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1ST SOURCE CORP
Form 11-K
June 28, 2004

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, 2003

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:

TRUSTCORP MORTGAGE COMPANY
EMPLOYEE RETIREMENT SAVINGS 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

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.

TRUSTCORP MORTGAGE COMPANY
EMPLOYEE RETIREMENT SAVINGS PLAN

By the Plan Administrator
TRUSTCORP MORTGAGE COMPANY

/s/Jay A. Rudynski

Jay A. Rudynski, Chief Financial Officer

Date: June 28, 2004

Financial Statements and Schedule

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Trustcorp Mortgage Company Employee Retirement Savings Plan

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

Trustcorp Mortgage Company
Employee Retirement Savings Plan

For the years ended December 31, 2003 and 2002

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Consent of Independent Registered Public Accounting Firm.....Exhibit 23.1

Report of Independent Registered Public Accounting Firm

Board of Directors
Trustcorp Mortgage Company

We have audited the accompanying statements of net assets available for benefits of the Trustcorp Mortgage Company Employee Retirement Savings Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. 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.

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We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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, 2003 and 2002, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets held for investment purposes at end of year as of December 31, 2003, is presented for purposes of additional analysis and is not a required part of the financial statements but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/Ernst & Young LLP

Columbus, Ohio
June 24, 2004

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Trustcorp Mortgage Company Employee Retirement Savings Plan

Statements of Net Assets Available for Benefits

	DECEMBER 31	
	2003	2002
ASSETS		
Cash and cash equivalents	\$ 45,683	\$ 35,204
Investments at fair value		
Common stock	923,402	474,928
Mutual funds	2,961,002	2,022,428
1st Source Bank common trust fund	511,452	590,188
Participant loans receivable	217,024	240,387
Total investments	4,612,880	3,327,931
Contribution receivable		
Employer	24,151	8,553

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Employee	15,332	22,146
	-----	-----
	39,483	30,699
Other assets		
Other Receivables	6,374	7,404
Total assets	4,704,420	3,401,238
LIABILITIES		
Accrued expenses payable	10,806	12,374
Investment purchases payable	-	15,016
	-----	-----
Total liabilities	10,806	27,390
	-----	-----
Net assets available for benefits	\$ 4,693,614	\$ 3,373,848
	=====	=====

See accompanying notes.

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Trustcorp Mortgage Company Employee Retirement Savings Plan
Statement of Changes in Net Assets Available for Benefits

	FOR THE YEAR ENDED	
	DECEMBER 31	
	2003	2002
	-----	-----
ADDITIONS		
Investment income:		
Interest	\$ 16,471	\$ 19,213
Dividends	49,425	45,903
Capital losses	(32,776)	(104,315)
Net appreciation (depreciation) in fair value of investments	797,185	(232,489)
	-----	-----
	830,305	(271,688)
	-----	-----
Contributions:		
Employer	174,768	146,278
Employee	453,176	392,153
	-----	-----
	627,944	538,431
	-----	-----
Total additions	1,458,249	266,743
DEDUCTIONS		
Benefits paid to participants	113,361	552,963
Plan expenses	25,122	27,791
	-----	-----
Total deductions	138,483	580,754
	-----	-----

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Net increase (decrease)	1,319,766	(314,011)
Net assets available for benefits:		
Beginning of year	3,373,848	3,687,859
End of year	\$4,693,614	\$3,373,848
	=====	=====

See accompanying notes.

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Trustcorp Mortgage Company Employee Retirement Savings Plan

Notes to Financial Statements

December 31, 2003

1. DESCRIPTION OF THE PLAN

GENERAL

The Trustcorp Mortgage Company Employee Retirement Savings Plan (the "Plan") is a defined contribution plan covering substantially all employees of Trustcorp Mortgage Company ("Trustcorp") 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"). Trustcorp is a wholly owned subsidiary of 1st Source Corporation.

The Board of Directors of Trustcorp Mortgage Company may authorize a contribution from consolidated net profit or retained earnings in excess of the 401(k) matching contributions which are also approved by the Board. These discretionary contributions are made in cash and are allocated to each participant based upon provisions of the Plan Agreement.

FUNDING AND VESTING

Participants are permitted to designate up to 25% of their annual compensation as a salary reduction contribution to the Plan under Section 401(k) of the Internal Revenue Code. In addition, participants age 50 or older may elect to defer up to an additional \$2,000 (in 2003) and \$1,000 (in 2002) per year (called "catch-up contributions") to the plan. When applying the discretionary matching contributions, only salary reductions up to six percent (6%) of eligible employee compensation is considered. For the years 2003 and 2002, the discretionary matching contribution percentage was 50%. In addition, as part of the profit sharing component of the Plan, Trustcorp has the discretion to make an additional contribution to the Plan, out of current or accumulated net profits. For the years 2003 and 2002, this discretionary contribution was equal to \$16,000 and \$0 respectively.

