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1ST SOURCE CORP
Form 11-K
June 29, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2000

OR

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

For the transition period from _____ to _____

Commission File Number: 0-6233

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

1ST SOURCE CORPORATION EMPLOYEES' PROFIT SHARING PLAN

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

1ST SOURCE CORPORATION
100 N. Michigan Street
South Bend, Indiana 46601

REQUIRED INFORMATION

FINANCIAL STATEMENTS:

A list of the required financial statements filed as part of this Form 11-K is set forth on page F-1. The consent of Ernst & Young LLP to the incorporation by reference of these financial statements into 1st Source Corporation's Form S-8 Registration Statement relating to the Plan (Reg. No. 33-8840) is set forth hereto as Exhibit 23.1.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

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1ST SOURCE CORPORATION
EMPLOYEES' PROFIT SHARING PLAN

By the Plan Administrator:
1ST SOURCE CORPORATION

Date: June 29, 2001

/s/ Dan L. Craft

Dan L. Craft, Senior Vice President
Human Resources Division

1st Source Corporation

Employees' Profit Sharing Plan and Trust

As of December 31, 2000 and 1999,
and for the year ended December 31, 2000

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| Consent of Ernst & Young LLP..... | Exhibit 23.1 |

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Report of Independent Accountants

Human Resources Committee of the Board of Directors
1st Source Corporation

We have audited the accompanying statements of net assets available for benefits of the 1st Source Corporation Employees' Profit Sharing Plan and Trust as of December 31, 2000 and 1999, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2000 and 1999, and the changes in its net assets available for benefits for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of assets held at end of year as of December 31, 2000, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

s/ Ernst & Young LLP

Columbus, Ohio
June 29, 2001

1st Source Corporation Employees' Profit Sharing Plan and Trust

Statements of Net Assets Available for Benefits

| | December 31 | |
|---------------------------|-------------|------------|
| | 2000 | 1999 |
| Assets | | |
| Cash and cash equivalents | \$ 233,846 | \$ 171,346 |

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| | | |
|-------------------------------------|---------------|---------------|
| Investments at fair value: | | |
| Mutual funds | 25,798,206 | 23,212,191 |
| 1st Source Corporation common stock | 21,278,794 | 27,633,161 |
| 1st Source Bank common trust fund | 1,067,206 | 1,326,562 |
| Participant notes receivable | 585,461 | 539,044 |
| | ----- | ----- |
| Total investments | 48,729,667 | 52,710,958 |
| Employer contributions receivable | 1,716,807 | 1,546,461 |
| Accrued investment income | 17,099 | 22,533 |
| | ----- | ----- |
| Total assets | 50,697,419 | 54,451,298 |
| Liabilities | | |
| Investment purchases payable | - | 37,995 |
| | ----- | ----- |
| Total liabilities | - | 37,995 |
| | ----- | ----- |
| Net assets available for benefits | \$ 50,697,419 | \$ 54,413,303 |
| | ===== | ===== |

See accompanying notes.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2000

Additions

| | |
|--------------------|-----------|
| Investment income: | |
| Interest | \$ 74,387 |
| Dividends | 1,118,502 |
| Capital gains | 1,928,956 |
| | ----- |

3,121,845

Contributions:

| | |
|-----------|-----------|
| Employer | 1,940,984 |
| Employees | 2,636,538 |
| | ----- |

4,577,522

Total additions 7,699,367

Deductions

| | |
|---|-----------|
| Net realized and unrealized depreciation in fair value of investments: | |
| | 8,252,494 |
| Benefits paid to participants | 3,162,757 |
| | ----- |

Total deductions 11,415,251

Net decrease (3,715,884)

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| | |
|------------------------------------|---------------|
| Net assets available for benefits: | |
| Beginning of year | 54,413,303 |
| | ----- |
| End of year | \$ 50,697,419 |
| | ===== |

See accompanying notes.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements

December 31, 2000

1. Description of the Plan

General

The 1st Source Corporation Employees' Profit Sharing Plan and Trust (the "Plan") is a defined contribution plan covering substantially all employees of 1st Source Corporation and its subsidiaries, with the exception of Trustcorp Mortgage Company, ("1st Source") who have completed one year of service in which the employee has worked 1,000 hours. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions and Vesting

Participants are permitted to designate up to 15% of their annual pre-tax compensation as a salary reduction contribution to the Plan. Provided net profits or retained earnings are sufficient, 1st Source will match employee salary reduction contributions one hundred percent (100%) for the first four percent (4%) of compensation and fifty percent (50%) of any additional contributions up to six percent (6%) of compensation. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers five different fund options, one of which is the 1st Source Stock Fund, which primarily consists of 1st Source Corporation common stock. 1st Source matching contributions are invested directly in the 1st Source Stock Fund.

