

1ST SOURCE CORP
Form 424B3
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Registration No. 333-207926

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED NOVEMBER 25, 2015)
1,200,000 Shares of Common Stock
Offered by Selling Shareholders

The selling shareholders identified in this prospectus supplement are offering 1,200,000 shares, without par value, of our common stock. The selling shareholders will receive all net proceeds from the sale of the shares of our common stock in this offering.

Our common stock trades on the Nasdaq Global Select Market under the symbol "SRCE." On December 9, 2015, the closing price of our common stock on the Nasdaq Global Select Market was \$31.29 per share. You are urged to obtain current market quotations of the common stock.

This investment involves risks. See "Risk Factors" on page S-4 of this prospectus supplement and page 4 of the accompanying prospectus.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Shareholders (before expenses)
Per Share \$	30.50	\$ 0.7625	\$ 29.7375
Total	\$36,600,000	\$915,000	\$35,685,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares of common stock to purchasers through the facilities of The Depository Trust Company, against payment on or about December 15, 2015.

Keefe, Bruyette
& Woods

A Stifel
Company

The date of this prospectus supplement is December 10, 2015.

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INCORPORATION BY REFERENCE

ABOUT THIS PROSPECTUS SUPPLEMENT

In this prospectus supplement, unless otherwise indicated, the terms “we,” “us,” “our” and the “Company” refer to 1st Source Corporation and, where appropriate, our subsidiary companies.

This document is in two parts. The first part is this prospectus supplement, which contains specific information about the selling shareholders and their successors, including transferees, which we collectively refer to as the “Selling Shareholders”, and the terms on which the Selling Shareholders are offering and selling our common stock. The second part is the accompanying prospectus, dated November 25, 2015, which contains and incorporates by reference important business and financial information about us and other information about the offering. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information in this prospectus supplement shall control. In addition, any statement in a filing we make with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), prior to the completion of this offering that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing, this prospectus supplement or the accompanying prospectus, as the case may be.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus. We have not, and the Selling Shareholders and the underwriter have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Selling Shareholders and the underwriter are not making an offer to sell our common stock in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates, regardless of the time of delivery of this prospectus supplement or any sale of our common stock offered hereby. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in our common stock, you should carefully read the registration statement (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including information incorporated into this prospectus supplement by reference, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. Words such as “believe,” “contemplate,” “seek,” “plan,” “possible,” “assume,” “expect,” “intend,” “targeted,” “continue,” “remain,” “anticipate,” “project,” “will,” “should,” “indicate,” “would,” “may” and other similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance, nor should they be relied upon as representing management’s views as of any subsequent date. The forward-looking statements are based on our expectations and are subject to a number of risks and uncertainties.

All written or oral forward-looking statements that are made by or attributable to us are expressly qualified in their entirety by this cautionary notice. We have no obligation and do not undertake to update, revise, or correct any of the forward-looking statements after the respective dates on which such statements otherwise are made. We have expressed our expectations, beliefs, and projections in good faith and we believe they have a reasonable basis. However, we make no assurances that our expectations, beliefs, or projections will be achieved or accomplished. These forward-looking statements may not be realized due to a variety of factors, including, without limitation, the following:

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Local, regional, national, and international economic conditions and the impact they may have on us and our clients and our assessment of that impact.

- Changes in the level of nonperforming assets and charge-offs.
- Changes in estimates of future cash reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements.
- Changes in regulatory supervision and oversight, including monetary policy and capital requirements.
- Legislation and/or regulation affecting the financial services industry as a whole, and the Company and its subsidiaries in particular, including the effects resulting from the reforms enacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the adoption of regulations by regulatory bodies under the Dodd-Frank Act.
- Inflation, interest rate, securities market, and monetary fluctuations.
- Political instability.
- Acts of war or terrorism.
- Substantial increases in the cost of fuel.
- The timely development and acceptance of new products and services and perceived overall value of these products and services by others.
- Changes in consumer spending, borrowings, and savings habits.
- Changes in the financial performance and/or condition of our borrowers.
- Technological changes.
- Acquisitions and integration of acquired businesses.
- The ability to increase market share and control expenses.
- Changes in the competitive environment among bank holding companies.
- The effect of changes in accounting policies and practices and auditing requirements, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standard setters.
- Changes in our organization, compensation, and benefit plans.
- The costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries and the results of regulatory examinations or reviews.
- Greater than expected costs or difficulties related to the integration of new products and lines of business.
- The slowing or failure of economic recovery.
- Our success at managing the risks described under the caption “Risk Factors.”

Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Commission.

PROSPECTUS SUPPLEMENT SUMMARY

The Company:

We are a bank holding company incorporated in the State of Indiana and headquartered in South Bend, Indiana. We provide, through our subsidiaries a broad array of financial products and services. Our principal subsidiary, 1st Source Bank, offers commercial and consumer banking services, trust and investment management services, and insurance to individual and business clients through most of its 81 banking center locations in 17 counties in Indiana and Michigan. 1st Source Bank's Specialty Finance Group, with 22 locations nationwide, offers specialized financing services for new and used private and cargo aircraft, automobiles and light trucks for leasing and rental agencies, medium and heavy duty trucks, construction equipment, and environmental equipment. While concentrated in certain equipment types, we serve a diverse client base.

