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THIRD CENTURY BANCORP
Form 10QSB
May 16, 2005

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 MARCH 31, 2005 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)

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: April 30, 2005 - 1,653,125 common shares

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

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THIRD CENTURY BANCORP
FORM 10-QSB

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PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	

THIRD CENTURY BANCORP Consolidated Condensed Balance Sheets

	As of March 31, 2005 (Unaudited)	As of December 31, 2004
	-----	-----
	(in thousands)	
Assets		
Cash and due from banks	\$ 804	\$ 734
Interest-bearing demand deposits	8,467	11,323
	-----	-----
Cash and cash equivalents	9,271	12,057
Interest-bearing time deposits	400	200
Held to maturity securities	9,366	10,455
Loans, net of allowance for loan losses of \$1,002 and \$1,012	100,070	98,822
Premises and equipment	2,111	2,136
Federal Home Loan Bank stock	1,030	1,019
Interest receivable	571	483
Other assets	709	991
	-----	-----
Total assets	\$ 123,528	\$ 126,163
	=====	=====
Liabilities		

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Deposits		
Demand	\$ 10,198	\$ 11,164
Savings, NOW and money market	39,136	39,672
Time	34,883	35,572
	-----	-----
Total deposits	84,217	86,408
Federal Home Loan Bank Advances	16,000	16,500
Other liabilities	364	358
	-----	-----
Total liabilities	100,581	103,266
Commitments and Contingencies		
Equity Contributed by ESOP	100	64
	-----	-----
Stockholders' Equity		
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	14,290	14,290
Retained earnings	8,557	8,543
	-----	-----
Total stockholders' equity	22,847	22,833
	-----	-----
Total liabilities and stockholders' equity	\$ 123,528	\$ 126,163
	=====	=====

See notes to consolidated condensed financial statements.

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THIRD CENTURY BANCORP
Consolidated Condensed Statements of Income
(Unaudited)

	Three Months Ended Mar	

	2005	

	(in thousands, except s	
Interest income		
Loans receivable	\$ 1,519	
Investment securities	62	
Federal Home Loan Bank stock	10	
Interest-bearing deposits	50	
	-----	-----
Total interest income	1,641	
	-----	-----
Interest expense		
Deposits	310	
Federal Home Loan Bank advances	162	
	-----	-----
Total interest expense	472	
	-----	-----

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Net interest income	1,169
Provision for loan losses	-
Net interest income after provision for loan losses	1,169
Other income	
Service charges on deposit accounts	45
Other service charges and fees	66
Net gains on loan sales	15
Other income	43
Total other income	169
Other expenses	
Salaries and employee benefits	750
Net occupancy and equipment expenses	114
Data processing fees	101
Other expenses	240
Total other expenses	1,205
Income before income tax	133
Income tax expense	53
Net income	\$ 80
Weighted average common shares	1,653
Earnings per share	.05

See notes to consolidated condensed financial statements.

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

	Common Stock		Retained Earnings
	Shares Outstanding	Amount	
Balances, January 1, 2005	1,653,125	\$14,290	\$8,543
Net and comprehensive income		-	80

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Cash dividends declared but not paid (\$.04 per share outstanding)		-	(66)
Balances, March 31, 2005	1,653,125	\$14,290	\$8,557

See notes to consolidated condensed financial statements.

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

	Three Months En
	2005
	(in thou
Operating Activities	
Net income	\$ 80
Adjustments to reconcile net income to net cash provided by operating activities	
Provision for loan losses	-
Depreciation	48
Investment securities (accretion) amortization, net	(11)
Gain on sale of loans	(15)
Loans originated for sale in the secondary market	(2,265)
Proceeds from sale of loans in the secondary market	2,280
ESOP compensation expense	36
Net change in	
Interest receivable	(89)
Other assets	281
Other liabilities	7
Net cash provided (used) by operating activities	352
Investing Activities	
Purchases of FHLB stock	(11)
Purchases of securities held to maturity	(2,400)
Proceeds from maturities of securities held to maturity	3,500
Purchase of interest-bearing time deposits	(200)
Net changes in loans	(1,248)
Purchases of premises and equipment	(22)
Net cash provided (used) by investing activities	(381)
Financing Activities	
Net change in	
Demand and savings deposits	(1,502)
Certificate of deposits	(689)
Paid cash dividend on Common Stock	(66)
Proceeds from FHLB advances	-
Payments on FHLB advances	(500)
Net cash provided (used) by financing activities	(2,757)