Vesting of participant contributions and Trustcorp's 401(k) matching contributions are immediate. Vesting of the Trustcorp contributions for the profit sharing component of the Plan is based on years of credited service, with participants becoming 100% vested after seven years of credited service. However, a participant becomes 100% vested upon satisfying the requirements for early retirement under the terms of the Plan document.

Each participant's account is credited with the participant's contribution and an allocation of (a) Trustcorp's contribution, (b) Plan earnings net of Plan expenses, and (c) forfeitures of terminated participants' non-vested accounts.

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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.

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Trustcorp Mortgage Company Employee Retirement Savings Plan

Notes to Financial Statements (continued)

1. DESCRIPTION OF THE PLAN (CONTINUED)

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 the national prime rate as posted in the Wall Street Journal. 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 be up to fifteen 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, 2003 and 2002, there have been no amounts allocated to participants who had effectively withdrawn from the Plan and requested distribution 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, Trustcorp 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, the Summary Plan Description, or the Employee Handbook for a more complete description of the Plan's provisions. Copies are available from the Trustcorp Human Resources Division.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT VALUATION AND INCOME RECOGNITION

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 aggregate current value as reported by the funds. Loans to participants are stated at cost, which approximates fair value.

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Trustcorp Mortgage Company Employee Retirement Savings Plan

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Trustcorp Mortgage Company Employee Retirement Savings Plan (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.

3. INVESTMENTS

During 2003 and 2002, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in value by \$797,185 and (\$232,489), respectively, as follows:

	NET APPRECIATION (DEPRECIATION) IN FAIR VALUE DURING 2003	NET APPRECIATION (DEPRECIATION) IN FAIR VALUE DURING 2002
	-----	-----
Common stock	\$ 203,596	\$ (80,083)
Mutual funds	584,992	(160,108)
1st Source Bank common trust fund	8,597	7,702
	-----	-----
	\$ 797,185	\$ (232,489)
	=====	=====

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

	2003	2002
	-----	-----
1st Source Corporation common stock	\$779,587	\$ 351,214
Morgan Stanley Institutional International Equity	540,031	476,495
1st Source Monogram Income Equity Fund	584,843	421,885
1st Source Monogram Diversified Equity Fund	579,368	416,327
1st Source Monogram Special Equity Fund	582,345	417,196
1st Source Monogram Income Fund	414,627	290,525
1st Source Monogram Long/Short Fund	243,173	-
1st Source Bank Employee Benefit Guaranteed Income Fund	511,452	590,188

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Notes to Financial Statements (continued)

4. TRANSACTIONS WITH PARTIES-IN-INTEREST

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer and certain others.

Plan assets are held in custody by the trust division of 1st Source Bank, a wholly owned subsidiary of 1st Source Corporation, parent of Trustcorp. Professional fees for the audit of the Plan for the year ended December 31, 2003 were paid by Trustcorp.

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

	2003	2002
1st Source Corporation Common Stock	\$779,587	\$ 351,214
1st Source Monogram Income Equity Fund	584,843	421,885
1st Source Monogram Diversified Equity Fund	579,368	416,327
1st Source Monogram Special Equity Fund	582,345	417,196
1st Source Monogram Income Fund	414,627	290,525
1st Source Monogram Long/Short Fund	243,173	-
1st Source Bank Employee Benefit Guaranteed Income Fund	511,452	590,188

Plan transactions with parties-in-interest during the years ended December 31, 2003 and 2002 were as follows:

IDENTITY	RELATIONSHIP	2003	2002
RSM McGladrey, Inc.	Recordkeeper & Tax Accountant	\$16,701	\$ 19,021
1st Source Bank	Trustee	8,421	8,770
		\$25,122	\$ 27,791

5. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated September 30, 2003, 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.

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Plan Number: 003

IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT	FAIR

Common Stock:		
*1st Source Corporation	36,243 shares	\$ 77
Key Corp	4,905 shares	14

		92
Mutual Funds:		
Morgan Stanley Institutional International Equity Fund	28,498 units	54
*1st Source Monogram Income Equity Fund	48,615 units	58
*1st Source Monogram Diversified Equity Fund	86,344 units	57
*1st Source Monogram Special Equity Fund	50,463 units	58
*1st Source Monogram Long/Short Fund	24,439 units	25
*1st Source Monogram Income Fund	40,451 units	41

		2,96
Common Trust Funds:		
*1st Source Bank Employee Benefits Guaranteed Income Fund	21,119 units	51

		51
Loans to Participants:		
	\$217,024 principal amount, interest rates ranging from 5.00% to 10.50%, maturities through 2009	21

		21
Total Assets Held for Investment Purposes at End of Year:		
		\$ 4,61
		=====