

To Our Shareholders

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

For the nine-months ending September 30, 2019, Century Bank and Trust reported net income of \$3,406,000 or earnings per share of \$1.80. This compares to net income of \$2,494,000 or earnings per share of \$1.30 for the same period ending September 30, 2018. Return on Equity (ROE) and Return on Assets (ROA) were 11.56% and 1.44%, respectively. Previous year-to-date, ROE was 9.17% with ROA at 1.11%

Income Statement

The bank reported total revenues of \$12,834,000 at September 30, 2019. This constitutes 6.18% growth over September 30, 2018 revenues of \$12,087,000.

Net income is \$911,000, or 36.54%, higher when comparing September 30, 2019 to the same period in 2018.

When comparing September 30, 2019 to September 30, 2018, net interest income was higher by \$764,000 or 9.13%. For the same period, total non-interest income was \$3,711,000 and \$3,728,000, respectively.

Non-interest expense for the nine months ended September 30, 2019 totaled \$8,341,000 versus \$8,343,000 at September 30, 2018.

For the quarter, the bank reported net income of \$1,141,000 or \$0.60 earnings per share. This compares to net income of \$882,000 and earnings per share of \$0.46 for the same three-month period in 2018.

Balance Sheet

The bank had total assets of \$328,423,000 at September 30, 2019 compared to \$305,209,000 at September 30, 2018.

Total loans at the end of the third quarter 2019 were \$208,051,000 compared to \$208,125,000 for the same period in 2018. Total loans at December 31, 2018 were \$206,050,000.

The allowance for loan loss (as a percent of the loan portfolio) at September 30, 2019 was 1.27%. This compares to 1.38% at September 30, 2018. A provision for loan loss expense of \$185,000 was made for the quarter compared to an expense of \$250,000 for the third quarter of 2018.

Total deposits were up 6.24% when comparing September 30, 2019 to September 30, 2018. Deposit balances were \$276,695,000 and \$260,431,000, respectively.

Total Shareholder Equity at September 30, 2019 was \$41,767,000 compared to \$36,764,000 at September 30, 2018. Capital ratios at September 30, 2019 remain strong and well above minimum regulatory requirements.

As we move into the fourth quarter, your bank team is focused on achieving remaining 2019 initiatives and beginning the planning process for 2020. I thank each of you for your support and loyalty as a shareholder, your business as a client and your continued referrals to Century Bank and Trust.

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Eric H. Beckhusen
Chairman & CEO

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Third Quarter
Report to Shareholders
September 30, 2019

Bronson • Coldwater • Nottawa
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Three Rivers

Consolidated Balance Sheet

	September 30,	
	2019	2018
Assets		
Cash and due from banks	\$ 9,382,543	\$ 12,538,683
Interest bearing deposits with other banks	2,743,000	2,992,731
Investment securities available for sale	44,931,933	46,383,423
Investment securities (market value of \$14,702,170 in 2019 and \$13,020,260 in 2018) held to maturity	13,755,590	13,015,382
Federal funds sold and other overnight investments	35,477,692	7,550,307
Loans	208,050,655	208,124,948
Less: Allowance for loan loss	(2,637,126)	(2,880,825)
Loans, Net	205,413,528	205,244,123
Bank premises and equipment, net	4,899,677	5,040,042
Bank owned life insurance	8,959,475	8,724,155
Accrued interest receivable and other assets	2,860,024	3,720,238
Total Assets	\$ 328,423,463	\$ 305,209,085
Liabilities		
Deposits		
Non-interest bearing	\$ 94,392,642	\$ 86,101,418
Interest bearing	182,302,080	174,330,022
Total Deposits	276,694,722	260,431,439
Accrued interest payable and other liabilities	\$ 1,961,654	\$ 1,513,234
Other borrowings	8,000,000	6,500,000
Total Liabilities	\$ 286,656,377	\$ 268,444,673
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2019 and 2018;		
issued and outstanding: 1,893,908 in 2019 and 1,897,950 in 2018		
	1,893,908	1,897,950
Paid in capital	18,477,863	18,555,132
Retained earnings	21,362,440	17,878,527
Accumulated other comprehensive gain/(loss)	32,875	(1,567,197)
Total Shareholders' Equity	\$ 41,767,086	\$ 36,764,412
Total Liabilities and Shareholder's Equity	\$ 328,423,463	\$ 305,209,085
Book Value Per Share	\$ 22.05	\$ 19.37

Consolidated Statement of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Interest Income				
Loans, including fees	\$ 2,765,701	\$ 2,609,709	\$ 8,233,693	\$ 7,549,159
Securities				
Taxable	260,276	263,836	787,016	795,847
Non-Taxable	80,961	75,633	229,927	238,697
Federal funds sold and other overnight investments	182,787	52,573	508,359	171,961
Interest on deposits in other financial institutions	15,621	15,923	46,272	47,868
Total Interest Income	\$ 3,305,346	\$ 3,017,673	\$ 9,805,267	\$ 8,803,532
Interest Expense				
Interest on other deposits	169,271	120,243	507,028	362,368
Interest on time deposits over \$100,000	24,719	32,782	104,661	48,384
Other interest expense	37,509	11,309	70,239	33,007
Total Interest Expense	\$ 231,499	\$ 164,333	\$ 681,928	\$ 443,758
Net Interest Income	3,073,847	2,853,340	9,123,339	8,359,774
Provision for Loan Losses	185,000	250,000	330,000	730,000
Net Interest Income after Provision for Loan Losses	2,888,847	2,603,340	8,793,339	7,629,774
Non-interest Income				
Trust and investment management revenue	530,287	509,667	1,559,108	1,496,524
Service charges on deposit accounts	457,513	443,550	1,330,506	1,322,294
Gain on sale of mortgage loans	164,501	171,214	398,446	454,457
Other income	141,159	142,563	422,642	454,401
Total Non-interest Income	\$ 1,293,460	\$ 1,266,995	\$ 3,710,703	\$ 3,727,676
Non-interest Expense				
Salaries	1,305,223	1,298,800	3,863,152	3,833,198
Employee benefits	410,374	379,739	1,236,565	1,229,157
Occupancy and equipment expense	510,749	525,489	1,549,741	1,548,828
Other expense	562,436	596,089	1,691,487	1,732,011
Total Non-interest Expense	\$ 2,788,782	\$ 2,800,117	\$ 8,340,945	\$ 8,343,194
Income Before Income Taxes	1,393,525	1,070,218	4,163,097	3,014,256
Income Taxes	252,560	188,632	757,312	519,815
Net Income	\$ 1,140,965	\$ 881,586	\$ 3,405,785	\$ 2,494,441
Basic & Diluted Earnings Per Share	\$ 0.60	\$ 0.46	\$ 1.80	\$ 1.30

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