

## First Source Bank

Founded: 1863

Location: St. Joseph Hotel, corner of Washington and Main Streets, South Bend (1863–65); Old State Bank Building, corner of Michigan Street and Colfax Avenue (1865–1900); Oliver Hotel Block, 101 North Main Street (1900–1922); Union Trust Building, southeast corner of Michigan Street and Jefferson Boulevard (1922–40); Main Street and Jefferson Boulevard (1940–81); 100 North Michigan Street (1981– )

First Source Bank began as the First National Bank of South Bend in 1863.

Organized by Thomas S. Stanfield, Charles N. Culver, John Henricks, Ethan S. and John Reynolds, and Ransom Hubbard, the bank started with a capital stock of \$100,000.

Stanfield served as the first president of the operation, but remained only four years before future mayor William Miller ascended to the post. Miller, in turn, gave up the job in 1869 to John A. Henricks. After Henricks left, John R. Foster took the job, abandoning it to Lucius Hubbard, who had a long tenure as president. Schuyler Colfax, Ulysses S. Grant's vice president, was one of the bank's early investors. Caleb A. Kimball, the cashier for the firm since the 1870s, took over the top post before 1916.

In 1922 First National and Union Trust Company affiliated. Union Trust had been founded in 1908 by Joseph E. Neff and some associates. In the early part of the twentieth century trust organizations and banks could not legally engage in the same types of business. An affiliation between the two financial institutions allowed each company to offer services to their customers that could not legally be offered by only one of the institutions. After the affiliation, which combined the institutions through a single board of directors, the company purchased the Farmers Trust Company and relocated the bank to the Union Trust Building. After the merger with Farmers Trust, the combined

assets of First National and Union Trust totaled more than \$10 million. Arthur L. Hubbard served as president during the 1920s and oversaw the bank's growth.

Ernest M. Morris and Vincent Bendix, two prominent South Bend businessmen, engineered the actual merger of the First National Bank and the Union Trust Company in the early 1930s. Morris provided more than \$500,000 to increase the capital of the new concern to a total of \$1,200,000. Total resources of the new bank and trust totaled nearly \$7 million. The first branch office was established in 1935 at 911 South Michigan Street, the first branch of any bank in South Bend's history. Unlike many financial institutions during the Great Depression, First Bank and Trust Company not only survived but it also posted total assets of more than \$8 million by 1935. The bank was so strong financially that at the end of the decade the firm's directors were able to retire its entire capital liability with a single cash payment.

Building on the strength gained in the 1930s, First Bank and Trust renovated its headquarters and threw a grand opening party on 22 January 1940 to celebrate; the event drew more than ten thousand visitors. The renovation provided customers with not only new and beautiful surroundings inside, but also with modern conveniences, such as a drive-up window. During World War II the bank prospered, and by 1945 total deposits reached more than \$43.4 million. After the war the bank joined the building boom, opening a second branch for automobile traffic in River Park. The consumer loan business skyrocketed as thousands of new homes were built in the area after the war and throughout the 1960s. With the growth in loans and deposits, a third branch, on Lincoln Way West, was needed, opening in March 1948.

The 1950s represented a sustained period of growth for the bank, but also signaled a change in leadership. Ernest M. Morris, the chairman of the board for almost twenty years, died in May 1951. Robert L. Oare, Morris's son-in-law, was elected to succeed him. Growth continued under Oare. Four branches were opened in the South Bend area between 1951 and 1959, and deposits rose from approximately \$67 million to more than \$76.6 million. By the end of the decade South Bend's First Bank and Trust was the seventh largest bank in Indiana and among the top three hundred banks in the United States.

Dr. Oliver C. Carmichael, Jr., became board chairman after Oare died in a March 1960 plane crash. The 1960s proved to be a decade of change, not only for America, but also for the South Bend bank. Growth remained unchecked during the tumultuous period, but local control of the institution was lost to the Associates Investment Company, which purchased all of the outstanding stock in 1964. In turn, Gulf & Western Industries, Inc., bought the Associates group in 1967. Throughout the ownership changes deposits continued to soar, and the number of branches increased. By 1969 the bank could boast of assets totaling more than \$169 million and could count six new branches as having been opened during the past ten years. In addition, the bank helped the community cope with the loss of the Studebaker Corporation and its \$50 million annual payroll by deferring loan payments for workers and attempting to secure new businesses for the city.

A return to local control of the financial institution came in the 1970s. Changes in federal law required Gulf & Western to sell the bank. A group of local citizens, including Carmichael, acquired majority control of the concern's holding company, FBT Bancorp,

on 10 December 1971. Early in the next month the board of directors hired Benton M. Wakefield, Jr., to fill the posts of president and chief executive officer of the bank and president of the holding company. Three years later Wakefield was elevated to the chairmanship of the bank's board of directors. When Carmichael died in 1976, his wife, Ernestine Morris Carmichael, the younger daughter of Ernest M. Morris, was elected to replace her husband as chairman of the board of FBT Bancorp. A year later she was elected to the post of chairman of the board, the same year that Christopher J. Murphy III became its president and chief executive officer. Later Ernestine Carmichael married Robert L. Raclin.

Assets continued to build for the bank during the 1970s. Two of the older branch offices were remodeled during the decade. While there was not an increase in the number of branch banks, FBT Bancorp grew in other ways. Five subsidiaries were either created or purchased during the 1970s, including FBT Leasing Company, First Auto Lease, FBT Capital, Truckers Bank Plan, and the First Insurance Center.

In 1981 First Bank and Trust Company changed its name to First Source Bank to make the institution more easily recognizable and to identify it "as the total source of financial services." Throughout Indiana in the 1980s bank mergers or acquisitions, due to changes in state and federal banking laws, increased at a steady pace. The first acquisition for First Source came in July 1983 when it bought the First National Bank of Mishawaka, renaming it First Source Bank-Mishawaka. The purchase brought 120 employees, six new branches, and a presence in eastern St. Joseph County to the First Source group. Two years later the Marshall County Bank, and with it four additional locations in Bremen, Plymouth, and Argos, became a part of First Source. By the end of

the 1980s new acquisitions included banks in Elkhart, Starke, La Porte, and Porter Counties.

During the 1990s First Source did not slow its pace. In 1996 alone ten new banking centers were opened. Additional changes in Indiana banking laws in the mid-1990s allowed First Source to cross into Michigan. The banking institution became a major regional power in 1994 with the acquisition of Trustcorp Mortgage Company, which had offices in Indiana, Ohio, Illinois, and Missouri. While growth has occurred in the institution's general business, it has also attempted to develop niche markets by helping small businesses, transportation organizations, agribusiness firms, and those needing credit counseling. The bank's success has not gone unnoticed, receiving several positive mentions in *Money* magazine, *Smart Money* magazine, and a perfect "1" by the Institute of Management and Administration in its *Ratings Report* on banking services to business customers.

In 1999 Christopher J. Murphy III was chairman, president, and chief executive officer of First Source Corporation, having replaced Ernestine Raclin after she retired in 1997. The company employed more than one thousand people and held total assets of approximately \$2.7 billion. The corporation provided banking, leasing, insurance, and mortgage services to patrons in four states, but remained primarily focused on interests in northcentral Indiana and southwestern Michigan.