	3.54%	3.71%	3.67%	3.38%	3.22%
	Net interest margin - FTE (F/G)	3.57%	3.73%	3.68%	3.39%	3.23%

Pre-Tax, Pre-Provision Income

(Dollars in thousands)		2017	2018	2019	2020	2021
(A)	Income before income taxes (GAAP)	$ 101,360	$ 105,027	$ 120,154	$ 106,341	$ 154,885
(B)	Plus: Provision for (recovery of) credit losses	8,980	19,462	15,833	36,001	(4,303)
(C)	Pre-tax pre-provision income (A+B)	$ 110,340	$ 124,489	$ 135,987	$ 142,342	$ 150,582

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Noninterest Income

(Dollars in thousands)		2017	2018	2019	2020	2021
(A)	Noninterest income (GAAP)	$ 98,706	$ 97,050	$ 101,130	$ 103,889	$ 100,092
(B)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(13,694)
(C)	Noninterest income - adjusted (A-B)	$ 73,491	$ 70,802	$ 76,002	$ 83,686	$ 86,398

Noninterest Expense

(Dollars in thousands)		2017	2018	2019	2020	2021
(A)	Noninterest expense (GAAP)	$ 173,997	$ 186,467	$ 189,009	$ 187,367	$ 186,148
(B)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(13,694)
(C)	Noninterest expense - adjusted (A-B)	$ 148,782	$ 160,219	$ 163,881	$ 167,164	$ 172,454

Calculation of Efficiency Ratio

(Dollars in thousands)		2017	2018	2019	2020	2021
(A)	Net interest income (GAAP)	$ 185,631	$ 213,906	$ 223,866	$ 225,820	$ 236,638
(B)	Net interest income - FTE	187,426	214,709	224,552	226,363	237,097
(C)	Plus: noninterest income (GAAP)	98,706	97,050	101,130	103,889	100,092
(D)	Less: gains/losses on investment securities and partnership investments	(4,569)	(320)	(653)	(1,652)	(1,020)
(E)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(13,694)
(F)	Total net revenue (GAAP) (A+C)	284,337	310,956	324,996	329,709	336,730
(G)	Total net revenue - adjusted (B+C-D-E)	256,348	285,191	299,901	308,397	322,475
(H)	Noninterest expense (GAAP)	173,997	186,467	189,009	187,367	186,148
(E)	Less: depreciation - leased equipment	(25,215)	(26,248)	(25,128)	(20,203)	(13,694)
(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	$ 172,454
	Efficiency ratio (GAAP-derived) (H/F)	61.2%	60.0%	58.2%	56.8%	55.3%
	Efficiency ratio - adjusted (J/G)	57.7%	56.2%	54.7%	54.2%	53.5%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Calculation of Tangible Common Equity-to-Tangible Assets Ratio

(Dollars in thousands)		2017	2018	2019	2020	2021
(A)	Total common shareholders' equity (GAAP)	$ 718,537	$ 762,082	$ 828,277	$ 886,845	$ 916,255
(B)	Less: goodwill and intangible assets	(83,742)	(83,998)	(83,971)	(83,948)	(83,926)
(C)	Total tangible common shareholders' equity (A-B)	634,795	678,084	744,306	802,897	832,329
(D)	Total assets (GAAP)	5,887,284	6,293,745	6,622,776	7,316,411	8,096,289
(B)	Less: goodwill and intangible assets	(83,742)	(83,998)	(83,971)	(83,948)	(83,926)
(E)	Total tangible assets (D-B)	$ 5,803,542	$ 6,209,747	$ 6,538,805	$ 7,232,463	$ 8,012,363
	Common equity-to-assets ratio (GAAP-derived) (A/D)	12.20%	12.11%	12.51%	12.12%	11.32%
	Tangible common equity-to-tangible assets ratio (C/E)	10.94%	10.92%	11.38%	11.10%	10.39%

Calculation of Tangible Book Value per Common Share

(Dollars in thousands, except for per share data)		2014	2015	2016	2017	2018	2019	2020	2021
(A)	Total common shareholders' equity (GAAP)	$ 614,473	$ 644,053	$ 672,650	$ 718,537	$ 762,082	$ 828,277	$ 886,845	$ 916,255
(B)	Less: goodwill and intangible assets	(85,371)	(84,676)	(84,102)	(83,742)	(83,998)	(83,971)	(83,948)	(83,926)
(C)	Total tangible common shareholders' equity (A-B)	$ 529,102	$ 559,377	$ 588,548	$ 634,795	$ 678,084	$ 744,306	$ 802,897	$ 832,329
(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	24,739,512
	Book value per common share (GAAP-derived) (A/D)*1000	$ 23.41	$ 24.75	$ 26.00	$ 27.70	$ 29.56	$ 32.47	$ 34.93	$ 37.04
	Tangible common book value per share (C/D)*1000	$ 20.16	$ 21.49	$ 22.75	$ 24.47	$ 26.30	$ 29.18	$ 31.62	$ 33.64