

To Our Shareholders

Mid-year greetings fellow shareholders. I am pleased to report the second quarter results for Century Financial Corporation and its subsidiary Century Bank and Trust.

For the six months ending June 30, 2023, Century Bank and Trust reported net income of \$3,722,000 or earnings per share of \$2.18 resulting in Return on Average Assets (ROA) of 1.59% and Return on Average Equity (ROE) of 16.40%. This compares favorably to net income of \$2,646,000 or earnings per share of \$1.49 for the same period ending June 30, 2022. ROA and ROE at June 30, 2022 were 1.16% and 11.49%, respectively.

Comparison of the bank's income results for the three months ended June 30th is as follows:

- 2023 – net income of \$2,063,000 and earnings per share of \$1.21.
- 2022 – net income of \$1,528,000 and earnings per share of \$0.86.

Balance Sheet

Total assets for the bank at June 30, 2023 were \$463,148,000, compared to \$474,341,000 at June 30, 2022. The balance sheet continues to have very strong liquidity with deposits at mid-year totaling \$408,754,000. Total assets and deposits at March 31, 2023 were - \$466,154,000 and \$412,429,000, respectively.

Loans ended the period at \$214,906,000 versus \$192,795,000 at June 30, 2022. An increase of \$22,111,000 or 11.47%. At 12-31-22, the loan portfolio stood at \$201,592,000. The allowance for credit loss, as a percentage of loans, at June 30, 2023 stands at 1.54%. This compares to 1.71% reported at June 30, 2022. Asset quality metrics remain extremely strong. No provision for credit loss expense was made in the quarter – matching the same trend reported at June 30, 2022.

Shareholder equity at June 30, 2023 and 2022 was \$45,459,000 and \$45,304,000, respectively. Capital ratios at June 30, 2023 remain strong and well above minimum regulatory requirements.

Income Statement

Total revenue at June 30, 2023 was \$11,458,000 compared to \$8,546,000 at June 30, 2022. The revenue mix, year-to-date, was \$8,977,000 in net interest income and \$2,481,000 in fee income.

For the same period last year, this corresponding combination was \$5,435,000 and \$3,111,000.

Key income statement summaries:

- Net interest income is up \$3,542,000 year-over. Comparing second-quarter 2023 to 2022, this revenue line has a positive variance of \$1,709,000.
- Trust and Investment Management revenue was up \$30,000 year-over.
- Gain on sale of mortgage loans at 6-30-23 was \$142,000 compared to \$506,800 at 6-30-22.
- Non-interest expense through June 30, 2023 totaled \$6,847,000 versus \$5,361,000 at June 30, 2022. Operating costs, net of employee related expenses, increased \$321,000 when comparing June 2023 and 2022.

I would like to take this opportunity to thank, and recognize, William (Bill) Pridgeon for his years of service as a Director of both Century Financial Corporation and Century Bank and Trust. At the conclusion of the first-quarter, Bill retired from his seat on both Boards. His years of positive, and meaningful contributions benefitted all of our stakeholders. Bill's thoughtful stewardship and guidance were highly valued...and will be missed.

As we move into the second-half of the year, it continues to be with a positive stance. The economic signals for the communities, and clients we serve continue to reflect stability. That said, we will watchfully monitor the economic tea leaves as the FOMC maintains its ongoing fight against inflation. In any scenario, a talented team, diverse revenue, and strong balance sheet position us well to take advantage of our community banking model – one based on building, and growing long-term client relationships.

Thank you for your continued support, loyalty, business, and referrals to Century Bank and Trust. I look forward to reporting to you in the upcoming quarters.

