

# **Third Century Bancorp**

80 East Jefferson Street  
Franklin, IN 46131  
Tel. 317-736-7151 Fax 317-736-1726

For Immediate Release: April 12, 2021

Contact: David A. Coffey, President and CEO  
Ryan W. Cook, Senior Vice President and CFO

## **THIRD CENTURY BANCORP RELEASES EARNINGS** **FOR THE QUARTER ENDED MARCH 31, 2021**

Franklin, Indiana, OTC/PINK: TDCB

Third Century Bancorp (“Company”), the holding company for Mutual Savings Bank (“Bank”), announced it recorded net income of \$414,000 for the quarter ended March 31, 2021, or \$0.35 per basic and diluted share, compared to net income of \$453,000 for the quarter ended March 31, 2020, or \$0.38 per basic and diluted share.

“Our earnings reflect consistent net income and solid quality asset growth which are the positive result we have achieved from the terrific effort given by our talented staff. I am proud to walk beside this group of bankers who continue to tell our story and how we can help people,” commented David A. Coffey, President and CEO. He also indicated, “We look forward to continuing this momentum during the rest of 2021.”

For the quarter ended March 31, 2021, net income decreased \$39,000, or 8.61%, to \$414,000 as compared to \$453,000 for the same period in the prior year. The decrease in net income for the three-month period ended March 31, 2021 was driven primarily as result of the \$228,000, or 14.87%, increase in non-interest expense. The increase in non-interest expense was due to an increase in overhead expenses. This increase was largely offset by an increase of \$152,000 or 28.25% in non-interest income as compared to the same period in the prior year. The increase in non-interest income was driven primarily by a \$82,000 or 27.42%, increase in gains on the sale of one-to-four family residential mortgage loans sold to Freddie Mac. Net interest income increased by \$30,000, or 1.94% for the quarter ended March 31, 2021, to \$1,576,000 as compared to \$1,546,000 for the same period in the prior year.

The increase in net interest income for the quarter ended March 31, 2021 was partially offset by a \$40,000 increase in the provision for loan losses compared to the same period in 2020 due to the economic conditions resulting from the current COVID-19 crisis. The Company had net loan recoveries of \$1,000 during the quarter ended March 31, 2021 compared to net loan charge-offs of \$26,000 for the same period in 2020. The Company expects that the current COVID-19 crisis may impact the future provision for loan losses and that credit quality factors may deteriorate in future periods.

Total assets increased \$14.3 million to \$223.8 million at March 31, 2021 from \$209.6 million at December 31, 2020, an increase of 6.82%. The increase was primarily due to a \$7.6 million, or 12.89%, increase in investment securities, available-for-sale, primarily funded by a \$21.2 million, or 11.98%,

increase in total deposits. Total deposits were \$198.3 million at March 31, 2021, up from \$177.1 million as of December 31, 2020. Federal Home Loan Bank advances were \$5.0 million at March 31, 2021 as compared to \$11.7 million at December 31, 2020. At March 31, 2021, the weighted average rate of all Federal Home Loan Bank advances was 1.45% compared to 1.21% at December 31, 2020, and the weighted average maturity was 5.0 years at March 31, 2021 compared to 3.5 years at December 31, 2020. Total loans held-for-investment grew to \$141.7 million at March 31, 2021 from \$138.8 million at December 31, 2020, an increase of 2.09%.

The increase in total loan balances was partially the result of loans originated through the Small Business Administration's Paycheck Protection Program ("PPP") in which the Company participated. The Company originated \$8.6 million of PPP loans in the program in 2020, of which \$2.1 million remained on the Company's balance sheet as of March 31, 2021. The Company originated \$3.9 million of PPP loans in the program in 2021, all of which remained on the Company's balance sheet as of March 31, 2021. As of March 31, 2021, a total of \$6.0 million of PPP loans remained on the Company's balance sheet with the remaining forgiven by the Small Business Administration.

The allowance for loan losses increased by \$47,000, or 2.62%, to \$1.8 million at March 31, 2021 from \$1.8 million at December 31, 2020. The increase was primarily due to the increase in the provision for loan losses of \$40,000 due to the economic conditions resulting from the current COVID-19 crisis. The allowance for loan losses totaled 1.29% of total loans as of March 31, 2021 and December 31, 2020. Nonperforming loans totaled \$108,000 or 0.08% of total loans as of March 31, 2021 as compared to \$111,000 or 0.08% as of December 31, 2020.

Stockholders' equity was \$19.9 million at March 31, 2021, down from \$20.4 million at December 31, 2020. Stockholders' equity decreased by \$502,000 during the quarter ended March 31, 2021 as a result of net income of \$414,000, and a decrease in net unrealized gain of \$911,000 of available-for-sale securities due to the increase in market interest rates. These changes in stockholders' equity were also offset by repurchased stock of \$21,000 and stock awards of \$16,000. Equity as a percentage of assets decreased to 8.92% at March 31, 2021 compared to 9.76% at December 31, 2020.

