

## 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, 2022, Century Bank and Trust reported net income of \$4,213,000 or earnings per share of \$2.37. This compares to net income of \$3,965,000 or earnings per share of \$2.18 for the same period ending September 30, 2021. Return on Average Assets (ROA) and Return on Average Equity (ROE) were 1.21% and 12.50%, respectively. This compares to year-to-date ROA of 1.24%, with ROE of 11.51% at September 30, 2021.

### Income Statement

The bank reported total revenues of \$13,714,000 at September 30, 2022. This constitutes a \$315,000 increase over September 30, 2021 revenues of \$13,399,000.

Net income is \$248,000, or 6.25%, higher when comparing September 30, 2022 to the same period in 2021.

When comparing September 30, 2022 to September 30, 2021, net interest income was higher by \$1,201,000 or 14.81%. For the same period, total non-interest income was \$4,402,000 and \$5,288,000, respectively.

Non-interest expense for the nine months ended September 30, 2022 totaled \$8,593,000 versus \$8,526,000 at September 30, 2021.

For the quarter, the bank reported net income of \$1,567,000 or \$0.88 earnings per share. This compares to net income of \$1,367,000 and earnings per share of \$0.75 for the same three-month period in 2021.

### Balance Sheet

The bank had total assets of \$475,604,000 at September 30, 2022 compared to \$454,015,000 at September 30, 2021.

Total loans at the end of the third quarter 2022 were \$200,285,000 compared to \$212,804,000 for the same period in 2021. At September 30, 2021 the bank's loan portfolio included \$9,466,000 in Paycheck Protection Program (PPP) loans.

The allowance for loan loss (as a percent of the loan portfolio) at September 30, 2022 was 1.65%. This compares to 1.61% at September 30, 2021. No provision for loan loss expense was made for either third quarter period in 2022 or 2021.

Total deposits were up 6.70% when comparing September 30, 2022 to September 30, 2021. Deposit balances were \$425,508,000 and \$398,803,000, respectively.

Total Shareholder Equity at September 30, 2022 was \$42,481,000 compared to \$47,404,000 at September 30, 2021. Given the rapid and material interest rate increases since mid-year, the accounting adjustment – Accumulated Other Comprehensive income/loss – used to “mark to market” certain assets in the bank's investment portfolio is noticeable and significant at September 30, 2022. This adjustment does not impact capital ratios. At September 30, 2022, these measures remain extremely strong and well above minimum regulatory requirements.

By any measure, the current pace of FOMC action with rate increases and the resurgence of decades absent high inflation is historic. As we positively march into the fourth quarter and begin our 2023 planning, your bank team will take advantage of the tailwinds – and manage the headwinds – these dynamic aspects of the economy present. I thank you for your business, referrals, and loyalty as a shareholder.



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>	William G. Pridgeon <i>Partner, Pridgeon Farms, LLC</i>
Jeffrey W. Budd <i>CPA, Chief Finance Officer, Sekisui Voltek, LLC</i>	Eric J. Wynes <i>President, Century Bank and Trust</i>
James W. Gordon <i>Certified Public Accountant, James W. Gordon, CPA, P.C.</i>	

### Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman &amp; CEO</i>	Alicia A. Finnerman <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Eric J. Wynes <i>President</i>	Sergio Gomez <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Dylan M. Foster <i>Executive Vice President</i>	Vicki R. Morris <i>Assistant Vice President &amp; Mortgage Loan 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>	Erik L. Schaeffer <i>Assistant Vice President &amp; Trust Officer</i>
Alicia K. Cole <i>Vice President &amp; Senior Trust Officer</i>	Kathy A. Tomson <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Jared E. Hoffmaster <i>Vice President &amp; Investment Officer</i>	Melinda G. Dean <i>Retail Loan Officer</i>
Jeffrey S. Holbrook <i>Vice President</i>	Teffany F. Dickey <i>Retail Loan Officer</i>
Barry R. Miller <i>Vice President</i>	Michael C. Lauraine <i>Business Development &amp; Commercial Loan Officer</i>
Donna L. Penick <i>Vice President &amp; Risk Officer</i>	Karen A. Dunn <i>Human Resource Manager</i>
Tracy A. Richer <i>Vice President &amp; Trust Officer</i>	Jennifer J. Ewers <i>Auditor</i>
Andrea J. Strong <i>Vice President</i>	Samantha L. Ferguson <i>Digital Products Officer</i>
Ronald H. Uhl <i>Vice President</i>	Tiffany R. Moore <i>Deposit Services Officer</i>
Corey L. Collins <i>Assistant Vice President &amp; Commercial Loan Officer</i>	Ryan J. Saddler <i>Cash Management Officer</i>
Michael D. Eddy <i>Assistant Vice President &amp; Mortgage Loan Officer</i>	



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Third Quarter  
Report to Shareholders  
September 30, 2022