In addition, the Human Resources Committee of the Board of Directors of 1st Source Corporation may authorize a contribution from consolidated net profits or retained earnings in excess of the minimum 401(k) matching contributions required by the Plan. This discretionary profit sharing contribution is made to the Profit Sharing Regular Account of the Plan. The Profit Sharing Regular Account is invested in a diversified portfolio of investments as directed by 1st Source. The discretionary match for 2000 was 1% of consolidated net profits of 1st Source Corporation.

Vesting of participant contributions is immediate upon contribution to the Plan. Vesting of 1st Source contributions, both the match of the employee salary reduction contributions and the discretionary profit sharing contribution is based on years of credited service. A participant is one hundred percent (100%) vested after seven years of credited service or upon reaching age 55.

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Contributions and Vesting (continued)

Each participant's account is credited with the participant's contribution and an allocation of (a) 1st Source's contribution, (b) Plan earnings, and (c) forfeitures of terminated participants' nonvested accounts. Allocations are based on participant compensation or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

A Separate Low Risk Account has been established for participants who have attained the age of 59 1/2. These participants may elect each year to transfer part or all of their account balances to the separate account. Account balances are invested in short-term income investments.

Segregated accounts have also been established for participants who have attained the age of 59 1/2 and wish to retain their pro-rata shares of 1st Source Corporation common stock. Segregated accounts have also been established as a result of qualified domestic relations orders.

Participant Loans

Participants may borrow from the Plan amounts not to exceed the lesser of one-half of the participant's vested account balance or \$50,000. The loans are collateralized by the participant's vested account balance and bear interest at fixed rates of 1% above 1st Source Bank's (a wholly owned subsidiary of 1st Source Corporation) prime rate. The loans are repayable over five years except for loans used to acquire or construct a participant's principal residence in which case the repayment term may exceed five years.

Payment of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of his or her vested account balance or periodic installments in accordance with Plan provisions. At December 31, 2000 and 1999, \$1,258,762 and \$3,014,289, respectively, of the net assets available for benefits at the end of the year has been allocated to participants who had effectively withdrawn from the Plan as of the end of those respective years, but had yet to receive their final distribution.

Plan Termination

Although it has not expressed any intention to do so, 1st Source Corporation has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

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1. Description of the Plan (continued)

Plan Termination (continued)

The foregoing description of the Plan provides only general information. Participants should refer to the Plan Agreement and the Summary Plan Description in the Employee Handbook for a more complete description of the Plan's provisions. Copies are available from the 1st Source Corporation Human Resources Division.

2. Summary of Significant Accounting Policies

Investment Valuation

Investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices. The fair value of mutual funds and the Plan's participation in common/collective trust funds of 1st Source Bank are stated at the net asset value as reported by the funds on the last business day of the plan year. Loans to participants and short-term temporary investments are stated at cost which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates

The financial statements of the Plan are presented on the accrual basis and are prepared in conformity with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

All short-term investments with a maturity of less than 90 days are deemed to be cash equivalents.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

3. Investments

During 2000, the Plan's investments (including investments purchased, sold, as well as held during the year) depreciated in value by \$8,252,494, including net realized gains of \$539,007 as follows:

2000

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Net Appreciation
(Depreciation) in Fair
Value During the Year

| | |
|-------------------------------------|----------------|
| 1st Source Corporation common stock | \$ (7,372,504) |
| Mutual funds | (940,496) |
| 1st Source Bank common trust funds | 60,506 |
| | ----- |
| | \$ (8,252,494) |

The fair value of individual investments that represent 5% or more of the fair value of the Plan's net assets are as follows:

| | |
|---|--------------|
| | 2000 |
| | ----- |
| 1st Source Corporation common stock: | \$21,278,794 |
| 1st Source Monogram Income Fund: | 7,377,721 |
| 1st Source Monogram Diversified Equity Fund: | 6,716,899 |
| 1st Source Monogram Income Equity Fund: | 5,718,625 |
| American Century Benham Equity Fund: | - |
| Morgan Stanley Institutional International Equity Fund: | 2,915,217 |