Eric H. Beckhusen

Eric H. Beckhusen
Chairman & CEO

Directors & Officers

Century Financial Corporation Directors

| | |
|---|---|
| Eric H. Beckhusen <i>Chairman & CEO, Century Bank and Trust</i> | Bruce S. A. Gosling, <i>Certified Public Accountant, Gabridge & Company, PLC</i> |
| Robert P. Brothers <i>Attorney at Law, Brothers Law Office, PLLC</i> | Brian D. Pridgeon <i>Partner, Pridgeon Farms, LLC</i> |
| Jeffrey W. Budd <i>CPA, Chief Finance Officer, Sekisui Voltek, LLC</i> | Eric J. Wynes <i>President, Century Bank and Trust</i> |
| James W. Gordon <i>Certified Public Accountant, James W. Gordon, CPA, P.C.</i> | |

Century Bank and Trust Officers

| | |
|--|--|
| Eric H. Beckhusen <i>Chairman & CEO</i> | Alicia A. Finnerman <i>Assistant Vice President & Mortgage Loan Officer</i> |
| Eric J. Wynes <i>President</i> | Sergio Gomez <i>Assistant Vice President & Mortgage Loan Officer</i> |
| Dylan M. Foster <i>Executive Vice President</i> | Vicki R. Morris <i>Assistant Vice President & Mortgage Loan Officer</i> |
| Rebecca S. Crabill <i>Chief Financial Officer</i> | Mashaun M. Schabloski <i>Assistant Vice President & Marketing Director</i> |
| Julie A. Andrews <i>Vice President & Senior Trust Officer</i> | Erik L. Schaeffer <i>Assistant Vice President & Trust Officer</i> |
| Alicia K. Cole <i>Vice President & Senior Trust Officer</i> | Kathy A. Tomson <i>Assistant Vice President & Mortgage Loan Officer</i> |
| Jared E. Hoffmaster <i>Vice President & Investment Officer</i> | Melinda G. Dean <i>Retail Loan Officer</i> |
| Jeffrey S. Holbrook <i>Vice President</i> | Tiffany F. Dickey <i>Retail Loan Officer</i> |
| Barry R. Miller <i>Vice President</i> | Michael C. Lauraine <i>Business Development & Commercial Loan Officer</i> |
| Donna L. Penick <i>Vice President & Risk Officer</i> | Karen A. Dunn <i>Human Resource Manager</i> |
| Tracy A. Richer <i>Vice President & Trust Officer</i> | Jennifer J. Ewers <i>Auditor</i> |
| Andrea J. Strong <i>Vice President</i> | Samantha L. Ferguson <i>Digital Products Officer</i> |
| Ronald H. Uhl <i>Vice President</i> | Tiffany R. Moore <i>Deposit Services Officer</i> |
| Michael D. Eddy <i>Assistant Vice President & Mortgage Loan Officer</i> | Ryan J. Saddler <i>Cash Management Officer</i> |

CENTURY
FINANCIAL CORPORATION

CenturyBankandTrust.com

(866) 680-BANK

Second Quarter
Report to Shareholders
June 30, 2023

Bronson • Coldwater • Nottawa
Quincy • Reading • Sturgis
Three Rivers

Consolidated Balance Sheet

| | June 30, | |
|--|-----------------------|-----------------------|
| | 2023 | 2022 |
| Assets | | |
| Cash and due from banks | \$ 14,184,778 | \$ 12,556,292 |
| Interest bearing deposits in other financial institutions | 2,000,000 | 3,244,000 |
| Investment securities available for sale | 145,577,977 | 111,088,046 |
| Investment securities (market value of \$15,466,774 in 2023 and \$17,952,588 in 2022) held to maturity | 17,659,019 | 20,070,481 |
| Federal funds sold and other overnight investments | 53,373,676 | 120,564,316 |
| Loans | 214,906,231 | 192,794,735 |
| Less: Allowance for credit losses | (3,306,260) | (3,305,512) |
| Loans, Net | 211,599,971 | 189,489,223 |
| Bank premises and equipment, net | 4,164,930 | 4,409,976 |
| Bank owned life insurance | 8,902,796 | 8,685,283 |
| Accrued interest receivable and other assets | 5,684,757 | 4,233,354 |
| Total Assets | \$ 463,147,906 | \$ 474,340,970 |
| Liabilities | | |
| Deposits | | |
| Non-Interest bearing | \$ 164,080,827 | \$ 166,318,570 |
| Interest bearing | 244,673,326 | 255,346,390 |
| Total Deposits | 408,754,153 | 421,664,960 |
| Accrued interest payable and other liabilities | 3,434,798 | 1,871,931 |
| Other borrowings | 5,500,000 | 5,500,000 |
| Total Liabilities | \$ 417,688,951 | \$ 429,036,891 |
| Shareholders' Equity | | |
| Common stock - \$1 par value; | | |
| Shares authorized: 3,000,000 in 2023 and 2022; | | |
| issued and outstanding: 1,693,378 in 2023 and 1,773,981 in 2022 | \$ 1,693,378 | \$ 1,773,981 |
| Paid in capital | 13,698,845 | 15,837,063 |
| Retained earnings | 37,178,574 | 31,745,282 |
| Accumulated other comprehensive loss | (7,111,841) | (4,052,247) |
| Total Shareholders' Equity | \$ 45,458,956 | \$ 45,304,079 |
| Total Liabilities and Shareholder's Equity | \$ 463,147,906 | \$ 474,340,970 |
| Book Value Per Share | \$ 26.85 | \$ 26.30 |

