

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, 2019, your company earned net income of \$1,131,000 or earnings per share of \$0.60. This compares to March 31, 2018 when net income of \$807,000 and earnings per share of \$0.42 were reported. The return on average equity (ROE) for the first quarter was 11.95% with a return on assets (ROA) of 1.47%. This compares to ROE and ROA for the same period in 2018 of 9.08% and 1.09%, respectively.

The bank's total revenue at March 31, 2019 is \$4,198,000 compared to \$3,933,000 at March 31, 2018 - an increase of 6.74%.

At March 31, 2019, net interest income before loan provision expense is up \$240,000 from March 31, 2018 results. For the three months ending March 31, 2019, total non-interest income is \$1,205,000 compared to \$1,179,000 at March 31, 2018 - an increase of \$26,000. Total operating expense for the first three months of 2019 totals \$2,771,000 compared to \$2,759,000 at March 31, 2018.

Total assets at March 31, 2019 are \$318,894,000 compared to \$300,040,000 at March 31, 2018. Total assets at December 31, 2018 were \$315,568,000. Total deposits are \$275,556,000 at March 31, 2019. They were \$259,630,000 at March 31, 2018 and \$273,539,000 at December 31, 2018.

Total loans at March 31, 2019 are \$208,646,000 compared to \$200,557,000 a year earlier. The loan portfolio at December 31, 2018 was \$206,050,000.

The allowance for loan loss at March 31, 2019 is \$2,612,000 or 1.25% of the loan portfolio compared to \$2,465,000 or 1.23% of the loan portfolio at March 31, 2018. As a percent of the loan portfolio, the provision at December 31, 2018 was 1.25%. There was a \$45,000 provision for loan loss expense in the first quarter of 2019 compared to provision expense of \$205,000 at March 31, 2018.

Shareholder equity at March 31, 2019 and March 31, 2018 is \$39,313,000 and \$36,410,000, respectively. Capital ratios at March 31, 2019 remain strong and well above minimum regulatory requirements.

As announced at the Annual Shareholders' Meeting on March 19, 2019, the Board of Directors approved a \$0.02 per share increase to the quarterly dividend. Qualifying shareholders of record saw this reflected in their March 20, 2019 payment. This adjustment places the new quarterly dividend at \$0.17 per share and sets the annual payout rate at \$0.68 per share. Based on a \$21.20 stock price at March 31, 2019, this equates to a dividend yield of 3.21%.

As the above summary indicates, the first quarter for our company is off to a very solid start. The 40.15% increase in net income has been driven by consistent balance sheet growth, balanced contribution from fee income sources and managed operating expenses.

Thank 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

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CenturyBankandTrust.com

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First Quarter
Report to Shareholders
March 31, 2019

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

Consolidated Balance Sheet

	March 31,	
	2019	2018
Assets		
Cash and due from banks	\$ 7,691,394	\$ 5,987,257
Interest bearing deposits in other financial institutions	2,992,901	3,242,572
Investment securities available for sale	46,195,716	47,850,969
Investment securities (market value of \$12,613,594 in 2019 and \$15,5603,343 in 2018) held to maturity	12,302,278	15,506,340
Federal funds sold and other overnight investments	26,593,705	12,349,163
Loans	208,646,266	200,557,081
Less: Allowance for loan loss	(2,612,092)	(2,464,729)
Loans, Net	206,034,173	198,092,352
Bank premises and equipment, net	4,997,752	5,104,331
Bank owned life insurance	8,840,426	8,607,719
Accrued interest receivable and other assets	3,245,257	3,299,018
Total Assets	\$ 318,893,602	\$ 300,039,722
Liabilities		
Deposits		
Non-interest bearing	\$ 92,550,426	\$ 84,422,153
Interest bearing	183,005,899	175,208,148
Total Deposits	275,556,324	259,630,301
Accrued interest payable and other liabilities	1,524,270	1,499,811
Other borrowings	2,500,000	2,500,000
Total Liabilities	\$ 279,580,595	\$ 263,630,112
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 1,921,140 in 2018	\$ 1,893,908	\$ 1,921,140
Paid in capital	18,477,863	19,003,810
Retained earnings	19,731,747	16,762,918
Accumulated other comprehensive loss	(790,511)	(1,278,259)
Total Shareholders' Equity	\$ 39,313,007	\$ 36,409,609
Total Liabilities and Shareholder's Equity	\$ 318,893,602	\$ 300,039,722
Book Value Per Share	\$ 20.76	\$ 18.95

Consolidated Statement of Income

	Three Months Ended March 31,	
	2019	2018
Interest Income		
Loans, including fees	\$ 2,701,826	\$ 2,433,545
Securities		
Taxable	264,718	271,152
Non-Taxable	73,219	85,164
Federal funds sold and other overnight investments	150,120	63,925
Interest on deposits in other financial institutions	15,207	15,903
Total Interest Income	\$ 3,205,091	\$ 2,869,690
Interest Expense		
Interest on other deposits	158,843	96,355
Interest on time deposits over \$100,000	43,008	7,661
Other interest expense	9,518	12,029
Total Interest Expense	\$ 211,368	\$ 116,045
Net Interest Income	2,993,722	2,753,645
Provision for Loan Losses	45,000	205,000
Net Interest Income after Provision for Loan Losses	2,948,722	2,548,645
Non-interest Income		
Trust and investment management revenue	509,725	471,820
Service charges on deposit accounts	437,068	428,936
Gain on sale of mortgage loans	108,688	121,339
Other income	149,074	157,325
Total Non-interest Income	\$ 1,204,555	\$ 1,179,420
Non-interest Expense		
Salaries	1,348,862	1,272,367
Employee benefits	430,422	444,555
Occupancy and equipment expense	496,096	538,382
Other expense	495,355	503,269
Total Non-interest Expense	\$ 2,770,735	\$ 2,758,573
Income Before Income Taxes	1,382,542	969,493
Income Taxes	251,128	162,724
Net Income	\$ 1,131,414	\$ 806,769
Basic & Diluted Earnings Per Share	\$ 0.60	\$ 0.42

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