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

### Consolidated Balance Sheet

	September 30,	
	2022	2021
<b>Assets</b>		
Cash and due from banks	\$ 14,629,993	\$ 14,424,477
Interest bearing deposits in other financial institutions	2,747,000	1,744,000
Investment securities available for sale	153,263,107	41,737,153
Investment securities (market value of \$18,275,047 in 2022 and \$19,117,587 in 2021) held to maturity	19,522,217	18,636,124
Federal funds sold and other overnight investments	69,649,154	151,035,858
Loans	200,285,088	212,804,173
Less: Allowance for loan loss	(3,310,619)	(3,417,189)
Loans, Net	196,974,469	209,386,984
Bank premises and equipment, net	4,325,361	4,399,043
Bank owned life insurance	8,739,527	9,429,868
Accrued interest receivable and other assets	5,752,674	3,221,135
<b>Total Assets</b>	<b>\$ 475,603,502</b>	<b>\$ 454,014,644</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 175,534,815	\$ 149,546,838
Interest bearing	249,972,798	249,256,530
<b>Total Deposits</b>	<b>425,507,613</b>	<b>398,803,368</b>
Accrued interest payable and other liabilities	2,114,654	2,307,593
Other borrowings	5,500,000	5,500,000
<b>Total Liabilities</b>	<b>\$ 433,122,266</b>	<b>\$ 406,610,961</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2022 and 2021;		
issued and outstanding: 1,713,026 in 2022 and 1,802,093 in 2021	\$ 1,713,026	\$ 1,802,093
Paid in capital	14,194,960	16,540,135
Retained earnings	32,943,207	28,847,371
Accumulated other comprehensive loss	(6,369,958)	214,084
<b>Total Shareholders' Equity</b>	<b>\$ 42,481,236</b>	<b>\$ 47,403,682</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 475,603,502</b>	<b>\$ 454,014,644</b>
<b>Book Value Per Share</b>	<b>\$ 24.80</b>	<b>\$ 26.30</b>

### Consolidated Statement of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Interest Income</b>				
Loans, including fees	\$ 2,321,414	\$ 2,496,043	\$ 6,677,809	\$ 7,434,688
Securities				
Taxable	1,086,167	209,872	1,779,819	572,032
Non-Taxable	91,268	87,511	253,159	247,233
Federal funds sold and other overnight investments	556,002	54,839	967,575	120,536
Interest on deposits in other financial institutions	19,182	9,250	42,146	27,401
<b>Total Interest Income</b>	<b>\$ 4,074,034</b>	<b>\$ 2,857,515</b>	<b>\$ 9,720,507</b>	<b>\$ 8,401,890</b>
<b>Interest Expense</b>				
Interest on other deposits	159,619	56,690	296,479	162,475
Interest on time deposits over \$100,000	9,588	12,104	29,529	46,032
Other interest expense	27,689	27,689	82,165	82,165
<b>Total Interest Expense</b>	<b>\$ 196,897</b>	<b>\$ 96,483</b>	<b>\$ 408,174</b>	<b>\$ 290,673</b>
Net Interest Income	3,877,138	2,761,031	9,312,333	8,111,217
<b>Provision for Loan Losses</b>	-	-	-	-
Net Interest Income after Provision for Loan Losses	3,877,138	2,761,031	9,312,333	8,111,217
<b>Non-interest Income</b>				
Trust and investment management revenue	566,365	602,633	1,732,134	1,785,444
Service charges on deposit accounts	442,991	457,492	1,311,120	1,322,852
Gain on sale of mortgage loans	153,362	471,158	660,146	1,760,181
Other income	127,926	144,390	698,350	419,792
<b>Total Non-interest Income</b>	<b>\$ 1,290,644</b>	<b>\$ 1,675,672</b>	<b>\$ 4,401,750</b>	<b>\$ 5,288,270</b>
<b>Non-interest Expense</b>				
Salaries	1,569,952	1,038,423	3,640,115	3,528,664
Employee benefits	396,953	473,033	1,259,318	1,456,175
Occupancy and equipment expense	519,052	542,304	1,544,248	1,656,517
Other expense	745,848	700,654	2,149,151	1,884,647
<b>Total Non-interest Expense</b>	<b>\$ 3,231,805</b>	<b>\$ 2,754,414</b>	<b>\$ 8,592,832</b>	<b>\$ 8,526,003</b>
<b>Income Before Income Taxes</b>	<b>1,935,976</b>	<b>1,682,290</b>	<b>5,121,251</b>	<b>4,873,484</b>
<b>Income Taxes</b>	<b>369,112</b>	<b>315,539</b>	<b>907,914</b>	<b>908,654</b>
<b>Net Income</b>	<b>\$ 1,566,864</b>	<b>\$ 1,366,751</b>	<b>\$ 4,213,337</b>	<b>\$ 3,964,831</b>
<b>Basic &amp; Diluted Earnings Per Share</b>	<b>\$ 0.88</b>	<b>\$ 0.75</b>	<b>\$ 2.37</b>	<b>\$ 2.18</b>

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