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Net Change in Cash and Equivalents	(2,786)
Cash and Cash Equivalents, Beginning of Period	12,057
Cash and Cash Equivalents, End of Period	\$ 9,271
Additional Cash Flows Information	
Interest paid	\$ 616
Income tax paid (net of refunds)	-

See notes to consolidated condensed financial statements.

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THIRD CENTURY BANCORP Notes to Unaudited Consolidated Condensed Financial Statements

Third Century Bancorp (Third Century) is an Indiana corporation that was formed on March 15, 2004 for the purpose of owning all of the capital stock of Mutual Savings Bank (Mutual or Bank) following the completion of Mutual Savings Bank's mutual-to-stock conversion. Third Century offered for sale 1,653,125 shares of its common stock at \$10.00 per share in a public offering to eligible depositors that was completed on June 14, 2004. On June 29, 2004, Third Century purchased all of the capital stock issued by Mutual Savings Bank. Prior to that date, Third Century had no assets or liabilities.

The activities of Third Century are primarily limited to holding the stock of Mutual Savings Bank. Mutual Savings Bank conducts business primarily in Johnson County and surrounding counties. Mutual Savings Bank attracts deposits from the general public and originates loans for consumer, residential and commercial purposes. Mutual Savings Bank's profitability is significantly dependent on net interest income, which is the difference between interest income generated from interest-earning assets (i.e. loans and investments) and the interest expense paid on interest-bearing liabilities (i.e. customer deposits and borrowed funds). Net interest income is affected by the relative amount of interest-earning assets and interest-bearing liabilities and the interest received or paid on these balances. The level of interest paid or received by Mutual Savings Bank can be significantly influenced by a number of factors, such as governmental monetary policy, competition within our market area and the performance of the national and local economies.

Mutual Savings Bank also owns one subsidiary, Mutual Financial Services, Inc. (Financial), which is engaged primarily in mortgage life insurance sales and servicing.

Note 1: Basis of Presentation

The accompanying unaudited consolidated condensed financial statements were prepared in accordance with instructions for Form 10-QSB and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Mutual Savings Bank for the fiscal year ended December 31, 2004 included in Third Century's Annual Report filed as an attachment to its 10-KSB. However, in the opinion of

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management, all adjustments (consisting of only normal recurring accruals) which are necessary for a fair representation of the financial statements have been included. The results of operations for the three-month period ended March 31, 2005, are not necessarily indicative of the results which may be expected for the entire year.

The consolidated condensed balance sheet of Third Century as of December 31, 2004 has been derived from the audited consolidated balance sheet of Third Century as of that date.

Note 2: Principles of Consolidation

The consolidated financial statements include the accounts of Third Century, Mutual Savings Bank and Financial. All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Note 3: Earnings Per Share

Earnings per share is computed based upon the weighted average common shares outstanding during the period subsequent to Mutual Savings Bank's conversion to a stock savings bank on June 29, 2004. Net income per share for the periods prior to the conversion is not

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meaningful. Unearned ESOP shares are not considered outstanding for the earnings per share calculation and Third Century has no potentially dilutive shares. The factors used in the earnings per share computation for the three months ending March 31, 2005 were as follows:

	Three Months Ended March 31, 2005

Basic:	
Net income	\$ 80
	=====
Weighted average common shares	1,653
	=====
Basic earnings per common share	\$.05
	=====

