

# THIRD STREET BANCSHARES, INC.

## DIRECTORS

Neil R. Wynn	C. Fred Hunter, Jr.
Robert G. Kelly	Dan S. Stephan, Jr.
James A. Meagle, Jr.	Richard A. Spindler
John J. Hadley	Louis G. Stephan III

## OFFICERS

James A. Meagle, Jr.	<i>Chairman of the Board</i> \President\Chief Executive Officer
Donn R. Schafer	Vice President\Chief Financial Officer
Carolyn A. Ewart	Corporate Secretary\Human Resource Officer

## SETTLERS BANK

### DIRECTORS

James A. Meagle, Jr.	<i>Chairman of the Board</i>	John J. Hadley
C. Fred Hunter, Jr.		Dan S. Stephan, Jr.
Robert G. Kelly		Neil R. Wynn
Richard A. Spindler		Donn R. Schafer
Louis G. Stephan III		

### OFFICERS

James A. Meagle, Jr.	<i>Chairman of the Board</i> \President\Chief Executive Officer
Donn R. Schafer	EVP\Chief Financial Officer
Donna L. Perine	Sr. VP\Chief Operations Officer\Compliance Officer
Steven C. Hall	Sr. VP\Chief Lending Officer
Carolyn A. Ewart	Sr. VP\Corporate Secretary\Human Resource Officer
Jeffrey D. Welch	Sr. VP
William F. O'Connor	VP\Loan Officer
Martha K. Kellar	AVP Accounting
Sherry Maston	AVP Operations
Jeremiah L. Kuhn	AVP

### OTHER INFORMATION

Visit our Web Site at [www.settlersbank.com](http://www.settlersbank.com)

Call us at ..... 1-740-373-9200

Toll Free ..... 1-877-798-2265

Fax ..... 1-740-373-9962

Bank by Phone: ..... 1-877-965-1115



Settlers Bank  
115 Third Street  
Marietta, Ohio 45750

# Third Street Bancshares, Inc.

March 31, 2011 Quarterly Report



115 Third Street • Marietta, Ohio 45750 • 740-373-9200 • [www.settlersbank.com](http://www.settlersbank.com) member FDIC

**THIRD STREET BANCSHARES, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2010 AND 2011**

	<b>2010</b>	<b>2011</b>
<b>ASSETS</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
Cash and Due from Banks	\$7,411,119	\$ 10,241,087
FF Sold / COD With Other Banks	644,000	764,000
Investment Securities:		
Held to Maturity, at Amortized Costs (Market Values: 2009 - \$0; 2010 - \$ 0)	0	0
Available-for-Sale, at Fair Value	5,529,735	4,386,365
Loans – Net	79,211,352	83,536,641
LESS: Allowance for Loan Losses	(1,006,000)	(1,100,000)
Premises and Equipment – Net	1,730,267	1,651,257
Accrued Interest Receivable	343,476	294,047
Deferred Tax Benefits	411,499	467,767
Other Real Estate Owned / Repossessed		
Property	210,000	0
Other Assets	3,232,850	3,233,483
<b>TOTAL ASSETS</b>	<b><u>\$97,718,298</u></b>	<b><u>\$103,474,647</u></b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**DEPOSITS**

Demand - Noninterest Bearing	\$10,243,563	\$ 8,919,654
Demand - Interest Bearing	11,615,250	13,852,894
Savings	14,251,270	18,064,929
Time Deposits	<u>42,832,117</u>	<u>43,287,854</u>
<b>TOTAL DEPOSITS</b>	<b><u>\$78,942,200</u></b>	<b><u>\$84,125,331</u></b>

FHLB Advances	7,867,654	7,663,603
Fed Funds Purch	0	0
Accrued Interest Payable	120,141	104,233
Federal Income Tax Payable	287,274	558,495
Other Liabilities	<u>123,814</u>	<u>211,799</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$87,341,083</u></b>	<b><u>\$92,663,462</u></b>

**SHAREHOLDERS' EQUITY**

Common Stock	\$ 7,913,011	\$ 7,951,448
Retained Earnings (Deficit)	2,415,357	2,858,078
Accumulated Other Comprehensive Income	<u>48,847</u>	<u>1,660</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>\$ 10,377,215</u></b>	<b><u>\$10,811,186</u></b>

<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$97,718,298</u></b>	<b><u>\$103,474,647</u></b>
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**THIRD STREET BANCSHARES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS ENDED MARCH 31, 2010 AND 2011**

