

1ST SOURCE CORP
Form 10-Q
October 26, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended September 30, 2007

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.

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Yes X No

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

Large accelerated filer Accelerated filer X Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

Number of shares of common stock outstanding as of October 25, 2007 – 24,172,983 shares

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

	September 30, 2007	December 31, 2006
ASSETS		
Cash and due from banks	\$ 117,564	\$ 118,131
Federal funds sold and interest bearing deposits with other banks	3,754	64,979
Investment securities available-for-sale (amortized cost of \$807,441 and \$709,091 at September 30, 2007 and December 31, 2006, respectively)	810,802	708,672
Mortgages held for sale	25,074	50,159
Loans and leases - net of unearned discount:		
Commercial and agricultural loans	585,842	478,310
Auto, light truck and environmental equipment	330,967	317,604
Medium and heavy duty truck	315,116	341,744
Aircraft financing	583,533	498,914
Construction equipment financing	377,069	305,976
Loans secured by real estate	858,818	632,283
Consumer loans	150,250	127,706
Total loans and leases	3,201,595	2,702,537
Reserve for loan and lease losses	(64,664)	(58,802)
Net loans and leases	3,136,931	2,643,735
Equipment owned under operating leases, net	78,041	76,310
Net premises and equipment	49,272	37,326
Goodwill and intangible assets	91,546	19,418
Accrued income and other assets	99,667	88,585
Total assets	\$ 4,412,651	\$ 3,807,315
LIABILITIES		
Deposits:		
Noninterest bearing	\$ 389,099	\$ 339,866
Interest bearing	3,026,070	2,708,418
Total deposits	3,415,169	3,048,284
Federal funds purchased and securities sold under agreements to repurchase	327,623	195,262
Other short-term borrowings	24,611	27,456
Long-term debt and mandatorily redeemable securities	44,303	43,761
Subordinated notes	100,002	59,022
Accrued expenses and other liabilities	73,748	64,626
Total liabilities	3,985,456	3,438,411
SHAREHOLDERS' EQUITY		
Preferred stock; no par value		
Authorized 10,000,000 shares; none issued or outstanding	-	-

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Common stock; no par value		
Authorized 40,000,000 shares; issued 25,918,510 at September 30, 2007 and 23,781,518 at December 31, 2006, less unearned shares (275,004 at September 30, 2007 and 262,986 at December 31, 2006)	342,840	289,163
Retained earnings	112,938	99,572
Cost of common stock in treasury (1,470,523 shares at September 30, 2007, and		