

## To Our Shareholders

Mid-year greetings fellow shareholders. My hope is this finds you and your loved ones healthy and safe. 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, 2020, Century Bank and Trust reported net income of \$2,410,000 or earnings per share of \$1.30 resulting in Return on Average Assets (ROA) of 1.35% and Return on Average Equity (ROE) of 11.43%. This compares favorably to net income of \$2,265,000 or earnings per share of \$1.20 for the same period ending June 30, 2019. ROA and ROE at June 30, 2019 were 1.44% and 11.71%, respectively.

Total assets for the bank at June 30, 2020 were \$386,803,000, compared to \$328,820,000 at June 30, 2019.

Loans ended the period at \$231,133,000. This is a \$19,849,000 increase over June 30, 2019. A significant portion of the second quarter increase in loans is a direct result of the Business Services Team assisting our local businesses with Paycheck Protection Program (PPP) loans. Through June 30, 2020, the bank facilitated over three hundred PPP loans totaling \$24,308,000.

The allowance for loan loss, as a percentage of loans, at June 30, 2020 stands at 1.25%. This compares to 1.29% reported at June 30, 2019. An important perspective when comparing June 30, 2020 allowance levels is noting the PPP activity. Adjusting for these Small Business Administration (SBA) guaranteed balances, the allowance for loan loss at June 30, 2020 would be 1.40% of the traditional loan portfolio. A provision for loan loss expense of \$235,000 was made in the second quarter. A \$100,000 expense was made during the same period in 2019.

Shareholder equity at June 30, 2020 and 2019 was \$43,546,000 and \$40,776,000, respectively. Capital ratios at June 30, 2020 remain strong and well above minimum regulatory requirements.

Total revenue at June 30, 2020 was \$8,546,000 compared to \$8,467,000 at June 30, 2019. A significant contributor to our non-interest income through June 30, 2020 has been our Residential Mortgage Lending Team. Their outstanding job of assisting homeowners with purchases and mortgage refinancing has resulted in a \$459,000 increase in gain on sale of mortgage loans when comparing June 30, 2020 to June 30, 2019.

Non-interest expense for the six months ended June 30, 2020 totaled \$5,364,000 versus \$5,552,000 at June 30, 2019. Operating costs, net of employee related expenses, decreased \$155,000 when comparing June 2020 and 2019.

Our fundamental obligation to serve clients and our communities has been on full display as we navigate this challenging environment. In 27-years of being part of this company, my level of pride in our team has never been higher. Their commitment to be here for our customers and maintain as much normalcy as possible is an amazing example of selflessness. The economic headwinds caused by COVID-19 will continue in the second half of 2020...but so will our resolve to take care of our clients and communities while staying focused on the long-term performance goals that have served us well. I thank you for your business, referrals and loyalty as a shareholder.

*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>	Bruce S. A. Gosling, <i>Certified Public Accountant, Gabridge &amp; Company, PLC</i>
Robert P. Brothers <i>Attorney at Law, Brothers Law Office, PLLC</i>	Thomas G. Kramer <i>Retired Executive Director, ADAPT, Incorporated</i>
Jeffrey W. Budd <i>CPA, Utility Director, Coldwater Board of Public Utilities</i>	Caroline P. Lowe <i>Certified Public Accountant, Caroline P. Lowe, CPA, PLC</i>
James W. Gordon <i>Certified Public Accountant, James W. Gordon, CPA, P.C.</i>	William G. Pridgeon <i>Partner, Pridgeon Farms, LLC</i>
	Eric J. Wynes <i>President, Century Bank and Trust</i>

### Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman &amp; CEO</i>	Jared E. Hoffmaster <i>Assistant Vice President &amp; Investment Officer</i>
Eric J. Wynes <i>President</i>	Vicki R. Morris <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Dylan M. Foster <i>Executive Vice President</i>	Tracy A. Richer <i>Assistant Vice President &amp; Trust Officer</i>
Rebecca S. Crabill <i>Chief Financial Officer</i>	Mashaun M. Schabloski <i>Assistant Vice President &amp; Marketing Director</i>
Julie A. Andrews <i>Vice President &amp; Senior Trust Officer</i>	Andrea J. Strong <i>Assistant Vice President &amp; Teller Operations Officer</i>
Jeffrey S. Holbrook <i>Vice President</i>	Kathy A. Tomson <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Barry R. Miller <i>Vice President</i>	Melinda G. Dean <i>Retail Loan Officer</i>
Donna L. Penick <i>Vice President &amp; Auditor</i>	Karen A. Dunn <i>Human Resource Manager</i>
Ronald H. Uhl <i>Vice President</i>	Heather E. Eldridge <i>Trust Operations Officer</i>
Adam M. Wright <i>Vice President</i>	Alicia A. Finnerman <i>Mortgage Loan Officer</i>
Alicia K. Cole <i>Assistant Vice President &amp; Trust Officer</i>	Sergio Gomez <i>Mortgage Loan Officer</i>
Corey L. Collins <i>Assistant Vice President &amp; Commercial Loan Officer</i>	Ryan J. Saddler <i>Cash Management Officer</i>
Jason C. Dozeman <i>Assistant Vice President &amp; Commercial Loan Officer</i>	Erik L. Schaeffer <i>Trust Officer</i>
Michael D. Eddy <i>Assistant Vice President &amp; Mortgage Loan Officer</i>	



