

## To Our Shareholders

It is my pleasure to report third-quarter results for Century Financial Corporation and its subsidiary Century Bank and Trust.

For the nine months ending September 30, 2014, Century Bank and Trust reported net income of \$1,817,000 or earnings per share of \$0.93. This compares to net income of \$2,083,000 or earnings per share of \$1.07 for the same period ending September 30, 2013.

The bank's third-quarter results for the three months ended September 30th are as follows:

- 2014 – net income of \$713,000 and earnings per share of \$0.37.
- 2013 – net income of \$660,000 and earnings per share of \$0.34.

### Balance Sheet

The bank had total assets of \$273,989,000 at September 30, 2014. At September 30, 2013 total assets stood at \$260,987,000.

Total loans were \$170,264,000 at September 30, 2014 and \$154,264,000 at September 30, 2013. Year over the loan portfolio has seen growth of 10.37%. The growth rate since December 31, 2013 is 11.98%.

The allowance for loan loss (as a percent of the loan portfolio) at September 30, 2014 stood at 1.60%. At September 30, 2013 it was 1.88%. A provision for loan loss expense of \$75,000 was made for the quarter compared to an expense of \$85,000 at September 30, 2013.

Total deposits continue to grow, finishing at \$240,925,000 for September 30, 2014. This compares to total deposits of \$230,723,000 at September 30, 2013.

At September 30, 2014, Shareholders' Equity totaled \$30,932,000 compared to \$28,010,000 at September 30, 2013. Key capital ratios remain solid at September 30, 2014: risk-based capital – 17.98%; tier one capital – 16.73% and leverage ratio – 11.98%.

### Income Statement

Net interest income for the nine months ended September 30, 2014 was \$6,555,000 compared to \$6,397,000 for the same period ending September 30, 2013.

Total non-interest income was \$3,274,000 for the nine months ending September 30, 2014. Non-interest income at September 30, 2013 was \$3,622,000. For the three months ended 2014 and 2013, non-interest income was \$1,194,000 and \$1,193,000, respectively.

The bank's non-interest income continues to be driven by three very important sources: trust and investment management services, deposit services and the sale and servicing of fixed rate residential mortgages.

A specific highlight for the nine months ending September 30, 2014 is the revenue related to our Trust and Investment Management Group. When compared to September 30, 2013 performance, revenue from this unit is \$86,000 or 7.54% higher.

### Dividend

As reported to you in late September, with a separate communication, Century Financial Corporation increased the quarterly dividend to \$0.11 per share from the previous rate of \$0.10 per share. The new cash dividend of \$0.11 per share was paid September 22, 2014 to shareholders of record September 5, 2014.

As we now focus on the fourth-quarter, your bank teams are actively working on obtaining our remaining 2014 goals while "setting the bar" for our 2015 performance objectives.

I thank each shareholder for your support and loyalty, your continued business as a customer and your mindful referrals of friends, family and associates to Century Bank and Trust.

*Eric H. Beckhusen*

Eric H. Beckhusen  
Chairman & CEO

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CenturyBankandTrust.com

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Third Quarter  
Report to Shareholders  
September 30, 2014

Bronson • Coldwater • Nottawa  
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Three Rivers

