

## To Our Shareholders

I am pleased to report the first quarter performance results of Century Financial Corporation and its subsidiary Century Bank and Trust.

For the three months ending March 31, 2016, your company earned net income of \$673,000 or earnings per share of \$0.35. This compares to March 31, 2015 when net income of \$553,000 and earnings per share of \$0.29 were reported. The return on average equity (ROE) for the first-quarter was 8.21% with a return on assets (ROA) of 0.93%. This compares to ROE and ROA for the same period in 2015 of 7.23% and 0.79%, respectively.

At March 31, 2016, net interest income before loan provision expense is up \$165,000 from March 31, 2015 results. This positive trend was driven by an increase in interest income of \$161,000 and reduction in interest expense of \$4,000.

For the three months ending March 31, 2016, total non-interest income is \$1,109,000 compared to \$1,107,000 at March 31, 2015. While first-quarter sold residential mortgage loan activity is lagging March 31, 2015 results, the other key components of non-interest income are up when comparing first quarter 2016 to 2015.

The bank's total revenue at March 31, 2016 is \$3,485,000 compared to \$3,318,000 at March 31, 2015 - an increase of 5.04%.

Total operating expense for the first three months of 2016 totals \$2,525,000 compared to \$2,497,000 at March 31, 2015.

The balance sheet continues to exhibit nice growth and solid capital.

Total assets at March 31, 2016 are \$298,000,000 compared to \$282,000,000 at March 31, 2015. Total assets at December 31, 2015 were \$288,000,000. Total deposits are \$261,000,000 at March 31, 2016. They were \$247,000,000 at March 31, 2015 and \$250,000,000 at December 31, 2015.

Our lending teams continue to see nice opportunities within our markets to grow the loan portfolio. Total loans at March 31, 2016 are 7.44% higher than March 31, 2015 levels. Loans closed the quarter at \$180,400,000 compared to \$167,900,000 a year earlier. The loan portfolio at December 31, 2015 was \$176,100,000.

The allowance for loan loss at March 31, 2016 is \$2,257,000 or 1.25% of the loan portfolio compared to \$2,196,000 or 1.31% of the loan portfolio at March 31, 2015. As a percent of the loan portfolio, the provision at 12-31-15 was 1.25%. There was a \$35,000 provision for loan loss expense in the first-quarter of 2016 compared to provision expense of \$75,000 at 3-31-15.

Shareholder equity at March 31, 2016 and March 31, 2015 is \$33,765,000 and \$31,880,000, respectively. The bank's key regulatory risk based capital ratios at 3-31-16 are: Tier 1 capital ratio – 16.85%, Total capital ratio – 17.91% and Tier 1 leverage ratio – 12.23%.

As announced at the Annual Shareholders' Meeting on March 15, 2016, the Board of Directors approved a \$0.015 per share increase to the quarterly dividend. Shareholders of record as of 3-4-16 saw the increase reflected in their 3-21-16 quarterly payment. This adjustment places the new quarterly dividend at \$0.125 per share and sets the annual payout rate at \$0.50 per share. Based on a \$14.75 stock price at 3-31-16, this equates to a dividend yield of 3.39%.

I thank each of you for your continued support, loyalty, business and referrals to Century Bank and Trust. I look forward to reporting to you over the upcoming quarters.

*Eric H. Beckhusen*

Eric H. Beckhusen  
Chairman & CEO

## Directors & Officers

### Century Financial Corporation Directors

Eric H. Beckhusen <i>Chairman &amp; CEO, Century Bank and Trust</i>	Kelly B. Murphy <i>President, Murphy Oil Co., Inc.</i>
Caroline P. Lowe Christy <i>Certified Public Accountant</i>	Robert W. Shedd <i>Northshore Asset Mgt.</i>
Bruce S. A. Gosling <i>Certified Public Accountant, Norman and Paulsen, P.C.</i>	Stanley R. Welch <i>Chairman of the Board, Bronson Plating Co.</i>
John D. Hutchinson <i>Attorney-at-Law</i>	Eric J. Wynes <i>President, Century Bank and Trust</i>
Thomas G. Kramer <i>Executive Director, ADAPT, Incorporated</i>	

### Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman &amp; CEO</i>	Jeffrey S. Holbrook <i>Assistant Vice President &amp; Commercial Loan Officer</i>
Eric J. Wynes <i>President</i>	Barry R. Miller <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Dylan M. Foster <i>Senior Vice President</i>	Vicki R. Morris <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Gaylene S. Adams <i>Vice President</i>	Andrea J. Strong <i>Assistant Vice President &amp; Teller Operations Officer</i>
Julie A. Andrews <i>Vice President &amp; Senior Trust Officer</i>	Adam M. Wright <i>Assistant Vice President &amp; Commercial Loan Officer</i>
Jessica A. Handy-Drewek <i>Vice President &amp; Commercial Loan Officer</i>	Donna L. Penick <i>Auditor</i>
Donna M. Hobday <i>Vice President</i>	Katherine L. Sexton-Deck <i>Controller</i>
Ginger J. Kesler <i>Vice President</i>	W. Samuel Davenport III <i>Loan Officer</i>
Ronald H. Uhl <i>Vice President</i>	Heather E. Eldridge <i>Trust Operations Officer</i>
David L. Wright <i>Vice President</i>	Tracy A. Richer <i>Trust Officer</i>
Alicia K. Cole <i>Assistant Vice President &amp; Trust Officer</i>	AnnMarie L. Sanders <i>Commercial Loan Officer</i>
Corey L. Collins <i>Assistant Vice President &amp; Deposit Services Officer</i>	Erik L. Schaeffer <i>Trust Officer</i>
Michael D. Eddy <i>Assistant Vice President &amp; Mortgage Loan Officer</i>	Kathy A. Tomson <i>Mortgage Loan Officer</i>
Jared E. Hoffmaster <i>Assistant Vice President &amp; Investment Officer</i>	



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First Quarter  
Report to Shareholders  
March 31, 2016

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

**Consolidated Balance Sheet**

	March 31,	
	2016	2015
<b>Assets</b>		
Cash and due from banks	\$ 6,497,098	\$ 10,042,861
Short term investments	0	500,000
Time deposits in other financial institutions	1,992,000	0
Investment securities available for sale	40,363,618	49,306,902
Investment securities (market value of \$14,898,573 in 2016 and \$13,638,393 in 2015) held to maturity	15,133,578	13,876,597
Federal funds sold and other overnight investments	38,964,000	25,965,000
Loans	180,436,838	167,888,183
Less: Allowance for loan loss	(2,257,478)	(2,195,661)
Loans, Net	178,179,361	165,692,522
Bank premises and equipment, net	4,997,177	5,369,272
Bank owned life insurance	8,141,757	7,909,262
Accrued interest receivable and other assets	3,332,511	3,382,873
<b>Total Assets</b>	<b>\$ 297,601,101</b>	<b>\$ 282,045,289</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 73,021,596	\$ 45,719,881
Interest bearing	188,152,979	201,366,875
<b>Total Deposits</b>	<b>261,174,575</b>	<b>247,086,756</b>
Accrued interest payable and other liabilities	2,661,913	3,078,465
<b>Total Liabilities</b>	<b>\$ 263,836,488</b>	<b>\$ 250,165,221</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2016 and 2015;		
issued and outstanding: 1,931,757 in 2016 and 1,934,757 in 2015	\$ 1,931,757	\$ 1,934,757
Paid in capital	19,162,759	19,202,709
Retained earnings	14,796,180	13,020,881
Accumulated other comprehensive loss	(2,126,083)	(2,278,279)
<b>Total Shareholders' Equity</b>	<b>\$ 33,764,613</b>	<b>\$ 31,880,068</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 297,601,101</b>	<b>\$ 282,045,289</b>
<b>Book Value Per Share</b>	<b>\$ 17.48</b>	<b>\$ 16.48</b>

**Consolidated Statement of Income**

	Three Months Ended	
	March 31,	
	2016	2015
<b>Interest Income</b>		
Loans, including fees	\$ 1,991,145	\$ 1,889,070
Securities		
Taxable	302,791	288,564
Non-Taxable	85,355	72,507
Federal funds sold and other overnight investments	48,664	13,386
Short term investments	1,214	4,315
<b>Total Interest Income</b>	<b>\$ 2,429,169</b>	<b>\$ 2,267,842</b>
<b>Interest Expense</b>		
Interest on other deposits	45,190	44,175
Interest on time deposits over \$100,000	8,285	12,915
Other interest expense	5	4
<b>Total Interest Expense</b>	<b>\$ 53,481</b>	<b>\$ 57,094</b>
Net Interest Income	2,375,688	2,210,748
<b>Provision for Loan Losses</b>	<b>35,000</b>	<b>75,000</b>
Net Interest Income after Provision for Loan Losses	2,340,688	2,135,748
<b>Non-interest Income</b>		
Trust and investment management revenue	461,933	440,403
Service charges on deposit accounts	412,986	378,231
Gain on sale of mortgage loans	80,366	147,949
Other income	153,685	140,210
<b>Total Non-interest Income</b>	<b>\$ 1,108,970</b>	<b>\$ 1,106,793</b>
<b>Non-interest Expense</b>		
Salaries	1,021,923	991,149
Employee benefits	494,282	465,753
Occupancy and equipment expense	486,557	519,075
Other expense	522,046	521,224
<b>Total Non-interest Expense</b>	<b>\$ 2,524,808</b>	<b>\$ 2,497,201</b>
<b>Income Before Income Taxes</b>	<b>924,850</b>	<b>745,340</b>
<b>Income Taxes</b>	<b>251,392</b>	<b>192,353</b>
<b>Net Income</b>	<b>\$ 673,458</b>	<b>\$ 552,987</b>
<b>Basic &amp; Diluted Earnings Per Share</b>	<b>\$ 0.35</b>	<b>\$ 0.29</b>

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