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Second Quarter  
Report to Shareholders  
June 30, 2020

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

### Consolidated Balance Sheet

	June 30,	
	2020	2019
<b>Assets</b>		
Cash and due from banks	\$ 11,280,092	\$ 7,946,831
Interest bearing deposits in other financial institutions	2,243,000	2,992,973
Investment securities available for sale	39,483,100	46,143,046
Investment securities (market value of \$15,451,635 in 2020 and \$13,955,665 in 2019) held to maturity	15,220,684	13,086,346
Federal funds sold and other overnight investments	73,794,930	33,086,685
Loans	231,133,176	211,284,539
Less: Allowance for loan loss	(2,896,659)	(2,719,268)
Loans, Net	228,236,516	208,565,271
Bank premises and equipment, net	4,870,046	4,958,314
Bank owned life insurance	9,137,855	8,898,899
Accrued interest receivable and other assets	2,536,732	3,141,557
<b>Total Assets</b>	<b>\$ 386,802,956</b>	<b>\$ 328,819,922</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 128,965,537	\$ 94,543,857
Interest bearing	203,361,927	183,431,546
<b>Total Deposits</b>	<b>332,327,464</b>	<b>277,975,403</b>
Accrued interest payable and other liabilities	2,929,051	2,068,500
Other borrowings	8,000,000	8,000,000
<b>Total Liabilities</b>	<b>\$ 343,256,515</b>	<b>\$ 288,043,902</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2020 and 2019;		
issued and outstanding: 1,833,403 in 2020 and		
1,893,908 in 2019	\$ 1,833,403	\$ 1,893,908
Paid in capital	17,225,250	18,477,863
Retained earnings	23,927,718	20,543,439
Accumulated other comprehensive loss	560,070	(139,190)
<b>Total Shareholders' Equity</b>	<b>\$ 43,546,441</b>	<b>\$ 40,776,020</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 386,802,956</b>	<b>\$ 328,819,922</b>
<b>Book Value Per Share</b>	<b>\$ 23.75</b>	<b>\$ 21.53</b>

### Consolidated Statement of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Interest Income</b>				
Loans, including fees	\$ 2,690,906	\$ 2,766,166	\$ 5,372,981	\$ 5,467,992
Securities				
Taxable	245,491	262,023	481,804	526,740
Non-Taxable	81,567	75,747	166,102	148,966
Federal funds sold and other overnight investments	15,006	175,451	125,476	325,571
Interest on deposits in other financial institutions	13,707	15,444	27,906	30,651
<b>Total Interest Income</b>	<b>\$ 3,046,677</b>	<b>\$ 3,294,830</b>	<b>\$ 6,174,269</b>	<b>\$ 6,499,921</b>
<b>Interest Expense</b>				
Interest on other deposits	55,201	178,914	166,071	337,757
Interest on time deposits over \$100,000	24,168	36,934	51,642	79,942
Other interest expense	37,359	23,213	74,114	32,730
<b>Total Interest Expense</b>	<b>\$ 116,728</b>	<b>\$ 239,060</b>	<b>\$ 291,827</b>	<b>\$ 450,429</b>
Net Interest Income	2,929,950	3,055,770	5,882,441	6,049,492
<b>Provision for Loan Losses</b>	<b>235,000</b>	<b>100,000</b>	<b>235,000</b>	<b>145,000</b>
Net Interest Income after Provision for Loan Losses	2,694,950	2,955,770	5,647,441	5,904,492
<b>Non-interest Income</b>				
Trust and investment management revenue	476,700	519,096	946,996	1,028,821
Service charges on deposit accounts	369,892	435,925	787,766	872,993
Gain on sale of mortgage loans	475,806	125,258	693,370	233,945
Other income	102,759	132,409	235,447	281,484
<b>Total Non-interest Income</b>	<b>\$ 1,425,157</b>	<b>\$ 1,212,688</b>	<b>\$ 2,663,579</b>	<b>\$ 2,417,243</b>
<b>Non-interest Expense</b>				
Salaries	1,246,767	1,209,066	2,536,743	2,557,929
Employee benefits	387,765	395,769	813,922	826,191
Occupancy and equipment expense	523,626	542,896	1,030,927	1,038,992
Other expense	504,286	633,696	982,002	1,129,051
<b>Total Non-interest Expense</b>	<b>\$ 2,662,445</b>	<b>\$ 2,781,428</b>	<b>\$ 5,363,595</b>	<b>\$ 5,552,163</b>
<b>Income Before Income Taxes</b>	<b>1,457,662</b>	<b>1,387,029</b>	<b>2,947,426</b>	<b>2,769,572</b>
<b>Income Taxes</b>	<b>266,182</b>	<b>253,624</b>	<b>537,437</b>	<b>504,752</b>
<b>Net Income</b>	<b>\$ 1,191,480</b>	<b>\$ 1,133,405</b>	<b>\$ 2,409,989</b>	<b>\$ 2,264,820</b>
<b>Basic &amp; Diluted Earnings Per Share</b>	<b>\$ 0.65</b>	<b>\$ 0.60</b>	<b>\$ 1.30</b>	<b>\$ 1.20</b>

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