

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, 2017, Century Bank and Trust reported net income of \$1,408,000 or earnings per share of \$0.73 resulting in Return on Average Assets (ROA) of 0.97% and Return on Average Equity (ROE) of 8.09%. This compares favorably to net income of \$1,308,000 or earnings per share of \$0.68 for the same period ending June 30, 2016. ROA and ROE at June 30, 2016 were 0.93% and 7.92%, respectively. The 7.66% increase in net income was obtained through diligent, focused effort from all our teams.

Comparison of the bank's second quarter results for the three months ended June 30th are as follows:

- 2017 – net income of \$693,000 and earnings per share of \$0.36.
- 2016 – net income of \$634,000 and earnings per share of \$0.33.

Balance Sheet

Total assets for the bank at June 30, 2017 were stable at \$291,250,000, compared to \$291,558,000 at June 30, 2016.

Loans ended the period at \$189,673,000. This is a \$9,945,000 or 5.53% increase over June 30, 2016. Total loans are up \$9,012,000 or 4.99% from December 31, 2016 levels.

The allowance for loan loss, as a percentage of loans, at June 30, 2017 stands at 1.25%. At June 30, 2016 it was 1.28%. A provision for loan loss expense of \$70,000 was made in the second quarter. An \$80,000 expense was made during the same period in 2016.

Shareholder equity at June 30, 2017 and 2016 was \$35,437,000 and \$34,161,000, respectively. Capital ratios at June 30, 2017 remain strong and well above minimum regulatory requirements.

Income Statement

Total revenue at June 30, 2017 was \$7,318,000 compared to \$7,014,000 at June 30, 2016. Key contributing factors:

- \$196,000 increase in net interest income
- \$14,000 increase in Trust and Investment Management revenue
- \$83,000 increase in Gain on sale of mortgage loans
- \$29,000 net increase in Service charge income

Non-interest expense for the six months ended June 30, 2017 totaled \$5,258,000 versus \$5,110,000 at June 30, 2016. Operating costs, net of employee related expenses, decreased \$97,000 when comparing June 2017 and 2016. As a reminder, part of the expense structure at this time includes costs related to the anticipated late-2017 termination of the bank's defined benefit pension plan.

The first half of 2017 concludes with solid performance and growth created by the hard work of each CB&T team member. We continue to see positive economic activity in our markets - - and remain focused on serving as the trusted resource every individual, family and business should expect from us. Our 127 year history has been built brick-by-brick on this core philosophy.

I thank each of you for your support and loyalty as a shareholder, your business as a customer, and your referrals to Century Bank and Trust.

Eric H. Beckhusen

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Chairman & CEO

Directors & Officers

Century Financial Corporation Directors

Eric H. Beckhusen <i>Chairman & CEO, Century Bank and Trust</i>	Caroline P. Lowe <i>Certified Public Accountant</i>
Jeffrey W. Budd <i>C.P.A., Assistant Utility Director, Coldwater Board of Public Utilities</i>	Kelly B. Murphy <i>President, Murphy Oil Co., Inc.</i>
James W. Gordon <i>Certified Public Accountant James W. Gordon, CPA, P.C.</i>	Stanley R. Welch <i>Retired Chairman, Bronson Plating Co.</i>
Bruce S. A. Gosling <i>Certified Public Accountant, Norman and Paulsen, P.C.</i>	Eric J. Wynes <i>President, Century Bank and Trust</i>
Thomas G. Kramer <i>Chief Financial Officer, ADAPT, Incorporated</i>	

Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman & CEO</i>	Michael D. Eddy <i>Assistant Vice President & Mortgage Loan Officer</i>
Eric J. Wynes <i>President</i>	Jared E. Hoffmaster <i>Assistant Vice President & Investment Officer</i>
Dylan M. Foster <i>Senior Vice President</i>	Vicki R. Morris <i>Assistant Vice President & Mortgage Loan Officer</i>
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Julie A. Andrews <i>Vice President & Senior Trust Officer</i>	Adam M. Wright <i>Assistant Vice President & Commercial Loan Officer</i>
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AnnMarie L. Sanders <i>Vice President</i>	Joshua D. Jones <i>Mortgage Loan Officer</i>
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Alicia K. Cole <i>Assistant Vice President & Trust Officer</i>	Erik L. Schaeffer <i>Trust Officer</i>
Corey L. Collins <i>Assistant Vice President & Deposit Services Officer</i>	Kathy A. Tomson <i>Mortgage Loan Officer</i>