Our principal executive and administrative offices are located at 100 North Michigan Street, South Bend, Indiana 46601 and our telephone number is (574) 235-2000.

The Offering:

Common stock offered in this prospectus supplement 1,200,000 shares of common stock

Common stock outstanding as of December 9, 2015 27,075,048 shares⁽¹⁾

Use of proceeds We will not receive any proceeds from the sale of the securities by the Selling Shareholders. See "Use of Proceeds."

Dividends We have historically paid cash dividends on shares of our common stock on a quarterly basis. We paid cash dividends per common share of \$0.164 on February 13, 2015, May 15, 2015 and August 14, 2015 (adjusted for the August 2015 stock split). A cash dividend of \$0.180 per common share was paid on November 13, 2015.

Although we expect to continue to declare and pay quarterly cash dividends in the future, any such dividend would be at the discretion of our board of directors and would be subject to various federal and state regulatory limitations.

Risk factors The shares of common stock offered in this prospectus supplement involve a high degree of risk. See "Risk Factors."

Nasdaq Global Select Market for our common stock "SRCE"

⁽¹⁾ This amount includes 310,955 shares of non-vested stock and 703,980 shares of mandatorily redeemable stock related to the Company's stock-based employee compensation plans. These categories of stock are not included in the shares outstanding reported by the Company in its 10-K and 10-Q filings. However, shares in these categories are voting shares and thus are included in the shares outstanding reported by the Company in its annual proxy statements. The October 16, 2015 10-Q reported a total of 26,082,147 shares outstanding. Those 26,082,147

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shares plus the 311,579 shares of non-vested stock outstanding as of that date and 705,346 shares of mandatorily redeemable stock outstanding as of that date is 27,099,072 shares. The 24,024 share difference between the October 16, 2015 total outstanding share amount of 27,099,072 and the current amount of 27,075,048 shares outstanding is largely due to normal Company buybacks of its shares in the market.

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RISK FACTORS

Investing in our securities involves a high degree of risk.

The fact that the Selling Shareholders have additional shares registered for resale may depress market prices of our common stock. We have filed a registration statement with the Commission covering the potential resale by 1st Source Bank as trustee of the Morris Trusts established for the benefit of two family lines, including the shares in this offering. Following this offering shares of our common stock will remain registered for resale and may be sold under the registration statement at the direction of the principal beneficiaries of the pertinent trusts and certain other selling shareholders. While such holders have agreed not to sell additional shares following the offering during the lock-up period as described herein, following the lock-up period such holders may choose to sell their remaining registered shares at any time. Some market participants may assume that such remaining shares will become available to the market relatively soon and choose to defer purchasing our shares on the market. This may, in turn, have an effect of depressing the market price for our common stock. In addition, the future sale of substantial amounts of common stock by the Selling Shareholders may also depress the market price of our common stock.

Please also see the risk factors described under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014 as well as any updated risk factors described in our Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q which we may file with the Commission in the future, all of which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

Before making an investment decision, you should carefully consider these risks as well as information we include or incorporate by reference in this prospectus supplement and the accompanying prospectus. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that currently seem immaterial may also affect our business operations. You should also consider the other important factors that can affect our business discussed under the caption “Special Note Regarding Forward-Looking Statements”.

USE OF PROCEEDS

The Selling Shareholders will receive all net proceeds from the sale of our common stock in this offering. We will not receive any proceeds from the resale of shares of common stock by the Selling Shareholders. See “Selling Shareholders” and “Plan of Distribution” in the accompanying prospectus.

SELLING SHAREHOLDERS

The following table sets forth: (1) the name of each Selling Shareholder for whom we have registered the resale of shares under the registration statement of which this prospectus supplement is a part and which have elected to sell shares in this offering; (2) the number of our shares of common stock owned by such Selling Shareholder prior to this offering and percentage of such shares of the total number of the Company’s issued and outstanding shares, calculated based on 27,075,048 outstanding as of the date of this prospectus supplement; and (3) the number of our shares of common stock being offered pursuant to this prospectus supplement.

Beneficial ownership is determined in accordance with the rules of the Commission and includes voting or investment power with respect to the securities. Unless and until the family representative of a separate family trust line appoints a special trustee for shares in one or more trusts in such representative’s family group, the Trustee will have sole voting power and the respective family representative will have shared investment power with respect to the Company common shares held in trust, and will be deemed the beneficial owner of the shares. If a family representative of a separate family trust line appoints a special trustee for shares in one or more trusts in such representative’s family group, then the Trustee and that special trustee will each have investment power with respect to the Company common shares held in trust, and both will be deemed a beneficial owner of the shares.