Consolidated Statement of Income

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|---------------------|------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest Income | | | | |
| Loans, including fees | \$ 2,999,344 | \$ 2,067,960 | \$ 5,741,687 | \$ 4,356,394 |
| Securities | | | | |
| Taxable | 1,287,904 | 461,024 | 2,581,663 | 693,652 |
| Non-Taxable | 102,162 | 81,854 | 194,252 | 161,891 |
| Federal funds sold and other overnight investments | 983,124 | 328,966 | 1,674,684 | 411,573 |
| Interest on deposits in other financial institutions | 13,650 | 13,229 | 27,150 | 22,963 |
| Total Interest Income | \$ 5,386,184 | \$ 2,953,033 | \$ 10,219,436 | \$ 5,646,473 |
| Interest Expense | | | | |
| Interest on other deposits | 791,668 | 78,572 | 1,149,296 | 136,861 |
| Interest on time deposits over \$100,000 | 21,272 | 9,765 | 38,868 | 19,940 |
| Other interest expense | 27,344 | 27,388 | 54,476 | 54,476 |
| Total Interest Expense | \$ 840,283 | \$ 115,726 | \$ 1,242,640 | \$ 211,277 |
| Net Interest Income | 4,545,901 | 2,837,307 | 8,976,796 | 5,435,196 |
| Provision for Loan Losses | - | - | - | - |
| Net Interest Income after Provision for Loan Losses | 4,545,901 | 2,837,307 | 8,976,796 | 5,435,196 |
| Non-Interest Income | | | | |
| Trust and investment management revenue | 618,378 | 549,753 | 1,195,301 | 1,165,769 |
| Service charges on deposit accounts | 442,194 | 446,561 | 870,258 | 868,129 |
| Gain on sale of mortgage loans | 91,414 | 250,060 | 141,599 | 506,784 |
| Other income | 123,291 | 394,411 | 273,896 | 570,424 |
| Total Non-Interest Income | \$ 1,275,276 | \$ 1,640,784 | \$ 2,481,053 | \$ 3,111,106 |
| Non-Interest Expense | | | | |
| Salaries | 1,428,916 | 1,035,767 | 3,200,435 | 2,070,163 |
| Employee benefits | 434,061 | 403,116 | 896,672 | 862,365 |
| Occupancy and equipment expense | 559,056 | 510,218 | 1,127,403 | 1,025,196 |
| Other expense | 839,148 | 715,935 | 1,622,436 | 1,403,303 |
| Total Non-Interest Expense | \$ 3,261,181 | \$ 2,665,037 | \$ 6,846,946 | \$ 5,361,027 |
| Income Before Income Taxes | 2,559,996 | 1,813,055 | 4,610,903 | 3,185,275 |
| Income Taxes | 497,342 | 285,202 | 888,654 | 538,802 |
| Net Income | \$ 2,062,654 | \$ 1,527,853 | \$ 3,722,248 | \$ 2,646,473 |
| Basic & Diluted Earnings Per Share | \$ 1.21 | \$ 0.86 | \$ 2.18 | \$ 1.49 |

Certain amounts in the prior year consolidated financial statements may have been reclassified to conform with the current year presentation.