Note 4: Effect of Recent Accounting Pronouncements

In March 2004, the Emerging Issues Task Force (EITF) finalized and issued EITF 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments (EITF 03-1). EITF 03-1 provides recognition and measurement guidance regarding when impairments of equity and debt securities are considered other-than-temporary requiring a charge to earnings, and also requires additional annual disclosures for investments in unrealized loss positions. The additional annual disclosure requirements were previously issued by the EITF in November 2003 and were effective for the year ended December 31, 2003. In September 2004, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) EITF 03-1-1, which delays the recognition and measurement provisions of EITF 03-1 pending the issuance of further implementation guidance. We are currently evaluating the effect of the recognition and measurement provisions of EITF 03-1. While our analysis is pending the FASB's revisions to

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EITF 03-1, we currently believe the adoption of EITF 03-1 will not result in a material impact on Third Century's results of operations or financial condition.

On December 12, 2003, the American Institute of Certified Public Accountants issued Statement of Position No. 03-3, Accounting for Certain Loans or Debt Securities Acquired in a Transfer (SOP 03-3). SOP 03-3 requires acquired loans with poor credit quality to be recorded at fair value and prohibits carrying over or creation of valuation allowances in the initial accounting for the loans. SOP 03-3 also limits the yield that may be accreted to income. SOP 03-3 applies to the purchase of an individual loan, a pool of loans, a group of loans, and loans acquired in a business combination. SOP 03-3 is effective for loans acquired in fiscal years beginning after December 31, 2004. SOP 03-3 is not expected to have a material impact on Third Century's results of operations or financial condition.

In December, 2004, the FASB issued an amendment to SFAS 123 (SFAS 123R) which eliminates the ability to account for share-based compensation transactions using Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires that such transactions be accounted for using a fair value-based method. SFAS 123R will be effective for Third Century for the first quarter of 2006.

SFAS123R applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. The cumulative effect of initially applying this Statement, if any, is recognized as of the required effective date.

As of the required effective date, Third Century will apply SFAS 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after the required effective date for the portion of outstanding awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS 123 for either recognition or pro forma disclosures. For periods before the required

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effective date, a company may elect to apply a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by SFAS 123.

Third Century will be required to first report compensation cost under SFAS 123R in the first quarter of 2006 in the event stock options are granted or issued. We are currently evaluating the effect of the recognition and measurement provisions of SFAS 123R but we currently believe the adoption of SFAS 123R will not result in a material impact on Third Century's results of operations or financial condition.

Item 2. Management's Discussion and Analysis or Plan of Operations.

Forward Looking Statements

This Quarterly Report on Form 10-QSB ("Form 10-QSB") contains statements which constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this Form 10-QSB and include statements regarding the intent, belief, outlook, estimate or expectations of Third Century (as defined in the notes to the consolidated condensed financial statements), its directors or its officers

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primarily with respect to future events and the future financial performance of Third Century. Readers of the Form 10-QSB are cautioned that any such forward looking statements are not guarantees of future events or performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward looking statements as a result of various factors. The accompanying information contained in this Form 10-QSB identifies important factors that could cause such differences. These factors include changes in interest rates; loss of deposits and loan demand to other financial institutions; substantial changes in financial markets; changes in real estate values and the real estate market; or regulatory changes.

Critical Accounting Policies

Generally accepted accounting principles are complex and require management to apply significant judgments to various accounting, reporting and disclosure matters. Management of Third Century must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. For a complete discussion of Third Century's significant accounting policies, see Note 1 to the Consolidated Financial Statements as of December 31, 2004. Certain policies are considered critical because they are highly dependent upon subjective or complex judgments, assumptions and estimates. Changes in such estimates may have a significant impact on the financial statements. Management has reviewed the application of these policies with the Audit Committee of Third Century's Board of Directors. Those policies include the following:

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of probable losses inherent in the Bank's loan portfolios. In determining the appropriate amount of the allowance for loan losses, management makes numerous assumptions, estimates and assessments.

