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1ST SOURCE CORP
Form 11-K
June 28, 2002

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, 2001

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 28, 2002

/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, 2001 and 2000,
and for the year ended December 31, 2001

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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, 2001 and 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2001. 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, 2001 and 2000, and the changes in its net assets available for benefits for the year ended December 31, 2001, 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, 2001, 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

s/ Ernst & Young LLP

Columbus, Ohio
May 24, 2002

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Statements of Net Assets Available for Benefits

	December 31	
	2001	2000
Assets		
Cash and cash equivalents	\$ 160,558	\$ 233,846

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Investments at fair value:		
Mutual funds	27,283,341	25,798,206
1st Source Corporation common stock	25,879,509	21,278,794
1st Source Bank common trust fund	1,287,908	1,067,206
Participant notes receivable	589,019	585,461
	-----	-----
Total investments	55,039,777	48,729,667
Employer contributions receivable	1,875,611	1,716,807
Accrued investment income	49,506	17,099
	-----	-----
Net assets available for benefits	\$ 57,125,452	\$ 50,697,419
	=====	=====

See accompanying notes.

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2001

Additions

Investment income:	
Interest	\$ 76,573
Dividends	1,649,204
Net realized and unrealized appreciation in fair value of investments:	2,513,725

	4,239,502
Contributions:	
Employer	1,687,620
Employees	2,973,587

	4,661,207

Total additions	8,900,709
Deductions	
Benefits paid to participants	2,472,676

Total deductions	2,472,676

Net increase	6,428,033
Net assets available for benefits:	
Beginning of year	50,697,419

End of year	\$ 57,125,452
	=====

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See accompanying notes.

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements

December 31, 2001

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 2001 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)

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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.

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, 2001 and 2000, \$2,478,874 and \$1,258,762, 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.

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.

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

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

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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.

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

3. Investments

During 2001, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in value by \$2,513,725, including net realized losses of \$423,468 as follows:

	2001
	Net Appreciation (Depreciation) in Fair Value During the Year
1st Source Corporation common stock	\$ 3,825,927
Mutual funds	(1,379,488)
1st Source Bank common trust funds	67,286
	\$ 2,513,725

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

	2001
1st Source Corporation common stock:	\$25,879,509
1st Source Monogram Income Fund:	8,313,740
1st Source Monogram Diversified Equity Fund:	5,228,956
1st Source Monogram Income Equity Fund:	5,584,954
1st Source Monogram Special Equity Fund:	3,951,509
Morgan Stanley Institutional International Equity Fund:	3,211,515

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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:

	December 31	
	2001	2000
Net assets:		
Cash & Cash Equivalents	\$ 152,835	\$ 27,333
1st Source Corporation Common Stock	21,047,718	17,051,734
1st Source Corporation Mutual Funds	7,875,913	7,911,325
1st Source Bank Employee Benefit Guaranteed Income Fund	494,830	467,561
Total net assets:	\$ 29,571,296	\$ 25,457,953

	Year ended December 31, 2001
Changes in net assets:	
Contributions	\$ 1,716,229
Investment income	692,574
Net realized/unrealized appreciation	2,600,831
Benefits paid to participants	(896,799)
Transfers to participant directed accounts	508
Total changes in net assets:	\$ 4,113,343

5. Transactions with Parties-In-Interest

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

	2001	2000
1st Source Corporation Common Stock	\$ 25,879,509	\$ 21,047,718
1st Source Monogram Income Fund	8,313,740	7,911,325
1st Source Monogram Income Equity Fund	5,584,954	5,228,956
1st Source Monogram Diversified Equity Fund	5,228,956	6,000,000
1st Source Monogram Special Equity Fund	3,951,509	2,600,831
1st Source Bank Employee Benefit Guaranteed		

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Income Fund

1,287,908

1,

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

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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. However, subsequent to the issuance of the favorable determination letter, the Plan was amended. Once qualified, the Plan, as amended, is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan, as amended, 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.

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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, 2001

EIN: 35-1068133
Plan Number: 003

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment	Cost

Common Stock:		
* 1st Source Corporation	1,231,185 shares	\$ 13,506,07

		13,506,07
Mututal Funds:		
American Century Benham Equity Fund	76,853 units	723,73
Federated Money Market Fund	259,492 units	259,49
Morgan Stanley Institutional International Equity Fund	206,927 units	3,827,46
* 1st Source Monogram Income Fund	826,415 units	8,289,35
* 1st Source Monogram Income Equity Fund	507,723 units	5,484,33
* 1st Source Monogram Diversified Equity Fund	711,423 units	6,985,08
* 1st Source Monogram Special Equity Fund	362,191 units	3,747,73

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		----- 29,317,20
Common Trust Funds:		
* 1st Source Bank Employee Benefit Guaranteed		
Income Fund	57,785 units	----- 959,30
		----- 959,30
Loans to Participants	\$589,019 principal amount, interest rates ranging 7.00% - 11.75%, maturities through 2016	
		----- \$ 43,782,59 =====

* Indicates party-in-interest to the Plan.

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1st Source Corporation Employees' Profit Sharing Plan and Trust

Schedule H, Line 4j - Schedule of Reportable Transactions

Year ended December 31, 2001

EIN: 35-1068133
Plan Number: 003

Identity of Party Involved	Description of Asset	Purchases		Number of Transacti
		Number of Transactions	Dollar Value of Purchase	

There were no category (i), (ii), (iii), or (iv) reportable transactions during 2001.

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