1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

4. Non-participant Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the non-participant directed investment is as follows:

| | | |
|--|---------------|---------------|
| | 2000 | 1999 |
| | ----- | ----- |
| Net assets: | | |
| Cash & Cash Equivalents | \$ 27,333 | \$ 49,945 |
| 1st Source Corporation Common Stock | 17,051,734 | 22,416,499 |
| 1st Source Corporation Mutual Funds | 7,911,325 | 7,416,849 |
| 1st Source Bank Employee Benefit Guaranteed Income Fund | 467,561 | 424,586 |
| | ----- | ----- |
| Total net assets: | \$ 25,457,953 | \$ 30,307,879 |

2000

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Changes in net assets:

| | |
|--|--------------|
| Contributions | \$ 1,542,788 |
| Investment income | 660,469 |
| Net realized/unrealized depreciation | (5,751,122) |
| Benefits paid to participants | (1,302,820) |
| Transfers to participant directed accounts | 759 |
| | ----- |

Total changes in net assets: \$(4,849,926)

5. Transactions with Parties-In-Interest

The Plan held the following party-in-interest investments at fair value at December 31:

| | 2000 | 1999 |
|---|---------------|---------------|
| | ----- | ----- |
| 1st Source Corporation Common Stock | \$ 21,278,794 | \$ 27,000,000 |
| 1st Source Monogram Income Fund | 7,377,721 | 6,000,000 |
| 1st Source Monogram Income Equity Fund | 5,718,625 | 3,000,000 |
| 1st Source Monogram Diversified Equity Fund | 6,716,899 | 7,000,000 |
| 1st Source Monogram Special Equity Fund | 2,343,673 | 2,000,000 |
| 1st Source Bank Employee Benefit Guaranteed Income Fund | 1,067,206 | 1,000,000 |

All expenses incurred in administration of the Plan are paid by 1st Source Corporation.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 6, 1994, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes at End of Year

December 31, 2000

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EIN: 35-1068133
 Plan Number: 003

| Identity of Issue, Borrower, Lessor or Similar Party | Description of Investment | Cost |
|--|--|--------------|
| ----- | | |
| Common Stock: | | |
| * 1st Source Corporation | 1,154,104 shares | \$ 12,593,86 |
| | | ----- |
| | | 12,593,86 |
| Mututal Funds: | | |
| American Century Benham Equity Fund | 62,824 units | 589,84 |
| Federated Money Market Fund | 137,417 units | 137,41 |
| Morgan Stanley Institutional International Equity Fund | 163,684 units | 3,157,00 |
| * 1st Source Monogram Income Fund | 751,295 units | 7,533,31 |
| * 1st Source Monogram Income Equity Fund | 507,420 units | 5,462,86 |
| * 1st Source Monogram Diversified Equity Fund | 736,503 units | 7,699,15 |
| * 1st Source Mongram Special Equity Fund | 236,496 units | 2,414,87 |
| | | ----- |
| | | 26,994,47 |
| Common Trust Funds: | | |
| * 1st Source Bank Employee Benefit Guarenteed Income Fund | 50,675 units | 792,94 |
| | | ----- |
| | | 792,94 |
| Loans to Participants | \$585,461 principal amount, interest rates ranging 9.25% - 11.50%, maturities through 2015 | |
| | | ----- |
| | | \$ 40,381,28 |
| | | ===== |

* Indicates party-in-interest to the Plan.

1st Source Corporation Employees' Profit Sharing Plan and Trust

Schedule H, Line 4j - Schedule of Reportable Transactions

Year ended December 31, 2000

EIN: 35-1068133
 Plan Number: 003

| Identity of | Purchases | | Sa |
|-------------|-----------|--------------|-----------|
| | Number of | Dollar Value | Number of |
| | | | |
| | | | |

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| Party Involved | Description of Asset | Transactions | of Purchase | Transactions |
|----------------|----------------------|--------------|-------------|--------------|
|----------------|----------------------|--------------|-------------|--------------|

There were no category (i), (ii), (iii) or (iv) reportable transactions during 2000.