CenturyBankandTrust.com

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Second Quarter
Report to Shareholders
June 30, 2017

Bronson • Coldwater • Nottawa
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Three Rivers

Consolidated Balance Sheet

	June 30,	
	2017	2016
Assets		
Cash and due from banks	\$ 10,235,592	\$ 10,785,260
Interest bearing deposits in other financial institutions	3,491,149	2,492,000
Investment securities available for sale	54,834,276	38,667,100
Investment securities (market value of \$17,994,906 in 2017 and \$15,964,193 in 2016) held to maturity	17,963,420	16,140,480
Federal funds sold and other overnight investments	329,000	29,588,000
Loans	189,673,100	179,728,518
Less: Allowance for loan loss	(2,364,555)	(2,304,913)
Loans, Net	187,308,545	177,423,605
Bank premises and equipment, net	4,936,795	4,968,254
Bank owned life insurance	8,433,784	8,200,421
Accrued interest receivable and other assets	3,717,083	3,292,963
Total Assets	\$ 291,249,645	\$ 291,558,083
Liabilities		
Deposits		
Non-interest bearing	76,840,343	\$ 74,591,793
Interest bearing	167,766,299	179,637,367
Total Deposits	244,606,641	254,229,160
Accrued interest payable and other liabilities	3,205,593	3,168,082
Other borrowings	8,000,000	-
Total Liabilities	\$ 255,812,234	\$ 257,397,242
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2017 and 2016;		
issued and outstanding: 1,921,140 in 2017 and 1,923,757 in 2016	\$ 1,921,140	\$ 1,923,757
Paid in capital	19,003,810	19,047,749
Retained earnings	14,791,548	13,046,610
Accumulated other comprehensive loss	(279,087)	142,725
Total Shareholders' Equity	\$ 35,437,411	\$ 34,160,841
Total Liabilities and Shareholder's Equity	\$ 291,249,645	\$ 291,558,083
Book Value Per Share	\$ 18.45	\$ 17.76

Consolidated Statement of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Interest Income				
Loans, including fees	\$ 2,136,396	\$ 2,024,314	\$ 4,195,966	\$ 4,015,459
Securities				
Taxable	303,358	254,807	608,559	557,598
Non-Taxable	94,849	86,875	186,266	172,230
Federal funds sold and other overnight investments	21,620	34,753	48,839	72,335
Interest on deposits in other financial institutions	16,892	11,857	33,598	24,153
Total Interest Income	\$ 2,573,115	\$ 2,412,606	\$ 5,073,228	\$ 4,841,775
Interest Expense				
Interest on other deposits	66,763	42,695	123,845	87,885
Interest on time deposits over \$100,000	5,985	7,776	12,242	16,061
Other interest expense	2,984	5	2,992	10
Total Interest Expense	\$ 75,732	\$ 50,475	\$ 139,078	\$ 103,956
Net Interest Income	2,497,383	2,362,131	4,934,149	4,737,819
Provision for Loan Losses	70,000	80,000	125,000	115,000
Net Interest Income after Provision for Loan Losses	2,427,383	2,282,131	4,809,149	4,622,819
Non-interest Income				
Trust and investment management revenue	463,409	449,750	925,278	911,683
Service charges on deposit accounts	450,677	428,949	871,037	841,935
Gain on sale of mortgage loans	104,631	137,625	300,502	217,991
Other income	147,143	151,035	287,457	304,720
Total Non-interest Income	\$ 1,165,860	\$ 1,167,359	\$ 2,384,273	\$ 2,276,329
Non-interest Expense				
Salaries	1,055,359	1,025,361	2,165,492	2,047,284
Employee benefits	546,636	457,485	1,078,698	951,767
Occupancy and equipment expense	482,682	532,946	968,181	1,019,503
Other expense	554,340	569,022	1,045,355	1,091,068
Total Non-interest Expense	\$ 2,639,017	\$ 2,584,814	\$ 5,257,726	\$ 5,109,622
Income Before Income Taxes	954,226	864,676	1,935,697	1,789,526
Income Taxes	261,227	230,569	527,977	481,961
Net Income	\$ 692,999	\$ 634,107	\$ 1,407,719	\$ 1,307,565
Basic & Diluted Earnings Per Share	\$ 0.36	\$ 0.33	\$ 0.73	\$ 0.68

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