	<b>2010</b>	<b>2011</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>
<b>INTEREST INCOME</b>		
Interest and Fees on Loans	\$ 1,066,454	\$1,092,747
Interest and Dividends on Securities	54,330	35,670
Interest on Federal Funds Sold	175	291
Interest on Deposits with Other Banks	<u>3,618</u>	<u>5,262</u>
<b>TOTAL INTEREST INCOME</b>	<b><u>\$ 1,124,577</u></b>	<b><u>\$ 1,133,970</u></b>
<b>INTEREST EXPENSE</b>		
Interest on Deposits	\$291,536	\$ 247,230
Interest on Federal Funds Purchased	55	4
Interest on Other Borrowings	<u>40,594</u>	<u>37,963</u>
<b>TOTAL INTEREST EXPENSE</b>	<b><u>\$ 332,185</u></b>	<b><u>\$ 285,197</u></b>
<b>NET INTEREST INCOME</b>	<b><u>\$ 792,392</u></b>	<b><u>\$ 848,773</u></b>
Provision for Loan Losses	<u>59,634</u>	<u>31,550</u>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b><u>\$ 732,758</u></b>	<b><u>\$ 817,223</u></b>
<b>NONINTEREST INCOME</b>		
Service Charges, and Fees on Deposits	\$ 65,438	\$ 73,438
Other Income	24,326	24,659
Gain (Loss) Sale of Secur/Other Assets	<u>0</u>	<u>19,281</u>
<b>TOTAL NONINTEREST INCOME</b>	<b><u>\$ 89,764</u></b>	<b><u>\$ 117,378</u></b>
<b>NONINTEREST EXPENSES</b>		
Employee Compensation and Benefits	\$ 282,492	\$ 340,079
Occupancy Expense, Net of Revenues	33,929	30,339
Furniture and Equipment Expense	22,711	19,018
Internet and Data Processing Fees	68,262	73,587
Other Operating Expenses	<u>151,902</u>	<u>156,731</u>
<b>TOTAL NONINTEREST EXPENSES</b>	<b><u>\$ 559,296</u></b>	<b><u>\$ 619,754</u></b>
<b>INCOME BEFORE INCOME TAXES</b>	<b><u>\$ 263,226</u></b>	<b><u>\$ 314,847</u></b>
Applicable Income Taxes	<u>112,000</u>	<u>115,000</u>
<b>NET INCOME</b>	<b><u>\$ 151,226</u></b>	<b><u>\$ 199,847</u></b>

To our Shareholders, Customers, and Friends:

We are pleased to provide the Consolidated Balance Sheets and the Consolidated Statements of Income of Third Street Bancshares, Inc., and its subsidiary, Settlers Bank, as of the quarter ended March 31, 2010 (audited) and March 31, 2011 (un-audited).

Total assets increased \$5,756,350, or 5.89% from \$97,718,298 as of March 31, 2010 to \$103,474,647 as of March 31, 2011. During that same time period, net loans increased \$4,325,289 or 5.46% to \$83,536,641. Also, Cash and Cash Due from banks increased by \$2,829,968 or 38.19% to \$10,241,087. On the liability side, total deposits increased \$5,183,131 or 6.57%, to \$84,125,331 as of March 31, 2011. Shareholders' equity increased \$ 433,970 or 4.18% from March 31, 2010.

Net income increased \$48,621 or 32.15% from March 31, 2010 to March 31, 2011. Key elements that drove this improvement were net interest income after provision for loan losses (up \$84,465, or 11.53%) and non-interest income (up \$27,614, or 30.76%).

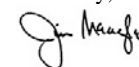
Non-interest expense rose \$60,458 or 10.81% from March 31, 2010 to 2011. Management has recognized for several years that when Settlers reached \$100,000,000 in assets that the bank would need to make capital investments in both equipment and employees.

The Directors, Officers and Employees of Third Street Bancshares, Inc. are pleased to announce a dividend payment of \$0.30 per share to the shareholders of Third Street Bancshares for the first quarter ended March 31, 2011. This represents a 3.45% increase from the first quarter 2010 dividend.

You may contact the market maker for our stock, Community Banc Investments, at 1-800-224-1013.

We look forward to seeing you at the Annual Meeting of Shareholders on May 2, 2011 at the Marietta Holiday Inn, 701 Pike Street.

Sincerely,



Jim Meagle  
Chairman, President and CEO