

1ST SOURCE CORP  
Form 10-Q  
July 23, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-6233

(Exact name of registrant as specified in its charter)

INDIANA

35-1068133

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

100 North Michigan Street

South Bend, IN

46601

(Address of principal executive offices)

(Zip Code)

(574) 235-2000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

Number of shares of common stock outstanding as of July 17, 2015 — 26,199,344 shares

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1st SOURCE CORPORATION  
 CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
 (Unaudited - Dollars in thousands)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Cash and due from banks	\$66,302	\$64,834
Federal funds sold and interest bearing deposits with other banks	11,396	1,356
Investment securities available-for-sale (amortized cost of \$773,195 and \$776,057 at June 30, 2015 and December 31, 2014, respectively)	786,471	791,118
Other investments	20,743	20,801
Trading account securities	211	205
Mortgages held for sale	14,782	13,604
Loans and leases, net of unearned discount:		
Commercial and agricultural	719,972	710,758
Auto and light truck	446,731	397,902
Medium and heavy duty truck	250,045	247,153
Aircraft financing	751,665	727,665
Construction equipment financing	445,479	399,940
Commercial real estate	641,205	616,587
Residential real estate	454,730	445,759
Consumer	142,872	142,810
Total loans and leases	3,852,699	3,688,574
Reserve for loan and lease losses	(86,588	) (85,068
Net loans and leases	3,766,111	3,603,506
Equipment owned under operating leases, net	93,875	74,143
Net premises and equipment	50,931	50,328
Goodwill and intangible assets	84,967	85,371
Accrued income and other assets	118,234	124,692
Total assets	\$5,014,023	\$4,829,958
<b>LIABILITIES</b>		
Deposits:		
Noninterest bearing	\$857,079	\$796,241
Interest bearing	3,105,506	3,006,619
Total deposits	3,962,585	3,802,860
Short-term borrowings:		
Federal funds purchased and securities sold under agreements to repurchase	122,658	138,843
Other short-term borrowings	139,529	106,979
Total short-term borrowings	262,187	245,822
Long-term debt and mandatorily redeemable securities	57,488	56,232
Subordinated notes	58,764	58,764
Accrued expenses and other liabilities	41,368	51,807
Total liabilities	4,382,392	4,215,485
<b>SHAREHOLDERS' EQUITY</b>		

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Preferred stock; no par value		
Authorized 10,000,000 shares; none issued or outstanding	—	—
Common stock; no par value		
Authorized 40,000,000 shares; issued 28,206,076 at June 30, 2015 and December 31, 2014*	436,538	346,535
Retained earnings*	232,507	302,242
Cost of common stock in treasury (2,009,732 shares at June 30, 2015 and 1,957,386 shares at December 31, 2014)*	(45,706	) (43,711 )
Accumulated other comprehensive income	8,292	9,407
Total shareholders' equity	631,631	614,473
Total liabilities and shareholders' equity	\$5,014,023	\$4,829,958

\*Share data and June 30, 2015 common stock and retained earnings gives retrospective recognition to a 10% stock dividend declared on July 22, 2015.

The accompanying notes are a part of the consolidated financial statements.

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1st SOURCE CORPORATION  
 CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited - Dollars in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Interest income:				
Loans and leases	\$42,583	\$40,401	\$82,187	\$79,316
Investment securities, taxable	2,648	3,401	5,652	6,746
Investment securities, tax-exempt	754	816	1,523	