

THIRD CENTURY BANCORP  
Form 10QSB  
November 13, 2006

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-QSB**

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission file number: 000-50828

**THIRD CENTURY BANCORP**

(Exact name of small business issuer as specified in its charter)

Indiana  
(State or other jurisdiction of  
incorporation or organization)

20-0857725  
(I.R.S. Employer  
Identification Number)

80 East Jefferson Street  
Franklin, Indiana 46131  
(Address of principal executive offices)

(317) 736-7151  
(Issuer's telephone number)

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such requirements for the past 90 days.

YES  NO

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

**APPLICABLE ONLY TO CORPORATE ISSUERS**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: October 31, 2006 - 1,653,125 common shares

Transitional Small Business Disclosure Format (Check one): Yes  No

---

THIRD CENTURY BANCORP  
FORM 10-QSB

INDEX

	<u>Page No.</u>
<u>PART I.</u>	
	<u>FINANCIAL INFORMATION</u>
<u>Item 1.</u>	<u>Financial Statements</u> 3
	<u>Consolidated Condensed Balance Sheets</u> 3
	<u>Consolidated Condensed Statements of Income</u> 4
	<u>Consolidated Condensed Statement of Stockholders' Equity</u> 5
	<u>Consolidated Condensed Statements of Cash Flows</u> 6
	<u>Notes to Unaudited Consolidated Condensed Financial Statements</u> 7
<u>Item 2.</u>	<u>Management's Discussion and Analysis or Plan of Operation</u> 10
<u>Item 3.</u>	<u>Controls and Procedures</u> 16
<u>PART II. OTHER INFORMATION</u>	16
<u>Item 1.</u>	<u>Legal Proceedings</u> 16
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 16
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u> 16
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u> 16
<u>Item 5.</u>	<u>Other Information</u> 16
<u>Item 6.</u>	<u>Exhibits</u> 16
<u>SIGNATURES</u>	17
<u>EXHIBIT INDEX</u>	E-1
<u>EXHIBITS</u>	

Index**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

**THIRD CENTURY BANCORP**  
Consolidated Condensed Balance Sheets

	<b>As of September 30, 2006 (Unaudited)</b>	<b>As of December 31, 2005</b>
(in thousands)		
<b>Assets</b>		
Cash and due from banks	\$ 411	\$ 602
Interest-earning demand deposits	6,042	7,251
Cash and cash equivalents	6,453	7,853
Interest-earning time deposits	--	200
Held to maturity securities	5,569	9,210
Loans, net of allowance for loan losses of \$935 and \$926	112,634	105,557
Premises and equipment	4,343	2,897
Federal Home Loan Bank stock	1,205	1,041
Interest receivable	670	592
Other assets	658	797
<b>Total assets</b>	<b>\$ 131,532</b>	<b>\$ 128,147</b>
<b>Liabilities</b>		
<b>Deposits</b>		
Demand	\$ 11,474	\$ 10,215
Savings, NOW and money market	39,065	44,264
Time	36,702	34,129
<b>Total deposits</b>	<b>87,241</b>	<b>88,608</b>
Federal Home Loan Bank advances	24,100	16,500
Other liabilities	559	486
<b>Total liabilities</b>	<b>111,900</b>	<b>105,594</b>
<b>Commitments and Contingencies</b>		
<b>Equity Contributed by ESOP</b>	<b>295</b>	<b>203</b>
<b>Stockholders' Equity</b>		
Preferred stock, without par value, authorized and unissued 2,000,000 shares	--	--
Common stock, without par value Authorized - 20,000,000 shares		
Issued and outstanding - 1,653,125 shares	13,630	14,290
Unearned RRP shares	--	(778)
Retained earnings	5,707	8,838
<b>Total stockholders' equity</b>	<b>19,337</b>	<b>22,350</b>

Total liabilities and stockholders' equity	\$	131,532	\$	128,147
--	----	---------	----	---------

See notes to consolidated condensed financial statements.

3

---

Index

**THIRD CENTURY BANCORP**  
 Consolidated Condensed Statements of Income  
 (Unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
(dollars in thousands, except per share amounts)				
<b>Interest Income</b>				
Loans receivable	\$ 1,882	\$ 1,615	\$ 5,378	\$ 4,702
Investment securities	66	103	237	248
Federal Home Loan Bank stock	13	11	39	31
Interest-earning deposits	51	32	131	132
Total interest income	2,012	1,761	5,785	5,113
<b>Interest expense</b>				
Deposits	563	396	1,561	1,071
Federal Home Loan Bank advances	278	167	662	490
Total interest expense	841	563	2,223	1,561
<b>Net interest income</b>	<b>1,171</b>	<b>1,198</b>	<b>3,562</b>	<b>3,552</b>
Provision for loan losses	15	—	45	(20)
<b>Net interest income after provision for loan losses</b>	<b>1,156</b>	<b>1,198</b>	<b>3,517</b>	<b>3,572</b>
<b>Other income</b>				
Service charges on deposit accounts	73	57	217	155
Other service charges and fees	70	63	227	192
Net gains on loan sales	16	22	61	64
Other income	56	73	183	136
Total other income	215	215	688	547
<b>Other expenses</b>				
Salaries and employee benefits	738	734	2,203	2,190
Net occupancy and equipment expenses	150	116	388	340
Data processing fees	102	88	312	287
Professional Services	34	9	87	110
ATM Expense	34	30	93	82
Other expenses	180	189	525	530
Total other expenses	1,238	1,166	3,608	3,539
<b>Income before income tax</b>	<b>133</b>	<b>247</b>	<b>597</b>	<b>580</b>
Income tax expense	52	102	235	234
<b>Net income</b>	<b>\$ 81</b>	<b>\$ 145</b>	<b>\$ 362</b>	<b>\$ 346</b>
Weighted average common shares - basic	1,487	1,518	1,478	1,525

Edgar Filing: THIRD CENTURY BANCORP - Form 10QSB

Weighted average common shares-diluted		1,487		1,519		1,480		1,525
Earnings per share - basic	\$	0.05	\$	0.10	\$	0.24	\$	0.23
Earnings per share - diluted	\$	0.05	\$	0.10	\$	0.24	\$	0.23
Dividends declared per share	\$	0.04	\$	0.04	\$	0.12	\$	0.12
Return of capital declared per share		--		--	\$	2.00		--

See notes to consolidated condensed financial statements.

Index

**THIRD CENTURY BANCORP**  
 Consolidated Condensed Statement of Stockholders' Equity  
 (Unaudited)  
 (Dollar amounts in thousands)

	<b>Common Stock</b>		<b>Unearned RRP shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>Shares Outstanding</b>	<b>Amount</b>			
<b>Balances, January 1, 2006</b>	1,653,125	\$ 14,290	\$ (778)	\$ 8,838	\$ 22,350
Net and comprehensive income	--	--	--	362	362
Reclassification of unearned compensation upon adoption of SFAS 123 (R)	--	(778)	778	--	--
Amortization of RRP	--	118	--	--	118
Return of capital paid (\$2.00 per share)	--	--	--	(3,306)	(3,306)
Dividends paid (\$.12 per share outstanding)	--	--	--	(187)	(187)
<b>Balance, September 30, 2006</b>	1,653,125	\$ 13,630	\$ --	\$ 5,707	\$ 19,337

See notes to consolidated condensed financial statements.



Index

**THIRD CENTURY BANCORP**  
Consolidated Condensed Statements of Cash Flows  
(Unaudited)

**Nine Months Ended September 30,**  
**2006**                      **2005**  
(in thousands)

**Operating Activities**

Net income

\$