### Consolidated Balance Sheet

	September 30,	
	2014	2013
<b>Assets</b>		
Cash and due from banks	\$ 3,420,219	\$ 9,490,330
Short term investments	500,000	1,510,000
Investment securities available for sale	48,820,342	58,416,200
Investment securities (market value of \$11,768,143 in 2014 and \$11,796,385 in 2013) held to maturity	12,148,093	12,631,110
Federal funds sold and other overnight investments	25,146,000	10,832,000
Loans	170,263,746	154,264,067
Less: Allowance for loan loss	(2,715,763)	(2,897,781)
Loans, Net	167,547,983	151,366,286
Bank premises and equipment, net	5,385,821	5,669,558
Bank owned life insurance	7,794,983	7,566,085
Accrued interest receivable and other assets	3,225,290	3,505,018
<b>Total Assets</b>	<b>\$ 273,988,731</b>	<b>\$ 260,986,587</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 43,863,060	\$ 45,140,699
Interest bearing	197,062,382	185,582,671
<b>Total Deposits</b>	<b>240,925,442</b>	<b>230,723,370</b>
Accrued interest payable and other liabilities	2,131,029	2,252,867
Long-term borrowings	0	0
<b>Total Liabilities</b>	<b>\$ 243,056,471</b>	<b>\$ 232,976,237</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2014 and 2013;		
issued and outstanding: 1,934,757 in 2014		
and 1,934,757 in 2013	\$ 1,934,757	\$ 1,934,757
Paid in capital	19,202,709	19,202,709
Retained earnings	12,269,655	10,918,847
Accumulated other comprehensive loss	(2,474,861)	(4,045,963)
<b>Total Shareholders' Equity</b>	<b>\$ 30,932,260</b>	<b>\$ 28,010,350</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 273,988,731</b>	<b>\$ 260,986,587</b>
<b>Book Value Per Share</b>	<b>\$ 15.99</b>	<b>\$ 14.48</b>

### Consolidated Statement of Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
<b>Interest Income</b>				
Loans, including fees	\$ 1,896,681	\$ 1,815,900	\$ 5,544,238	\$ 5,365,910
Securities				
Taxable	291,888	355,572	947,953	1,066,750
Non-Taxable	72,584	77,310	224,117	225,504
Federal funds sold and other overnight investments	13,800	6,618	41,245	28,539
Short term investments	4,411	5,197	13,711	15,626
<b>Total Interest Income</b>	<b>\$ 2,279,364</b>	<b>\$ 2,260,597</b>	<b>\$ 6,771,264</b>	<b>\$ 6,702,329</b>
<b>Interest Expense</b>				
Interest on other deposits	47,292	69,631	165,450	210,766
Interest on time deposits over \$100,000	17,136	26,367	51,217	94,642
Other interest expense	4	4	11	32
<b>Total Interest Expense</b>	<b>\$ 64,431</b>	<b>\$ 96,002</b>	<b>\$ 216,678</b>	<b>\$ 305,440</b>
Net Interest Income	2,214,933	2,164,595	6,554,586	6,396,889
<b>Provision for Loan Losses</b>	<b>75,000</b>	<b>85,000</b>	<b>105,000</b>	<b>185,000</b>
Net Interest Income after Provision for Loan Losses	2,139,933	2,079,595	6,449,586	6,211,889
<b>Non-interest Income</b>				
Trust and investment management revenue	423,400	387,486	1,225,775	1,140,199
Service charges on deposit accounts	437,986	414,808	1,223,512	1,187,609
Gain on sale of mortgage loans	191,124	232,890	405,045	883,415
Other income	141,831	158,203	419,189	410,602
<b>Total Non-interest Income</b>	<b>\$ 1,194,341</b>	<b>\$ 1,193,387</b>	<b>\$ 3,273,521</b>	<b>\$ 3,621,825</b>
<b>Non-interest Expense</b>				
Salaries	853,329	926,331	2,648,280	2,710,720
Employee benefits	396,760	431,840	1,305,201	1,324,461
Occupancy and equipment expense	487,019	442,549	1,596,360	1,412,838
Other expense	605,542	560,609	1,683,675	1,474,715
<b>Total Non-interest Expense</b>	<b>\$ 2,342,650</b>	<b>\$ 2,361,329</b>	<b>\$ 7,233,516</b>	<b>\$ 6,922,734</b>
<b>Income Before Income Taxes</b>	<b>991,624</b>	<b>911,653</b>	<b>2,489,591</b>	<b>2,910,980</b>
<b>Income Taxes</b>	<b>278,128</b>	<b>251,358</b>	<b>672,931</b>	<b>828,432</b>
<b>Net Income</b>	<b>\$ 713,496</b>	<b>\$ 660,295</b>	<b>\$ 1,816,660</b>	<b>\$ 2,082,548</b>
<b>Basic &amp; Diluted Earnings Per Share</b>	<b>\$ 0.37</b>	<b>\$ 0.34</b>	<b>\$ 0.93</b>	<b>\$ 1.07</b>

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