The strategy also emphasizes diversification on an industry and customer level, regular credit quality reviews and quarterly management reviews of large credit exposures and loans experiencing deterioration of credit quality.

Mutual's allowance consists of three components: probable losses estimated from individual reviews of specific loans, probable losses estimated from historical loss rates, and probable losses resulting from economic or other deterioration above and beyond what is reflected in the first two components of the allowance.

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Larger commercial loans that exhibit probable or observed credit weaknesses are subject to individual review. Where appropriate, reserves are allocated to individual loans based on management's estimate of the borrower's ability to repay the loan given the availability of collateral, other sources of cash flow and legal options available to Mutual. Included in the review of individual loans are those that are impaired as provided in SFAS No. 114, Accounting by Creditors for Impairment of a Loan. Any allowances for impaired loans are determined by the present value of expected future cash flows discounted at the loan's effective interest rate or fair value of the underlying collateral. Mutual evaluates the collectibility of both principal and interest when assessing the need for a loss accrual. Historical loss rates are applied to other commercial loans not subject to specific reserve allocations.

Homogenous smaller balance loans, such as consumer installment and residential mortgage loans are not individually risk graded. Reserves are established for each pool of loans based on the expected net charge-offs for one year. Loss rates are based on the average net charge-off history by loan

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category.

Historical loss rates for commercial and consumer loans may be adjusted for significant factors that, in management's judgment, reflect the impact of any current conditions on loss recognition. Factors which management considers in the analysis include the effects of the national and local economies, trends in the nature and volume of loans (delinquencies, charge-offs and nonaccrual loans), changes in mix, asset quality trends, risk management and loan administration, changes in the internal lending policies and credit standards, collection practices and examination results from bank regulatory agencies and the Bank's internal loan review.

An unallocated reserve is maintained to recognize the imprecision in estimating and measuring loss when evaluating reserves for individual loans or pools of loans. Allowances on individual loans are reviewed quarterly and historical loss rates are reviewed annually and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience.

Mutual's primary market area for lending is Johnson County, Indiana. When evaluating the adequacy of allowance, consideration is given to this regional geographic concentration and the closely associated effect changing economic conditions have on Mutual's customers.

Mortgage Servicing Rights

Mortgage servicing rights (MSRs) associated with loans originated and sold, where servicing is retained, are capitalized and included in other intangible assets in the consolidated balance sheet. The value of the capitalized servicing rights represents the present value of the future servicing fees arising from the right to service loans in the portfolio. Critical accounting policies for MSRs relate to the initial valuation and subsequent impairment tests. The methodology used to determine the valuation of MSRs requires the development and use of a number of estimates, including anticipated principal amortization and prepayments of that principal balance. Events that may significantly affect the estimates used are changes in interest rates, mortgage loan prepayment speeds and the payment performance of the underlying loans. The carrying value of the MSRs is periodically reviewed for impairment based on a determination of fair value. For purposes of measuring impairment, the servicing rights are compared to a valuation prepared based on a discounted cash flow methodology, utilizing current prepayment speeds and discount rates. Impairment, if any, is recognized through a valuation allowance and is recorded as amortization of intangible assets.

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Comparison of Financial Condition at March 31, 2005 and December 31, 2004

Total assets decreased \$2.7 million or 2.09% to \$123.5 million at March 31, 2005 from \$126.2 million at December 31, 2004. Cash and cash equivalents decreased \$2.8 million or 23.11% during the quarter. In January, a business customer, in the normal course of its business, withdrew approximately \$4.0 million, previously on deposit as of December 31, 2004, from its non-interest-bearing checking account.

Total liabilities decreased \$2.7 million or 2.52% to \$100.6 million at March 31, 2005 from \$103.3 million at December 31, 2004. During the quarter, balances in the demand deposit accounts, savings accounts, including money market and NOW accounts, and time deposits declined by an aggregate total of

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\$2.2 million or 2.54% to \$84.2 million at March 31, 2005. This decline in balances included the customer withdrawal described in the preceding paragraph.

Total equity increased from \$22.8 million at December 31, 2004 to \$22.9 million at March 31, 2005, representing an increase of \$14,000 or 0.06%. The equity contributed by the ESOP increased \$36,000 from \$64,000 at December 31, 2004 to \$100,000 at March 31, 2005.

Comparison of Operating Results for the Three Months Ended March 31, 2005 and 2004

General. Net income for the quarter ended March 31, 2005 was \$80,000 compared to net income of \$118,000 for the quarter ended March 31, 2004. The decrease of \$38,000 was primarily the result of increased salaries and employee benefits. This category increased \$189,000 from \$561,000 for the quarter ended March 31, 2004 to \$750,000 for the quarter ended March 31, 2005, or 33.69%.

Officer and employee salaries increased approximately \$80,000, or 19.60%, from \$408,000 at March 31, 2004 to \$488,000 at March 31, 2005. The increase was due to the addition of a Compliance Officer and a Staff Accountant in response to the additional regulatory burden placed upon public companies. In addition, the contributions paid to the employee pension plan increased \$41,000 or 161.01%. Also, in July 2004, the Bank recorded the monthly release of shares from its ESOP trust, which resulted in expense of approximately \$39,000 for the quarter ended March 31, 2005.

As of May 1, 2005, the Bank froze the multi-employer defined benefit pension plan as a cost-control measure for the future. No additional liability was incurred as a result of this action.

Interest Income. Interest income for the quarter ended March 31, 2005 was \$1.6 million compared to \$1.5 million for the quarter ended March 31, 2004. The change between these reporting periods was an increase of \$167,000, which consisted primarily of an increase in loan interest income by \$72,000. Investment income increased by \$60,000 and interest income on interest-bearing deposits increased \$40,000 during the quarter. Average interest-bearing assets for the quarter ended March 31, 2005 was \$119 million, which represented an increase of \$14.2 million or 13.52%, from the quarter ended March 31, 2004. The yield on those assets decreased from 5.60% at March 31, 2004 to 5.49% at March 31, 2005. The average yield on loans increased by 16 basis points, the average yield on interest-bearing deposits increased by 146 basis points and the average yield on investments increased 130 basis points. The average balances for loans increased \$2.1 million to \$99.0 million, the average balances for interest-bearing deposits increased \$2.3 million to \$9.2 million and the average balances for investments increased \$9.2 million to \$9.9 million at March 31, 2005.

Interest Expense. Interest expense for the quarter ended March 31, 2005 was \$472,000 compared to \$466,000 for the quarter ended March 31, 2004, an increase of \$6,000 or 1.29%. Average interest-bearing liabilities increased to \$94.6 million from \$93.7 million, with the average interest rate remaining constant at 1.99% for both of the comparative quarters.

Net Interest Income. Net interest income of \$1.2 million for the quarter ended March 31, 2005 reflects an increase of \$200,000 or 15.97% from the net interest income for the quarter ended March 31, 2004.

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Provision for Loan Losses. Mutual Savings Bank did not allocate to its provision for loan losses for the quarter ended March 31, 2005, while a \$12,000 provision was made during the quarter ended March 31, 2004. In evaluating the adequacy of loan loss allowances, management considers factors such as delinquency trends, portfolio composition, past loss experience and other factors such as general economic conditions. During the past year, Mutual Savings Bank's level of nonperforming assets decreased from \$508,000 at March 31, 2004, to \$203,000 at March 31, 2005 and the percentage of nonperforming assets to total assets decreased from 0.48% to 0.16% for the same respective time periods. For the quarter ended March 31, 2005, Mutual Savings Bank charged off loans net of recoveries of \$10,287 which represents a decrease of \$23,113 from the quarter ended March 31, 2004.

Other Income. Other income was \$169,000 for the quarter ended March 31, 2005 and \$202,000 for the quarter ended March 31, 2004, which represented a decrease of \$33,000 or 16.34% between the reporting periods. The decline of \$35,000 in net gains on loan sales from \$50,000 at the quarter ended March 31, 2004 to \$15,000 at the quarter ended March 31, 2005, was due to the reduction in loans sold during the comparative reporting periods. In the first quarter of 2004, Mutual Savings Bank sold \$3.0 million of loans to the secondary market as compared to \$2.3 million in the first quarter of 2005.

Other Expense. Other expense for the quarter ended March 31, 2005 was \$1.2 million compared to \$974,000 for the same period last year, an increase of \$231,000 or 23.72%. As previously explained, the salaries and employee benefits increased during this period by \$189,000, or 33.69%.

Income Taxes. Mutual Savings Bank recognized income tax expense of \$53,000 for the quarter ended March 31, 2005, as compared to \$106,000 for the quarter ended March 31, 2004, which represents a decrease in the effective tax rate from 47.32% to 39.85%.

Other

The Securities and Exchange Commission maintains a Web site that contains reports, proxy information statements, and other information regarding registrants that file electronically with the Commission, including Third Century. The address is <http://www.sec.gov>.

Item 3. Controls and Procedures

A. Evaluation of disclosure controls and procedures. Third Century's chief executive officer and chief financial officer, after evaluating the effectiveness of Third Century's disclosure controls and procedures (as defined in Sections 13a-15(e) and 15d-15(e) of regulations promulgated under the Securities Exchange Act of 1934, as amended), as of the end of the most recent fiscal quarter covered by this quarterly report (the "Evaluation Date"), have concluded that as of the Evaluation Date, Third Century's disclosure controls and procedures were adequate and are designed to ensure that material information relating to Third Century would be made known to such officers by others within Third Century on a timely basis.

B. Changes in internal controls. There were no significant changes in Third Century's internal control over financial reporting identified in connection with Third Century's evaluation of controls that occurred during Third Century's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, Third Century's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Third Century, from time to time, is a party to routine litigation, which arises in the normal course of business, such as claims to enforce liens, condemnation proceedings on properties in which Mutual Savings Bank holds security interests, claims involving the making and servicing of real property loans, and other issues incident to the business of Third Century. There were no lawsuits pending or known to be contemplated against Third Century at March 31, 2005 that would have a material effect on Third Century's operations or income.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

On April 14, 2005, Mutual Savings Bank executed the First Amendment to the Third Century Bancorp Employee Stock Ownership Plan and Trust Agreement (the "Amendment"). The Amendment modifies the Third Century Bancorp Employee Stock Ownership Plan and Trust Agreement (the "Plan") to change the mandatory small benefit cashout threshold from \$5,000 to \$1,000, effective with respect to distributions of benefits on or after March 28, 2005. A copy of the Amendment accompanies this Report as Exhibit 10.3 and is incorporated herein by this reference.

Item 6. Exhibits.

The exhibits filed as part of this Form 10-QSB are listed in the Exhibit Index, which is incorporated by this reference.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THIRD CENTURY BANCORP

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Date: May 16, 2005

By: /s/ Robert D. Heuchan

Robert D Heuchan
President and Chief Executive Officer

Date: May 16, 2005

By: /s/ Debra K. Harlow

Debra K. Harlow
Chief Financial Officer

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Exhibit Index

Exhibit No.	Description
-----	-----
10.1	Purchase Agreement between Mutual Savings Bank and Thomas A. Grant, Inc.
10.2	Real Estate Proposition between Mutual Savings Bank and J. Andrew Woods
10.3	First Amendment to the Third Century Bancorp Employee Stock Ownership Plan and Trust Agreement
31.1	Rule 13a-14(a) Certification of Robert D. Heuchan, President and Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Debra K. Harlow, Vice President and Chief Financial Officer
32.1	Section 1350 Certification of Robert D. Heuchan
32.2	Section 1350 Certification of Debra K. Harlow

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