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Selling Shareholder ⁽¹⁾	Common Shares Owned Prior to the Offering		Common Shares Being Offered Pursuant to this Prospectus Supplement	Shares Beneficially Owned Assuming All Shares Covered by this Prospectus Supplement are Sold	
	Number	Percent		Number	Percent
1st Source Bank, As Trustee of the Morris Trusts ⁽²⁾	6,764,810	24.99%	1,200,000 ⁽²⁾	5,564,810	20.55%

The term "Selling Shareholders" includes donees, pledgees, transferees or other successors-in-interest (including any (1) co-trustee, special trustee or successor trustee) selling shares received after the date of this prospectus supplement from a Selling Shareholder as a gift, pledge, partnership distribution or other non-sale related transfer.

(2) Particular trusts comprising the Morris Trusts from which shares are being sold in this offering and division of the Trusts among two of the four family groups are shown in the table below.

List of Morris Trusts by Family Groups with Initial Holdings of Common Stock and Shares Registered for Resale and Offered under This Prospectus Supplement

	Initial Shares Held	Shares Offered under this Prospectus Supplement
1st Source Bank, as Trustee of Morris Trusts for benefit of Ernestine C. Nickle and Family		
E. L. Morris FBO E.C. Nickle	54,453	0
E. C. Nickle Charitable Annuity Trust	115,691	0
E.L. Morris Trust FBO Ernestine C. Nickle Family	708,289	0
Ernestine M. Raclin Charitable Irrev Trust FBO Ernestine C. Nickle Family	147,255	141,688
Ernestine M. Raclin Irrevocable Trust FBO Ernestine C. Nickle Family	229,930	229,930
Ella Morris Charitable Trust FBO Ernestine C. Nickle Family	1,598	0
E. L. Morris Irrev Charitable Living Trust FBO Ernestine C. Nickle Family	6,228	0
Ernestine M. Raclin Irrevocable Trust FBO Ernestine C. Nickle Family	228,382	228,382
	1,491,826	600,000
	Initial Shares Held	Shares Registered for Resale
1st Source Bank, as Trustee of Morris Trusts for benefit of S.C. Carmichael and Family		
E. L. Morris FBO S.C. Carmichael	2,703	0
S.C. Carmichael Charitable Annuity Trust	30,618	0
E. L. Morris Trust FBO S.C. Carmichael Family	708,289	0
Ernestine M. Raclin Charitable Irrev Trust FBO S.C. Carmichael Family	147,255	141,688
Ernestine M. Raclin Irrevocable Trust FBO S.C. Carmichael Family	229,930	229,930
Ella Morris Charitable Trust FBO S.C. Carmichael Family	1,598	0
E. L. Morris Irrev Charitable Living Trust FBO S.C. Carmichael Family	6,228	0
Ernestine M. Raclin Irrevocable Trust FBO S.C. Carmichael Family	228,382	228,382
	1,355,003	600,000

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Voting Securities Held by Chief Executive Officer and Executive Officers and Directors as a Group

The following table illustrates shares of our common stock beneficially owned by our Chairman, President and Chief Executive Officer, Christopher J. Murphy III, and by all executive officers and directors of the Company as a group (including Mr. Murphy), at December 10, 2015. None of the shares reflected in this table are covered by the registration statement of which this prospectus supplement is a part nor are they offered for sale in this offering:

Name and Address	Voting Authority			Investment Authority			Total Beneficial Ownership	
	Sole	Shared	None	Sole	Shared	None	Amount	% of Class
Christopher J. Murphy III ⁽¹⁾	1,443,232	935,020	1,148,181	1,443,232	935,020	1,148,181	3,526,433	13.02 %
All Directors and Executive Officers as a Group (including Mr. Murphy) (17 persons)							4,247,893	15.69 %

These amounts include 1,443,232 shares held by Mr. Murphy or Carmen Murphy, Mr. Murphy's wife, for which they respectively have sole voting and investment authority. These amounts also include 2,083,201 shares held in trusts or limited partnerships for the ultimate benefit and ownership of Mrs. Raclin's children, grandchildren and their spouses as to which Mr. Murphy or Mrs. Murphy share voting authority.

Voting Securities Held in Fiduciary Capacities⁽¹⁾⁽³⁾

The Bank holds shares of our common stock in various fiduciary capacities, including as Trustee under the Morris Trusts. Of the shares held in the Morris Trusts, only shares held in such trusts for the benefit of members of two of the four family lines are covered by the registration statement of which this prospectus supplement is a part, and only a portion of the shares so registered are offered for sale in this offering, as further illustrated below:

Name and Address	Total Beneficial Ownership		Shares Covered by the Registration Statement of Which This Prospectus Supplement is a Part	Shares Held in Fiduciary Capacity Assuming All Shares in This Offering Are Sold	
	Number	Percent		Number	Percent
1st Source Bank, as Trustee of Morris Trusts for benefit of Ernestine C. Nickle and Family	1,491,826	5.51 %	1,491,826	891,826	3.30 %
1st Source Bank, as Trustee of Morris Trusts for benefit of S.C. Carmichael and Family	1,355,003	5.00 %	1,355,003	755,003	2.79 %
1st Source Bank, as Trustee of Morris Trusts for benefit of Carmen Murphy and Family ⁽²⁾	2,469,863	9.12 %			