Founded in 1890, Mutual Savings Bank is a full-service financial institution based in Johnson County, Indiana. In addition to its main office at 80 East Jefferson Street, Franklin, Indiana, the Bank operates branches in Franklin at 1124 North Main Street, Trafalgar and Greenwood, Indiana.

This press release contains certain forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of the Company. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate" and "intend" or future or conditional verbs such as "will," "would," "should," "could" or "may." Certain factors that could cause actual results to differ materially from expected results include the COVID-19 pandemic, changes in the interest rate environment, changes in general economic conditions, legislative and regulatory changes that adversely affect the business of the Company and the Bank, and changes in the securities markets. Except as required by law, the Company does not undertake any obligation to update any forward-looking statements to reflect changes in belief, expectations or events.

**Condensed Consolidated Statements of Income**  
(unaudited, except for periods in the twelve months ended December 31, 2020)  
In thousands, except per share data

	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
<b>Selected Consolidated Earnings Data:</b>			
Total Interest Income	\$ 1,795	\$ 1,807	\$ 1,864
Total Interest Expense	219	224	318
Net Interest Income	1,576	1,583	1,546
Provision for Losses on Loans	45	60	5
Net Interest Income after Provision for Losses on Loans	1,531	1,523	1,541
Non-interest Income	690	784	538
Non-interest Expense	1,761	1,954	1,533
Income Tax Expense	46	42	94
Net Income	<u>\$ 414</u>	<u>\$ 311</u>	<u>\$ 453</u>
Earnings per basic and diluted share	\$ 0.35	\$ 0.26	\$ 0.38

**Condensed Consolidated Balance Sheet**  
(unaudited, except for periods ended on or before December 31, 2020)  
In thousands, except per share data

	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
<b>Selected Consolidated Balance Sheet Data:</b>			
<b>Assets</b>			
Cash and Due from Banks	\$ 8,402	\$ 4,888	\$ 5,798
Investment Securities, Available-for-sale, at fair value	66,938	59,292	40,320
Loans Held-for-Sale	302	434	447
Loans Held-for-Investment	141,715	138,834	130,071
Allowance for Loan Losses	1,838	1,791	1,454
Net Loans	140,179	137,477	129,064
Accrued Interest Receivable	720	686	620
Other Assets	7,644	7,283	7,964
<b>Total Assets</b>	<u>\$ 223,883</u>	<u>\$ 209,626</u>	<u>\$ 183,766</u>
<b>Liabilities</b>			
Noninterest-bearing Deposits	\$ 37,960	\$ 32,049	\$ 27,598
Interest-bearing Deposits	160,385	145,069	120,609
Total Deposits	198,345	177,118	148,207
FHLB Advances	5,000	11,705	17,500
Accrued Interest Payable	46	54	84
Accrued Expenses and Other Liabilities	519	274	552
<b>Total Liabilities</b>	203,910	189,151	166,343
<b>Stockholders' Equity - Net</b>	19,973	20,475	17,423
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 223,883</u>	<u>\$ 209,626</u>	<u>\$ 183,766</u>

	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
<b>Selected Financial Ratios and Other Data:</b>			
Interest rate spread during period	2.81%	2.91%	3.45%
Net yield on interest-earning assets	3.36%	3.49%	4.40%
Non-interest expense, annualized, to average assets	3.30%	3.74%	3.45%
Return on average assets, annualized	0.78%	0.59%	1.02%
Return on average equity, annualized	7.98%	6.25%	10.23%
Average equity to assets	9.72%	9.51%	9.98%
Average Loans	\$ 141,716	\$ 141,115	\$ 129,481
Average Securities	60,750	54,060	36,804
Average Other Interest-Earning Assets	10,941	11,950	3,182
Total Average Interest-Earning Assets	213,407	207,125	169,467
Average Total Assets	213,453	209,232	177,702
Average Noninterest-bearing Deposits	\$ 36,637	\$ 34,178	\$ 24,975
Average Interest-bearing Deposits	149,954	144,754	123,142
Average Total Deposits	186,591	178,932	148,117
Average Wholesale Funding	7,916	8,934	10,940
Average Interest-Bearing Liabilities	157,870	153,688	134,082
Average Interest-Earnings Assets to Average Interest-Bearings Liability:	135.18%	134.77%	126.39%
Non-performing loans to total loans	0.08%	0.08%	0.08%
Allowance for loan losses to total loans outstanding	1.29%	1.29%	1.12%
Allowance for loan losses to non-performing loans	1701.85%	1613.51%	1358.88%
Net loan chargeoffs/(recoveries) to average total loans outstanding	0.00%	0.00%	0.08%
Effective income tax rate	10.00%	11.90%	17.10%
Tangible book value per share	\$ 16.80	\$ 17.13	\$ 14.76
Market closing price at the end of quarter	\$ 14.20	\$ 15.00	\$ 11.40
Price-to-tangible book value	84.54%	87.54%	77.23%