

1ST SOURCE CORP
Form 10-Q
July 22, 2010

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, 2010

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
(State or other jurisdiction of
incorporation or organization)

35-1068133
(I.R.S. Employer
Identification No.)

100 North Michigan Street South Bend, Indiana 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

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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):

| | | | |
|----------------------------|-----------------------|------------------------------|----------------------------------|
| Large accelerated filer | <input type="radio"/> | Accelerated filer | <input checked="" type="radio"/> |
| Non-accelerated filer | <input type="radio"/> | Smaller reporting company | <input type="radio"/> |

(Do not check if a 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 16, 2010 – 24,276,906 shares

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CERTIFICATIONS

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

| | June 30, 2010 | December 31, 2009 |
|---|------------------|-------------------------|
| ASSETS | | |
| Cash and due from banks | \$65,337 | \$72,872 |
| Federal funds sold and interest bearing deposits with other banks | 42,979 | 141,166 |
| Investment securities available-for-sale (amortized cost of \$909,516 and \$893,439 at June 30, 2010 and December 31, 2009, respectively) | 932,583 | 901,638 |
| Other investments | 21,012 | 21,012 |
| Trading account securities | 113 | 125 |
| Mortgages held for sale | 59,084 | 26,649 |
| Loans and leases - net of unearned discount | | |
| Commercial and agricultural loans | 539,003 | 546,222 |
| Auto, light truck and environmental equipment | 416,152 | 349,741 |
| Medium and heavy duty truck | 185,954 | 204,545 |
| Aircraft financing | 596,138 | 617,384 |
| Construction equipment financing | 308,602 | 313,300 |
| Loans secured by real estate | 983,054 | 952,223 |
| Consumer loans | 102,846 | 109,735 |
| Total loans and leases | 3,131,749 | 3,093,150 |
| Reserve for loan and lease losses | (88,014) | (88,236) |
| Net loans and leases | 3,043,735 | 3,004,914 |
| Equipment owned under operating leases, net | 91,288 | 97,004 |
| Net premises and equipment | 36,573 | 37,907 |
| Goodwill and intangible assets | 89,618 | 90,222 |
| Accrued income and other assets | 148,991 | 148,591 |
| Total assets | \$4,531,313 | \$4,542,100 |
| LIABILITIES | | |
| Deposits: | | |
| Noninterest bearing | \$487,719 | \$450,608 |
| Interest bearing | 3,121,867 | 3,201,856 |
| Total deposits | 3,609,586 | 3,652,464 |
| Federal funds purchased and securities sold under agreements to repurchase | 113,638 | 123,787 |
| Other short-term borrowings | 28,136 | 26,323 |
| Long-term debt and mandatorily redeemable securities | 29,854 | 19,761 |
| Subordinated notes | 89,692 | 89,692 |
| Accrued expenses and other liabilities | 70,905 | 59,753 |
| Total liabilities | 3,941,811 | 3,971,780 |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock; no par value | | |

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| | | |
|--|-------------|-------------|
| Authorized 10,000,000 shares; issued 111,000 at June 30, 2010, and at December 31, 2009 | 105,583 | 104,930 |
| Common stock; no par value | | |
| Authorized 40,000,000 shares; issued 25,643,506 at June 30, 2010, and at December 31, 2009 | 350,275 | 350,269 |
| Retained earnings | 149,799 | 142,407 |
| Cost of common stock in treasury (1,365,484 shares at June 30, 2010, and 1,532,483 shares at December 31, 2009) | (30,486) | (32,380) |
| Accumulated other comprehensive income | 14,331 | 5,094 |
| Total shareholders' equity | 589,502 | 570,320 |
| Total liabilities and shareholders' equity | \$4,531,313 | \$4,542,100 |

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

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1st SOURCE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME