

ANNUAL REPORT

2025



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Century Financial Corporation

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The Annual Meeting of the shareholders of Century Financial Corporation will be held March 17, 2026 at 4:00 p.m., at the Insight Hospital Conference Center, 370 East Chicago Street, Suite 500, Coldwater, MI 49036.

Financial Highlights

Century Financial Corporation (000s omitted, except per share data)

| | 2025 | 2024 |
|--|------------|------------|
| <i>For the Year</i> | | |
| Net Income | \$ 9,159 | \$ 9,004 |
| Cash Dividends | 2,313 | 2,163 |
| Return on Average Assets | 1.95% | 1.92% |
| Return on Average Equity | 14.87% | 16.81% |
| <i>At Year End</i> | | |
| Assets | \$ 476,821 | \$ 467,219 |
| Deposits | 403,293 | 401,470 |
| Total Loans | 253,501 | 231,929 |
| Net Loans | 249,856 | 228,327 |
| Shareholders' Equity | 66,118 | 57,099 |
| <i>Per Share</i> | | |
| Basic and Diluted Earnings | \$ 5.54 | \$ 5.41 |
| Cash Dividends | 1.40 | 1.30 |
| Book Value -- December 31 | 40.07 | 34.46 |
| <i>Other Measures</i> | | |
| Allowance for Credit Losses - Loans | \$ 3,645 | \$ 3,602 |
| Provision for Credit Losses - Loans | 155 | 375 |
| Allowance as % of Total Loans | 1.44% | 1.55% |
| Net Interest Income | \$ 20,285 | \$ 19,509 |
| Non-Interest Income | 5,531 | 5,655 |
| Operating Expense (net employee-related items) | 6,295 | 5,818 |
| Non-Interest Income as % of Total Revenue | 21.42% | 22.47% |
| REM Servicing Portfolio (off balance sheet) | \$ 147,501 | \$ 157,456 |
| Tier 1 Leverage Ratio | 13.6% | 13.0% |
| Tier 1 Common Equity Ratio | 22.7% | 20.3% |
| Total Risk-Based Capital Ratio | 23.9% | 21.5% |

Century Financial Corporation is a Michigan bank holding company with Century Bank and Trust as its only wholly-owned subsidiary. Century Bank and Trust offers a full range of financial and trust services through a system of eleven banking offices located in Branch, St. Joseph and Hillsdale Counties in Michigan.

Message to Shareholders

Century Financial Corporation

Dear Fellow Shareholders,

I am extremely pleased to share the annual performance for Century Financial Corporation and its subsidiary Century Bank and Trust in 2025. Our company reported net income of \$9,159,000 or basic earnings per share of \$5.54 for the year. This compares to net income of \$9,004,000 and earnings per share of \$5.41 reported to you in 2024.

Assets totaled \$476,821,000 at the end of the year, an increase of \$9,602,000, or 2.06%, when compared to 12-31-24 total assets of \$467,219,000. The strong performance in 2025 was driven by record-level total revenue of \$25,816,000 – which is an increase of \$652,000 over 2024 total revenue of \$25,164,000. Century Bank and Trust's balance sheet continues to reflect strong capital and liquidity positions and stable core deposit funding features.

Comparing December 31, 2025, to December 31, 2024, the loan portfolio saw overall growth of \$21,572,000, or 9.30%. At 12-31-25, total loans were \$253,501,000 with an allowance for credit losses reserve of \$3,645,000 or 1.44% of the loan portfolio. For the same period 2024, loans totaled \$231,929,000 with an allowance for credit losses reserve of \$3,602,000 or 1.55% of the loan portfolio. The well-established commercial lending tradition as a bank and our experienced, client-first focused, team of Business Services experts combined nicely in providing solid commercial loan portfolio growth for the year. Year-over, commercial loans grew \$20,543,000 or 14.02%, residential loans were up \$2,303,000 and consumer loans ended \$1,274,000 lower. Asset quality remained strong with net loan losses of \$112,000, or 0.04% of average loans in 2025. In 2024 loan recoveries slightly exceeded loan losses. A provision for credit losses of \$155,000 was made in 2025. This compares to a \$375,000 provision expense taken during 2024.

Total deposits ended the year at \$403,293,000. This compares to total deposits of \$401,470,000 reported 12-31-24. The bank's primary funding source continues to be comprised of core and stable transactional and interest-bearing accounts to consumers and businesses in our primary footprint. Our deposit services and cash management teams continue to strive to provide clients with a balance of exceptional face-to-face service coupled with evolving products and technology that meet their needs. During 2025 we finalized deployment and full implementation of our Integrated Teller Machines (ITMs). Via the seven offices where these enhanced machines are located, customers can now safely and securely perform almost any transaction, and receive almost any service, that was traditionally limited to an in-office or person-to-person drive-thru experience. Besides serving as an ATM, a client can now self-initiate making physical deposits and loan payments, transferring funds, and getting balance inquiries – and when direct assistance is needed, one of our deposit services team members is immediately available via the high-definition video screen.

Our Trust and Investment Management group continues to be a consistent and fundamental component of growth within the bank's non-interest income performance. Their 2025 results mark a record revenue level of \$3,076,000. This significant milestone is an increase of \$254,000, or 9.0%, above their previous high mark of \$2,822,000 set in 2024. Proudly led by Dylan Foster, Executive Vice President, this team of talented

professionals continue the bank's long-term commitment to provide fiduciary investment management and estate planning services that are focused on the long-term goals set by our clients. As a shareholder, regardless of current banking needs or geographic location, this group and their services are something I strongly recommend you, your family and friends explore utilizing.

With the continued market facets of higher rates, tight housing inventory, and entry-level homeownership affordability challenges...fee income related to the gain on sale of mortgage loans continued to exhibit a tough trend in 2025. For the year, fee income for this category totaled \$236,000, compared to \$317,000 in 2024. A positive counter to this decline in non-interest income, associated with mortgage lending, was a 2.9% growth in the on-balance sheet residential mortgage portfolio of the bank, along with steady year-over home equity line of credit balances. Regardless of current housing market paradigms, our mortgage lenders are working daily with clients to navigate purchases, finance the construction of new homes, or remodel their existing ones.

For 2025, the Board of Directors continued their commitment to long-term shareholder value and return. Century Financial Corporation paid an annual core dividend for the year of \$1.00 per share. The Board also approved a one-time, special cash dividend of \$0.40 per share which was paid to shareholders on December 19, 2025. This combined action resulted in a total cash dividend of \$1.40 per share being paid in 2025. Comparatively, the total 2024 cash dividend was \$1.30 – comprised of a \$0.96 core dividend, and a one-time special cash dividend of \$0.34 per share. Through the authorized stock repurchase program, 7,217 and 25,423 shares were retired in 2025 and 2024, respectively.

During the fourth quarter of 2025, we embarked on a significant remodeling project of our flagship main office located at 100 W Chicago Street in Coldwater. The bones of this building and the current layout have served us well since being constructed in the late-1970s – but as with any facility it has come time for a refresh and slight reconfiguration that will better match how we serve customers and grow over the next decades. I look forward to providing project updates to you as 2026 unfolds.

The overall results of your bank in 2025 were extremely strong and record setting in almost every performance metric. As I have earnestly expressed to you in these pages before... our consistency and success is always attributable to one fundamental factor – the people who make up Century Bank and Trust. With my 33rd year on the roster approaching, my level of pride and gratitude for the individuals who make up our team has never been higher. As we move into 2026, I am excited to work shoulder-to-shoulder with this resolute and talented group as they bring their energy and skill in serving our clients and communities – in ways that help them obtain both their daily needs and long-term goals. My sincere thank you as a shareholder for your continued support, your business as a client, and making those especially important referrals of friends, family and associates to Century Bank and Trust.

Eric H. Beckhusen

Eric H. Beckhusen
Chairman & CEO

Report of Independent Auditors

Century Financial Corporation



Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Century Financial Corporation
Coldwater, Michigan

Opinion

We have audited the consolidated financial statements of Century Financial Corporation, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Century Financial Corporation as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Century Financial Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Century Financial Corporation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Report of Independent Auditors

Century Financial Corporation

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Century Financial Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Century Financial Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information is comprised of the Financial Highlights, the Message to Shareholders, and disclosure of the Corporation's directors, officers and locations but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP

Crowe LLP

Grand Rapids, Michigan
February 24, 2026

Consolidated Balance Sheets

Century Financial Corporation

(000's omitted, except share and per share data)

| | December 31, | |
|---|-------------------|-------------------|
| | 2025 | 2024 |
| Assets | | |
| Cash and due from banks | \$ 14,572 | \$ 14,635 |
| Short term investments | 55,230 | 65,191 |
| Total cash and cash equivalents | <u>69,802</u> | <u>79,826</u> |
| Time deposits in other financial institutions | 1,000 | 1,250 |
| Securities available for sale, at fair value | 121,354 | 123,310 |
| Securities held to maturity (Fair value of \$12,953 in 2025 and \$11,909 in 2024) | 13,395 | 12,813 |
| Other investments | 1,384 | 1,384 |
| Loans held for sale | - | 999 |
| Loans, net of allowance for credit losses of \$3,645 and \$3,602 as of December 31, 2025 and 2024, respectively | 249,856 | 228,327 |
| Premises and equipment, net | 5,867 | 4,371 |
| Bank owned life insurance | 8,684 | 8,457 |
| Accrued interest receivable | 2,242 | 2,004 |
| Other assets | 3,237 | 4,478 |
| Total Assets | <u>\$ 476,821</u> | <u>\$ 467,219</u> |
| Liabilities | | |
| Deposits | | |
| Noninterest-bearing | \$ 151,002 | \$ 156,019 |
| Time deposits of \$100 or more | 5,898 | 5,384 |
| Other time deposits | 9,705 | 6,918 |
| Other interest-bearing deposits | 236,688 | 233,149 |
| Total deposits | <u>403,293</u> | <u>401,470</u> |
| Accrued interest payable | 55 | 40 |
| FHLB advances | 5,000 | 5,000 |
| Other liabilities | 2,355 | 3,610 |
| Total Liabilities | <u>410,703</u> | <u>410,120</u> |
| Shareholders' Equity | | |
| Preferred stock -- \$1 par value; shares authorized -- 300,000; issued and outstanding -- none | | |
| Common stock -- \$1 par value; shares authorized -- 3,000,000; issued and outstanding -- 1,649,632 in 2025 and 1,656,849 in 2024 | 1,650 | 1,657 |
| Paid in capital | 12,422 | 12,726 |
| Retained earnings | 53,964 | 47,118 |
| Accumulated other comprehensive loss | (1,918) | (4,402) |
| Total Shareholders' Equity | <u>66,118</u> | <u>57,099</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 476,821</u> | <u>\$ 467,219</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income

Century Financial Corporation
(000s omitted, except per share data)

| | Year Ended December 31, | |
|---|-------------------------|-----------|
| | 2025 | 2024 |
| Interest Income | | |
| Loans, including fees | \$ 15,905 | \$ 15,047 |
| Securities | | |
| Taxable | 5,428 | 4,906 |
| Non-taxable | 395 | 419 |
| Other investments | 2,951 | 3,634 |
| Total interest income | 24,679 | 24,006 |
| Interest Expense | | |
| Deposits | 4,219 | 4,361 |
| FHLB advances | 175 | 136 |
| Total interest expense | 4,394 | 4,497 |
| Net Interest Income | | |
| | 20,285 | 19,509 |
| Provision for credit losses - loans | 155 | 375 |
| Net interest income after provision for credit losses | 20,130 | 19,134 |
| Non-interest Income | | |
| Service charges on deposit accounts | 1,571 | 1,641 |
| Trust and investment management revenue | 3,076 | 2,822 |
| Net gain on sales of loans | 236 | 317 |
| Gain on securities | 15 | 1 |
| Other income | 633 | 874 |
| Total non-interest income | 5,531 | 5,655 |
| Non-interest Expense | | |
| Salaries and employee benefits | 8,040 | 7,949 |
| Occupancy and equipment expense | 2,479 | 2,330 |
| Other | 3,816 | 3,488 |
| Total non-interest expense | 14,335 | 13,767 |
| Income Before Income Taxes | | |
| | 11,326 | 11,022 |
| Income Taxes | 2,167 | 2,018 |
| Net Income | \$ 9,159 | \$ 9,004 |
| Basic Earnings Per Share | | |
| | \$ 5.54 | \$ 5.41 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Century Financial Corporation
(000s omitted, except per share data)

| | Year Ended December 31, | |
|--|-------------------------|----------|
| | 2025 | 2024 |
| Net Income | \$ 9,159 | \$ 9,004 |
| Other Comprehensive Income | | |
| Reclassification adjustment for net realized gains securities available for sale (A) | (15) | (1) |
| Unrealized gains securities available for sale | | |
| Unrealized holding gain | 3,146 | 1,177 |
| Tax effect (B) | (647) | (246) |
| Total other comprehensive income | 2,484 | 930 |
| Comprehensive Income | \$ 11,643 | \$ 9,934 |

(A) Included in gain on securities

(B) Income taxes for 2025 and 2024 include \$3 and \$0 of tax expense related to reclassification, respectively

Consolidated Statements of Changes in Shareholders' Equity

Century Financial Corporation
(000s omitted, except per share data)

| | Common Stock | Paid In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|-----------------------------------|-----------------|--------------------|----------------------|--|----------------------------------|
| Balance, January 1, 2024 | \$ 1,682 | \$ 13,420 | \$ 40,277 | \$ (5,332) | \$ 50,047 |
| Net income | - | - | 9,004 | - | 9,004 |
| Other comprehensive income | - | - | - | 930 | 930 |
| Cash dividends, \$1.30 per share | - | - | (2,163) | - | (2,163) |
| Repurchase of shares | (25) | (694) | - | - | (719) |
| Balance, December 31, 2024 | 1,657 | 12,726 | 47,118 | (4,402) | 57,099 |
| Net income | - | - | 9,159 | - | 9,159 |
| Other comprehensive income | - | - | - | 2,484 | 2,484 |
| Cash dividends, \$1.40 per share | - | - | (2,313) | - | (2,313) |
| Repurchase of shares | (7) | (304) | - | - | (311) |
| Balance, December 31, 2025 | \$ 1,650 | \$ 12,422 | \$ 53,964 | \$ (1,918) | \$ 66,118 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Century Financial Corporation
(000s omitted)

| | Year Ended December 31, | |
|--|-------------------------|------------------|
| | 2025 | 2024 |
| Cash Flows from Operating Activities | | |
| Net Income | \$ 9,159 | \$ 9,004 |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities | | |
| Depreciation | 432 | 404 |
| Net amortization on securities | 73 | 92 |
| Provision for credit losses - loans | 155 | 375 |
| Net gain on sales of loans | (236) | (317) |
| Proceeds from sales of loans | 7,380 | 9,752 |
| Loans originated for sale | (6,145) | (9,326) |
| Loss on sales of other real estate owned | 60 | |
| Net gain on securities | (15) | (1) |
| Earnings on bank owned life insurance | (227) | (240) |
| Net Change in Assets and Liabilities | | |
| Accrued interest receivable | (238) | 218 |
| Accrued interest payable | 15 | (17) |
| Other assets | 380 | (393) |
| Other liabilities | (1,255) | 903 |
| Net cash from operating activities | 9,538 | 10,454 |
| Cash Flows from Investing Activities | | |
| Purchase of Federal Home Loan Bank stock | - | (32) |
| Purchases of securities available for sale | (44,855) | (33,482) |
| Proceeds from sales, calls and maturities of securities available for sale | 49,935 | 52,746 |
| Purchases of securities held to maturity | (3,569) | (4,352) |
| Proceeds from calls, prepayment and maturities of securities held to maturity | 2,949 | 5,311 |
| Proceeds from maturities of time deposits in other financial institutions | 250 | 500 |
| Net change in portfolio loans | (21,684) | (13,374) |
| Proceeds from sales of other real estate owned | 140 | - |
| Premises and equipment expenditures, net | (1,928) | (728) |
| Net cash from (for) investing activities | (18,762) | 6,589 |
| Cash Flows from Financing Activities | | |
| Net change in time deposits of \$100 or more | 514 | (843) |
| Net change in other deposits | 1,310 | (13,667) |
| Repurchase of stock | (311) | (719) |
| Proceeds from FHLB Advances | - | 5,000 |
| Repayment on FHLB Advances | - | (5,500) |
| Cash dividends paid | (2,313) | (2,163) |
| Net cash for from financing activities | (800) | (17,892) |
| Net Change in Cash and Cash Equivalents | (10,024) | (849) |
| Cash and cash equivalents at beginning of year | 79,826 | 80,675 |
| Cash and Cash Equivalents at End of Year | \$ 69,802 | \$ 79,826 |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash Paid During the Year for | 2025 | 2024 |
| Interest | \$ 4,380 | \$ 4,514 |
| Income taxes paid | 3,135 | 1,596 |
| Supplemental Disclosures of Non-Cash Financing and Investing Activities | | |
| Transfer of bank owned life insurance to other assets | \$ - | \$ 801 |
| Transfers of loans to other real estate owned | \$ 724 | \$ 252 |
| Right-of-use assets obtained in exchange for lease liabilities | 56 | - |

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Century Financial Corporation

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The consolidated financial statements include the accounts of Century Financial Corporation (the “Corporation”), its wholly-owned subsidiary, Century Bank and Trust (the “Bank”), combined with its wholly-owned subsidiaries, Century Insurance Services and Century Mortgage Services, after elimination of intercompany transactions and accounts.

The Corporation provides financial services through its offices located in southern Michigan. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment consumer loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate. Commercial loans are expected to be repaid by cash flows from operations of businesses. Real estate loans are secured by both residential and commercial real estate. Other financial instruments which potentially represent concentrations of credit risk include deposit accounts in other financial institutions.

Subsequent Events

The Corporation has evaluated subsequent events for recognition and disclosure through February 24, 2026, which is the date the consolidated financial statements were available to be issued.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the consolidated financial statements and the disclosures provided. Actual amounts could differ from those estimates.

Cash Flows

For the purpose of this consolidated statement, cash and cash equivalents are defined to include cash on hand, interest-bearing deposits in other financial institutions, overnight investments and certain short term investments with maturities of three months or less upon acquisition.

Net cash flows are reported for customer loan and deposit transactions and premise and equipment activities.

Time Deposits in Other Financial Institutions

These are fully FDIC insured deposits recorded at cost with future contractual maturities of \$500,000 (2026) and \$500,000 (2027).

Federal Home Loan Bank (FHLB) Stock

The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of par value. FHLB stock is included in other investments in the consolidated balance sheets and was \$1,376,900 at both December 31, 2025 and 2024. Both cash and stock dividends are reported as income in interest income—other investments in the consolidated statements of income.

Securities

Securities classified as available for sale are reported at their fair value and the related unrealized holding gains or losses are reported, net of related income tax effects, in other comprehensive income, until realized. Such securities might be sold prior to maturity due to changes in interest rates, prepayment risks, yield and availability of alternative investments, liquidity needs or other factors. Securities for which management has the positive intent and the ability to hold to maturity are classified as held to maturity and are reported at amortized cost.

Premiums and discounts on securities are recognized in interest income using the level yield method over the estimated life of the security without anticipating prepayments except where prepayments are anticipated. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific identification method.

A security is placed on nonaccrual status at the time any principal or interest payments become greater than 89 days past due. Interest accrued but not received for a security placed on non-accrual is reversed against interest income.

Loans Held for Sale

Residential real estate loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Residential real estate loans held for sale are generally sold with servicing rights retained. The carrying value of residential real estate loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of residential real estate loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans

Loans are reported at the principal balance outstanding, net of deferred loan fees and costs and an allowance for credit losses. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term. Interest income on loans is generally discontinued at the time the loan is ninety days delinquent, determined based upon the contractual terms of the loan, unless the credit is well-secured and in process of collection. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Past due status is determined based on the contractual terms of the loan. All interest accrued but not received for loans placed on non-accrual is reversed against interest income. Interest received on such loans is accounted on the cash basis or cost-recovery method, until qualifying for return to accrual. Loans are

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Accrued interest receivable on loans totaled \$985,612 and \$875,868 at December 31, 2025 and 2024, respectively and was included in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses on loans.

Allowance for Credit Losses (“Allowance”)

The allowance is a valuation account that is deducted from the loans’ amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the uncollectability of a loan balance is confirmed. Management estimates the allowance balance using relevant available information, internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses.

Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. The allowance is measured on a collective pool basis when similar risk characteristics exist. Loans with similar risk characteristics are grouped into homogenous segments, or pools, for analysis. The following portfolio segments have been identified:

Commercial - Loans to businesses that are sole proprietorships, partnerships, limited liability companies and corporations. These loans are for commercial, industrial, or professional purposes. The risk characteristics of these loans vary based on the borrowers’ business and industry as repayment is typically dependent on cash flows generated from the underlying business.

Residential real estate - Loans to purchase or refinance one-to-four-family residences. The risks associated with this segment are generally dependent on the overall real estate value environment and individual payment obligations. Real estate is subject to changes in market valuation and can be unstable for a variety of reasons.

Consumer - Term loans or lines of credit for the purchase of consumer goods, vehicles or home improvement. The risk characteristics of the loans in this segment vary depending on the type of collateral but generally repayment is expected from a consumer continuing to generate a cash flow that supports the calculated payment obligation. Secondary support could involve liquidation of collateral.

The weighted average remaining maturity “WARM” methodology is utilized for substantially all loan pools. The WARM method uses current loan balances, historical annualized charge-off rates over a specified lookback period, and the estimated remaining life for each segment to estimate the allowance for credit losses ACL for pooled loans, subject to qualitative adjustments.

Loans that do not share similar risk characteristics are evaluated on an individual basis and excluded from the collective evaluation. The Corporation has determined that any loans which have been placed on non-performing status and loans with a substandard risk rating or higher will be assessed for individual evaluation. Individual analysis will establish a specific allocation of the ACL for loans in scope. Specific allocations of the ACL are on individually evaluated loans that are non-performing loans. Loans are typically based on management’s best estimate of the fair value of collateral securing these loans, adjusted for estimated selling cost as appropriate.

The Corporation is also required to consider expected credit losses associated with loan commitments over the contractual term. In which there is exposure, credit risk in the underlying commitments unless the obligation is unconditionally cancelable by the corporation. Any allowance for off balance sheet credit exposure is reported as another liability on the consolidated balance sheet is increased or decreased to the provision of credit losses account on the consolidated statement of income. The calculation includes consideration of the likelihood that funding will occur in credit losses on commitments expected to be funded over their estimated lives. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of loans at the portfolio level applied to the amount of commitments expected to be funded.

Securities Available for Sale-For securities AFS in an unrealized last position, management determines whether they intend to sell, or it is more likely than not that the corporation will be required to sell the security before recovery of the amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the securities amortized cost basis is written down to fair value income with a valuation allowance being established. For securities AFS with unrealized losses not meeting these criteria, management evaluates, whether any decline and in fair values due to credit loss factors. In making this assessment, management considers any changes to the rating of the security by rating agencies and adverse conditions specifically related to the issue of the security, among other factors. If this assessment indicates that a credit loss and ACL is recorded for the credit loss, limited by the amount that the fair value is less than the cost basis. Changes in the ACL under ASC 326–30 recorded as provisions for (or reversal of) credit loss expense. Losses are charged against the allowance when collectability of debt security AFS is confirmed or when either of the criteria guard intent to requirement to sell met.

Any impairment that has not been recorded through an ACL is recognized in other comprehensive income, net of income taxes. At December 31, 2025 and 2024, there was no ACL related to debt securities AFS. Accrued interest receivable on debt securities was excluded from the estimate of credit losses.

Securities Held to Maturity—The Corporation measures credit losses on securities held to maturity (HTM) on a collective basis by major security type with each type, sharing, similar characteristics, and consider historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The ACL, on HTM securities is a contra asset account that is deducted from the carrying amount of HTM securities to present the net amount expected to be collected. HTM securities are charged off against the ACL when deemed uncollectible. Adjustments to the ACL reported in the Consolidated Statements of Income in the provision for credit losses. Accrued interest receivable on HTM securities, is excluded from the estimate of credit losses. With regard to obligations

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

of states and political subdivisions and other HTM securities, management considers (1) the rating of the bond if applicable, (2) the financial condition of the issuer (3) whether issuers continue to make timely, principal and interest is under the contractual terms of the securities. At December 31, 2025 and 2024, there was no ACL related to HTM securities.

Bank Owned Life Insurance

The Corporation has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the consolidated balance sheet date, which is the cash surrender value adjusted for other changes or amounts due that are probable at settlement.

Servicing Rights

Servicing rights represent the fair value of servicing rights retained on loans sold. Servicing rights are expensed in proportion to, and over the period of, estimated net servicing revenues. Impairment is evaluated based on the fair value of the rights, using groupings of the underlying loans as to interest rates and prepayment characteristics. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Any impairment of a grouping is reported as a valuation allowance.

Servicing fee income, which is reported on the consolidated statements of income in non-interest income - other, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal. The amortization of mortgage servicing rights is netted against loan servicing fee income. Servicing fees totaled \$399,717 and \$424,980 for the years ended December 31, 2025 and 2024. Late fees and ancillary fees related to loan servicing are not material.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Corporation, (2) the transferee obtains the right (free conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Foreclosed Assets

Assets acquired in collection of a loan are recorded at fair value less costs to sell at acquisition. Any reduction to fair value at acquisition from carrying value is recorded as a loan loss. After acquisition, a valuation allowance reduces the reported amount for further reductions in fair value. Expenses, gains and losses on disposition, and changes in the valuation allowance are reported as other expense. The Corporation had \$644,000 and \$200,000 in foreclosed assets at December 31, 2025, and 2024, respectively.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method and furniture, fixtures and equipment are depreciated using the straight-line or accelerated methods.

Long-term Assets

Premises and equipment and other long-term assets are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Retirement Plans

Expense for the Employee Stock Ownership Plan is the amount contributed as determined by the Board of Directors.

Income Taxes

Income tax expense is the tax due or refundable for the period plus or minus the change during the period in the deferred tax assets and liabilities. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Corporation recognizes interest and/or penalties related to income tax matters in income tax expense.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Fair Values of Financial Instruments

Fair values of financial instruments are estimated using the relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings and Dividends Per Share

Basic earnings per share is based on net income divided by the weighted average number of shares outstanding during the period. Diluted earnings per share would show the dilutive effect of additional common shares issuable under stock options. However, there are currently no outstanding stock options or other instruments which could cause dilution.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale, net of tax, which is recognized as a separate component of shareholders' equity.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are now any such matters that will have a material effect on the financial statements.

Dividend Restriction

Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to the shareholders.

Revenue Recognition

ASC 606, Revenue from Contracts with Customers established a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Corporation's in-scope revenue streams consist primarily of service charges on deposit accounts and trust and investment management revenue which are included in non-interest income on the consolidated statements of income. This revenue is recognized at the time a discrete service is provided to a customer and the performance obligation is fulfilled.

Operating Segments

The Corporation's reportable segment is determined by the Chief Executive Officer, who is designated the chief operating decision maker. Based on information provided about the Corporation's products and services offered, the Corporation's operating segment is defined as banking. This segment is also distinguished by the level of information provided to the chief operating decision maker, segment is defined as banking, who uses such information to review performance of various component of the business such as branches and departments, which are then aggregated if operating performance, products/services, and customers are similar. The chief operating decision maker will evaluate the financial performance of the Corporation's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Corporation's segment and in the determination of allocating resources. The chief operating decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The chief operating decision maker uses consolidated net income to benchmark the Corporation against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Cash and due from banks, loans, securities available for sale, securities held to maturity, assets under management and deposits provide the main revenues in the banking segment. Interest expense, provision for credit losses and payroll provide the significant expenses in the banking segment. All operations are domestic.

Information reported internally for performance assessment by the chief operating decision maker is found in the consolidated statements of income and consolidated balance sheets.

Adoption of New Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". This ASU modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). This ASU also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. This ASU takes effect in reporting periods beginning after December 15, 2024, with early adoption permitted. The adoption of this ASU in 2025 was done retrospectively and did not have an impact on our financial results for the year-ending December 31, 2025,; however, the adoption did update or add disclosures related to income tax expense - see Note #9 for further details.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform with the current year presentation. Reclassifications had no effect on prior year net income, or to the total shareholders' equity.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

2. SECURITIES

The following tables present the amortized cost and fair value of securities available for sale and the gross unrealized gains and losses recognized in accumulated other comprehensive loss and the amortized cost and fair value of securities held to maturity and the related gross unrecognized gains and losses at December 31 (000s omitted):

| | <i>Amortized Cost</i> | <i>Gross Unrealized/ Unrecognized Gains</i> | <i>Gross Unrealized/ Unrecognized/ Loss</i> | <i>Fair Value</i> |
|---|---------------------------|---|---|-----------------------|
| 2025 | | | | |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$ 109,631 | \$ 310 | \$ (1,449) | \$ 108,492 |
| Mortgage-backed securities, residential | 2,733 | - | (519) | 2,214 |
| Corporate securities | 11,417 | - | (769) | 10,648 |
| | <u>\$ 123,781</u> | <u>\$ 310</u> | <u>\$ (2,737)</u> | <u>\$ 121,354</u> |
| Held to maturity | | | | |
| Obligations of states and political subdivisions | \$ 13,395 | \$ 156 | \$ (598) | \$ 12,953 |
| Total | <u>\$ 13,395</u> | <u>\$ 156</u> | <u>\$ (598)</u> | <u>\$ 12,953</u> |
| 2024 | | | | |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$ 108,440 | \$ 3 | \$ (3,525) | \$ 104,918 |
| Mortgage-backed securities, residential | 2,981 | 0 | (719) | 2,262 |
| Corporate securities | 17,462 | 1 | (1,333) | 16,130 |
| | <u>\$ 128,883</u> | <u>\$ 4</u> | <u>\$ (5,577)</u> | <u>\$ 123,310</u> |
| Held to maturity | | | | |
| Obligations of states and political subdivisions | \$ 12,813 | \$ 31 | \$ (935) | \$ 11,909 |
| Total | <u>\$ 12,813</u> | <u>\$ 31</u> | <u>\$ (935)</u> | <u>\$ 11,909</u> |

Securities available for sale with unrealized losses at year end 2025 and 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows at December 31 (000s omitted):

| | <i>Less than 12 Months</i> | | <i>12 Months or More</i> | | <i>Total</i> | |
|---|----------------------------|----------------------------|--------------------------|----------------------------|-----------------------|----------------------------|
| | <i>Fair Value</i> | <i>Unrealized Loss</i> | <i>Fair Value</i> | <i>Unrealized Loss</i> | <i>Fair Value</i> | <i>Unrealized Loss</i> |
| 2025 | | | | | | |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$ 11,027 | \$ (74) | \$ 55,597 | \$ (1,375) | \$ 66,624 | \$ (1,449) |
| Mortgage-backed securities, residential | - | - | 2,213 | (519) | 2,213 | (519) |
| Corporate securities | - | - | 10,648 | (769) | 10,648 | (769) |
| Total securities available for sale | <u>\$ 11,027</u> | <u>\$ (74)</u> | <u>\$ 68,458</u> | <u>\$ (2,663)</u> | <u>\$ 79,485</u> | <u>\$ (2,737)</u> |
| 2024 | | | | | | |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$ 26,662 | \$ (329) | \$ 74,261 | \$ (3,196) | \$ 100,923 | \$ (3,525) |
| Mortgage-backed securities, residential | - | - | 2,262 | (719) | 2,262 | (719) |
| Corporate securities | - | - | 15,630 | (1,333) | 15,630 | (1,333) |
| Total securities available for sale | <u>\$ 26,662</u> | <u>\$ (329)</u> | <u>\$ 92,153</u> | <u>\$ (5,248)</u> | <u>\$ 118,815</u> | <u>\$ (5,577)</u> |

Unrealized losses on securities available for sale have not been recognized into income because the issuers' bonds are of high credit quality. Management does not intend to sell these securities available for sale, the Corporation is not likely to be required to sell the securities prior to the recovery in value, and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the securities approach maturity.

The Corporation evaluates all securities on a quarterly basis to determine if an allowance for credit losses and corresponding impairment charge should be recorded. Consideration is given to the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value of the amortized cost basis. There are no securities available for sale or securities held to maturity that had an allowance for credit losses reserve at December 31, 2025 or 2024, respectively, or provision for credit losses during the year-ending December 31, 2025 and 2024.

Obligations of states and political subdivisions are backed by the taxing authority of the bond issuer or the revenues from the bond.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

2. SECURITIES (continued)

The Corporation considers (1) the rating of the bond if applicable, (2) the financial condition of the issuer, and (3) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities. As of December 31, 2025 and 2024, respectively, there were no adverse ratings on these bonds or past due principal and interest payments associated with these bonds.

There were no sales of securities in 2025 or 2024. Securities called in 2025 and 2024 resulted in a gain of \$15,111 and \$500, respectively.

The amortized cost and fair value of securities available for sale and securities held to maturity are shown by contracted maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately (000s omitted).

| | <i>Held-to-maturity</i> | | <i>Available for sale</i> | |
|------------------------------|-------------------------|-------------------|---------------------------|-------------------|
| | <i>Carrying Amount</i> | <i>Fair Value</i> | <i>Amortized Cost</i> | <i>Fair Value</i> |
| Due in one year or less | \$ 2,922 | \$ 2,929 | \$ 9,498 | \$ 9,478 |
| Due from one to five years | 5,201 | 5,035 | 47,841 | 46,823 |
| Due from five to ten years | 3,267 | 3,250 | 51,719 | 50,894 |
| Due after ten years | 2,005 | 1,739 | 11,990 | 11,945 |
| Mortgage-backed, residential | - | - | 2,733 | 2,214 |
| Totals | <u>\$ 13,395</u> | <u>\$ 12,953</u> | <u>\$ 123,781</u> | <u>\$ 121,354</u> |

Securities pledged at year end 2025 and 2024 had a carrying amount of \$86,521,192 and \$92,665,054, respectively and were pledged to secure public deposits.

At December 31, 2025 and 2024, there were no holdings of securities of any one issuer, other than U.S. Government and its agencies, in an amount greater than 10% of total shareholders' equity.

3. LOANS AND ALLOWANCE FOR CREDIT LOSSES

Major classifications of loans were as follows as of December 31 (000s omitted):

| | 2025 | 2024 |
|-----------------------------|-------------------|-------------------|
| Commercial: | | |
| Commercial real estate | \$ 124,077 | \$ 112,181 |
| Other | 43,044 | 34,397 |
| Residential real estate: | | |
| One to four family | 65,518 | 63,700 |
| Home equity lines of credit | 16,243 | 15,758 |
| Consumer | 4,619 | 5,893 |
| Subtotal | <u>253,501</u> | <u>231,929</u> |
| Allowance for credit losses | <u>(3,645)</u> | <u>(3,602)</u> |
| Loans, net | <u>\$ 249,856</u> | <u>\$ 228,327</u> |

At December 31, 2025 and 2024, certain officers and directors, and companies in which they are principal owners, were indebted to the Corporation in the aggregate of \$61,836 and \$196,681, respectively.

The following tables present the activity in the allowance for credit losses by portfolio segment for the year ending December 31 (000s omitted):

| | <i>Commercial</i> | <i>Residential Real Estate</i> | <i>Consumer</i> | <i>Unallocated</i> | <i>Total</i> |
|------------------------------|-------------------|--------------------------------|-----------------|--------------------|-----------------|
| 2025 | | | | | |
| Allowance for credit losses: | | | | | |
| Beginning balance | \$ 1,868 | \$ 1,392 | \$ 179 | \$ 163 | \$ 3,602 |
| Provision for credit losses | 400 | (227) | (25) | 7 | 155 |
| Loans charged-off | (68) | (11) | (75) | 0 | (154) |
| Recoveries | 9 | 2 | 31 | 0 | 42 |
| Total ending balance | <u>\$ 2,209</u> | <u>\$ 1,156</u> | <u>\$ 110</u> | <u>\$ 170</u> | <u>\$ 3,645</u> |
| 2024 | | | | | |
| Allowance for credit losses: | | | | | |
| Beginning balance | \$ 1,544 | \$ 1,283 | \$ 162 | \$ 312 | \$ 3,301 |
| Provision for credit losses | 362 | 107 | 55 | (149) | 375 |
| Loans charged-off | (48) | 0 | (78) | 0 | (126) |
| Recoveries | 10 | 2 | 40 | 0 | 52 |
| Total ending balance | <u>\$ 1,868</u> | <u>\$ 1,392</u> | <u>\$ 179</u> | <u>\$ 163</u> | <u>\$ 3,602</u> |

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (continued)

The following tables present the recorded investment in nonaccrual and loans past due over 89 days still accruing by class of loans as of December 31 (000s omitted):

| | <i>Nonaccrual With No Allowance for Credit Losses</i> | <i>Nonaccrual</i> | <i>Loans past Due Over 89 Days Still Accruing</i> |
|-----------------------------|---|-------------------|---|
| 2025 | | | |
| Commercial: | | | |
| Commercial real estate | \$ - | \$ 531 | \$ 21 |
| Other | - | 74 | - |
| Residential real estate: | | | |
| One to four family | - | 552 | 538 |
| Home equity lines of credit | - | 315 | - |
| Consumer | - | 5 | - |
| Total | <u>\$ -</u> | <u>\$ 1,477</u> | <u>\$ 559</u> |
| 2024 | | | |
| Commercial: | | | |
| Commercial real estate | \$ - | \$ 1,831 | - |
| Other | - | - | - |
| Residential real estate: | | | |
| One to four family | - | 253 | 45 |
| Home equity lines of credit | - | 121 | - |
| Consumer | - | 33 | - |
| Total | <u>\$ -</u> | <u>\$ 2,238</u> | <u>\$ 45</u> |

As of December 31, 2025 and 2024, respectively, there was one commercial real estate collateral dependent loan that was individually evaluated with an amortized cost of \$470,000 and a corresponding allowance for credit losses allocation of \$125,000.

Interest recognized on nonaccrued loans during both of the years-ending December 31, 2025 and 2024 was not material.

The following tables present the aging of the amortized cost basis in past due loans by class of loans as of December 31 (000s omitted):

| | <i>30-89 Days Past Due</i> | <i>Greater than 89 Days Past Due</i> | <i>Total Past Due</i> | <i>Loans Not Past Due</i> | <i>Total</i> |
|-----------------------------|--------------------------------|--|---------------------------|-------------------------------|-------------------|
| 2025 | | | | | |
| Commercial: | | | | | |
| Commercial real estate | \$ 122 | \$ 21 | \$ 143 | \$ 123,934 | \$ 124,077 |
| Other | - | - | - | 43,044 | 43,044 |
| Residential real estate: | | | | | |
| One to four family | 2,420 | 538 | 2,958 | 62,560 | 65,518 |
| Home equity lines of credit | 287 | - | 287 | 15,956 | 16,243 |
| Consumer | 66 | - | 66 | 4,553 | 4,619 |
| Total | <u>\$ 2,895</u> | <u>\$ 559</u> | <u>\$ 3,454</u> | <u>\$ 250,047</u> | <u>\$ 253,501</u> |
| 2024 | | | | | |
| Commercial: | | | | | |
| Commercial real estate | \$ 439 | - | \$ 439 | \$ 111,742 | \$ 112,181 |
| Other | 709 | - | 709 | 33,688 | 34,397 |
| Residential real estate: | | | | | |
| One to four family | 2,523 | 45 | 2,568 | 61,132 | 63,700 |
| Home equity lines of credit | 298 | - | 298 | 15,460 | 15,758 |
| Consumer | 113 | - | 113 | 5,780 | 5,893 |
| Total | <u>\$ 4,082</u> | <u>\$ 45</u> | <u>\$ 4,127</u> | <u>\$ 227,802</u> | <u>\$ 231,929</u> |

Loan Modifications

Occasionally, the Corporation modifies loans to borrowers in financial distress by providing a term extension, an other-than insignificant payment delay or interest rate reduction.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (continued)

In some cases, the Corporation provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as interest rate reduction, may be granted.

There were no loan modifications as outlined in the above paragraph during the years-ended December 31, 2025 and 2024, respectively. The Corporation has no additional amounts committed to any borrowers that have previously received a loan modification. There has been no previous loan modifications for which there was a payment default within the twelve months following the modifications during the years-end December 31, 2025 and 2024, respectively.

Credit Quality Indicators:

The Corporation categorizes loans into risk categories based on relevant information about the ability of borrowers to service their loan such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Corporation analyzes loans individually by classifying the loans as to credit risk. This analysis includes primarily non-homogenous loans, such as commercial other and commercial real estate loans, and certain related borrowings. This analysis is performed on a quarterly basis. The Corporation uses the following definitions for risk ratings:

Watch/Special Mention Borrowers who exhibit potential credit weaknesses or downward trends deserving management's close attention. While potentially weak, these borrowers are currently marginally acceptable; no loss of principal or interest is envisioned. However, if left uncorrected, these potential weaknesses could result in deterioration of the repayment prospects for the assets or in the Banks' credit position at some future date. These borrowers have characteristics which corrective management action would remedy. Included in this category could be turnaround situations, as well as those borrowers previously rated satisfactory who have shown deterioration, for whatever reason, indicating a downgrading from the pass categories. An element of asset quality, financial flexibility, or management is below average.

Potential Problem (Substandard) Borrowers with well-defined weaknesses that jeopardize the orderly liquidation of loan. A potential problem loan is inadequately protected by the current net worth and paying capacity of the borrower or by the collateral pledged, if any. Normal repayment from the borrower is in jeopardy. There is a distinct possibility that a partial loss of interest and/or principal will occur if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of potential problem assets, does not have to exist in individual assets classified potential problem.

Problem (Doubtful) Borrowers classified problem have all the weaknesses found in potential problem borrowers with the added provision that the weaknesses make collection of the loan in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Serious problems exist to the point where partial loss of principal is likely. The possibility of loss is high, but because of certain important, reasonably specific pending factors that may work to strengthen the assets, the loan's classification as estimated loss is deferred until a more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures; capital injection; perfecting liens on additional collateral; and refinancing plans.

Loans not meeting the criteria above that are analyzed individually as part of the process described above are considered to be pass rated loans. Residential real estate and consumer loans are predominantly homogenous loans. The Corporation evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity and classifies the loans as either performing or nonperforming.

The following table reflects the amortized cost basis of loans as of December 31, 2025 based on year of origination (000s omitted).

| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Total Term Loans | Revolving | Grand Total |
|---------------------------------------|------------------|------------------|------------------|------------------|-----------------|------------------|---------------------|------------------|-------------------|
| Commercial: | | | | | | | | | |
| Commercial real estate | | | | | | | | | |
| Pass | \$ 27,499 | \$ 19,840 | \$ 16,949 | \$ 14,141 | \$ 7,324 | \$ 31,273 | \$ 117,026 | \$ 6,300 | \$ 123,326 |
| Special mention | - | - | - | 220 | - | - | 220 | - | 220 |
| Substandard | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | 531 | 531 | - | 531 |
| Loss | - | - | - | - | - | - | - | - | - |
| Total | <u>\$ 27,499</u> | <u>\$ 19,840</u> | <u>\$ 16,949</u> | <u>\$ 14,361</u> | <u>\$ 7,324</u> | <u>\$ 31,804</u> | <u>\$ 117,777</u> | <u>\$ 6,300</u> | <u>\$ 124,077</u> |
| Current year-to-date gross write-offs | - | - | - | - | - | 68 | 68 | - | 68 |
| Commercial other | | | | | | | | | |
| Pass | \$ 15,602 | \$ 2,605 | \$ 3,660 | \$ 3,061 | \$ 1,600 | \$ 4,086 | \$ 30,614 | \$ 12,009 | \$ 42,623 |
| Special mention | - | - | - | 57 | - | 5 | 62 | 100 | 162 |
| Substandard | 187 | - | - | - | - | - | 187 | - | 187 |
| Doubtful | - | - | - | 72 | - | - | 72 | - | 72 |
| Loss | - | - | - | - | - | - | - | - | - |
| Total | <u>\$ 15,789</u> | <u>\$ 2,605</u> | <u>\$ 3,660</u> | <u>\$ 3,190</u> | <u>\$ 1,600</u> | <u>\$ 4,091</u> | <u>\$ 30,935</u> | <u>\$ 12,109</u> | <u>\$ 43,044</u> |

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

3. LOANS AND ALLOWANCE FOR CREDIT LOSSES (continued)

| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Total Term Loans | Revolving | Grand Total |
|---------------------------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|---------------------|------------------|------------------|
| Retail: | | | | | | | | | |
| Residential real estate | | | | | | | | | |
| Performing | \$ 13,362 | \$ 11,538 | \$ 6,666 | \$ 8,683 | \$ 8,303 | \$ 13,456 | \$ 62,008 | \$ - | \$ 62,008 |
| Nonperforming | 167 | 305 | 591 | 649 | 623 | 1,175 | 3,510 | - | 3,510 |
| Total | <u>\$ 13,529</u> | <u>\$ 11,843</u> | <u>\$ 7,257</u> | <u>\$ 9,332</u> | <u>\$ 8,926</u> | <u>\$ 14,631</u> | <u>\$ 65,518</u> | <u>\$ -</u> | <u>\$ 65,518</u> |
| Residential HELOC | | | | | | | | | |
| Performing | \$ 280 | \$ 204 | \$ 484 | \$ 245 | \$ 104 | \$ 71 | \$ 1,388 | \$ 14,253 | \$ 15,641 |
| Nonperforming | - | - | - | - | 13 | - | 13 | 589 | 602 |
| Total | <u>\$ 280</u> | <u>\$ 204</u> | <u>\$ 484</u> | <u>\$ 245</u> | <u>\$ 117</u> | <u>\$ 71</u> | <u>\$ 1,401</u> | <u>\$ 14,842</u> | <u>\$ 16,243</u> |
| Current year-to-date gross write-offs | - | - | - | - | - | 11 | 11 | - | 11 |
| Consumer | | | | | | | | | |
| Performing | \$ 1,527 | \$ 1,416 | \$ 968 | \$ 472 | \$ 126 | \$ 39 | \$ 4,548 | \$ - | \$ 4,548 |
| Nonperforming | 2 | 20 | - | 49 | - | - | 71 | - | 71 |
| Total | <u>\$ 1,529</u> | <u>\$ 1,436</u> | <u>\$ 968</u> | <u>\$ 521</u> | <u>\$ 126</u> | <u>\$ 39</u> | <u>\$ 4,619</u> | <u>\$ -</u> | <u>\$ 4,619</u> |
| Current year-to-date gross write-offs | 17 | 3 | 22 | 2 | 7 | 24 | 75 | - | 75 |

The following table reflects the amortized cost basis of loans as of December 31, 2024 based on year of origination (000s omitted).

| | 2024 | 2023 | 2022 | 2021 | Prior | Total Term Loans | Revolving | Grand Total |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|---------------------|------------------|-------------------|
| Commercial: | | | | | | | | |
| Commercial real estate | | | | | | | | |
| Pass | \$ 18,384 | \$ 17,811 | \$ 17,377 | \$ 8,838 | \$ 36,106 | \$ 98,516 | \$ 4,763 | \$ 103,279 |
| Special mention | - | 109 | 131 | - | 2,725 | 2,965 | - | 2,965 |
| Substandard | - | 375 | - | - | 4,741 | 5,116 | 350 | 5,466 |
| Doubtful | - | - | - | - | 471 | 471 | - | 471 |
| Loss | - | - | - | - | - | - | - | - |
| Total | <u>\$ 18,384</u> | <u>\$ 18,295</u> | <u>\$ 17,508</u> | <u>\$ 8,838</u> | <u>\$ 44,043</u> | <u>\$ 107,068</u> | <u>\$ 5,113</u> | <u>\$ 112,181</u> |
| Current year-to-date gross write-offs | \$ - | \$ - | \$ - | \$ 48 | \$ - | \$ 48 | \$ - | \$ 48 |
| Commercial other | | | | | | | | |
| Pass | \$ 8,569 | \$ 4,135 | \$ 4,396 | \$ 1,929 | \$ 5,210 | \$ 24,239 | \$ 9,605 | \$ 33,844 |
| Special mention | - | 151 | - | - | 46 | 197 | 349 | 546 |
| Substandard | - | - | - | - | 7 | 7 | - | 7 |
| Doubtful | - | - | - | - | - | - | - | - |
| Loss | - | - | - | - | - | - | - | - |
| Total | <u>\$ 8,569</u> | <u>\$ 4,286</u> | <u>\$ 4,396</u> | <u>\$ 1,929</u> | <u>\$ 5,263</u> | <u>\$ 24,443</u> | <u>\$ 9,954</u> | <u>\$ 34,397</u> |
| Current year-to-date gross write-offs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retail: | | | | | | | | |
| Residential real estate | | | | | | | | |
| Performing | \$ 15,300 | \$ 9,761 | \$ 9,471 | \$ 9,859 | \$ 16,448 | \$ 60,879 | \$ - | \$ 60,879 |
| Nonperforming | 512 | 616 | 433 | 221 | 1,039 | 2,821 | - | 2,821 |
| Total | <u>\$ 15,812</u> | <u>\$ 10,377</u> | <u>\$ 9,904</u> | <u>\$ 10,080</u> | <u>\$ 17,526</u> | <u>\$ 63,700</u> | <u>\$ -</u> | <u>\$ 63,700</u> |
| Residential HELOC | | | | | | | | |
| Performing | \$ 192 | \$ 560 | \$ 279 | \$ 146 | \$ 76 | \$ 1,253 | \$ 14,086 | \$ 15,339 |
| Nonperforming | 26 | 60 | - | - | 55 | 141 | 278 | 419 |
| Total | <u>\$ 218</u> | <u>\$ 620</u> | <u>\$ 279</u> | <u>\$ 146</u> | <u>\$ 131</u> | <u>\$ 1,394</u> | <u>\$ 14,364</u> | <u>\$ 15,758</u> |
| Consumer | | | | | | | | |
| Performing | \$ 2,353 | \$ 1,855 | \$ 999 | \$ 364 | \$ 176 | \$ 5,747 | \$ - | \$ 5,747 |
| Nonperforming | 32 | 59 | 42 | 12 | 1 | 146 | - | 146 |
| Total | <u>\$ 2,385</u> | <u>\$ 1,914</u> | <u>\$ 1,041</u> | <u>\$ 376</u> | <u>\$ 177</u> | <u>\$ 5,893</u> | <u>\$ -</u> | <u>\$ 5,893</u> |
| Current year-to-date gross write-offs | \$ 57 | \$ - | \$ 15 | \$ - | \$ 5 | \$ 77 | \$ 1 | \$ 78 |

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

4. FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The fair value of individually evaluated loans with specific allocations of the allowance for credit loss is generally based on recent real estate appraisals. These appraisals may utilize a single evaluation approach or combination of approaches, including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available, and management makes adjustments to appraisals based on market conditions. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued, using appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based management historical knowledge, changes in the market conditions at the time of the evaluation, management expertise, and knowledge of the client and client business, resulting in a Level 3 value of classification. Individually evaluated loans are evaluated on a quarterly basis and specific allocations are adjusted accordingly.

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less estimated costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available, and management makes adjustments to appraised values based on market conditions. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly. Real estate owned property held at year-end 2024 was not being measured at fair value on a non-recurring basis.

Appraisals for both collateral-dependent individually evaluated loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Corporation. Once received, an officer reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industrywide statistics. On an annual basis, the Corporation compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraisal value to arrive at fair value. For the years ended December 31, 2025 and 2024, the application of valuation techniques applied to the assets noted has been consistent. There were no transfers of assets between level 1, 2, or 3 during the years-ended December 31, 2025 and 2024.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

4. FAIR VALUE (continued)

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below (000s omitted):

Fair Value Measurements Using

| | <i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i> | <i>Significant Other Observable Inputs (Level 2)</i> | <i>Significant Unobservable Inputs (Level 3)</i> |
|--|---|--|--|
| 2025 | | | |
| Assets: | | | |
| Securities available for sale | | | |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$ - | \$ 108,492 | \$ - |
| Mortgage-backed securities, residential | - | 2,214 | - |
| Corporate securities | - | 10,648 | - |
| Total Securities | <u>\$ -</u> | <u>\$ 121,354</u> | <u>\$ -</u> |
| 2024 | | | |
| Assets: | | | |
| Securities available for sale | | | |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$ - | \$ 104,918 | \$ - |
| Mortgage-backed securities, residential | - | 2,262 | - |
| Corporate securities | - | 16,130 | - |
| Total Securities | <u>\$ -</u> | <u>\$ 123,310</u> | <u>\$ -</u> |

Assets and Liabilities Measured on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below (000s omitted):

Fair Value Measurements Using

| | <i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i> | <i>Significant Other Observable Inputs (Level 2)</i> | <i>Significant Unobservable Inputs (Level 3)</i> |
|-------------------------|---|--|--|
| 2025 | | | |
| Assets: | | | |
| Individually evaluated: | | | |
| Commercial: | | | |
| Commercial real estate | \$ - | \$ - | \$ 345 |
| Other real estate owned | - | - | 600 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 945</u> |
| 2024 | | | |
| Assets: | | | |
| Individually evaluated: | | | |
| Commercial: | | | |
| Commercial real estate | \$ - | \$ - | \$ 345 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 345</u> |

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

4. FAIR VALUE (continued)

Individually evaluated loans, which are measured for impairment using the fair value of the collateral for collateral-dependent loans, had a recorded investment of \$470,000 at December 31, 2025 and 2024. At each year-end, a valuation allowance of \$125,000 was recorded on these loans, resulting in no provision for loan losses for the years ended December 31, 2025 and 2024.

As discussed previously, the fair values of individually evaluated loans and other real estate carried at fair value are determined by third party appraisals. Management makes adjustments to these appraised values based on the age of the appraisal and the type of property. The following tables present quantitative information about Level 3 fair value measurements for the larger classes of financial instruments measured at fair value on a non-recurring basis at December 31 (000s omitted):

| | <i>Fair Value</i> | <i>Valuation Technique(s)</i> | <i>Unobservable Input</i> | <i>Discount Rate (Range and Average)</i> |
|-------------------------------|-------------------|-------------------------------|--|--|
| 2025 | | | | |
| Individually evaluated loans: | | | | |
| Commercial: | | | | |
| Commercial real estate | \$ 345 | Sales comparison | Management discount for property type and recent market volatility | 10% |
| Other real estate owned | \$ 600 | Sales comparison | Management discount for property type and recent market volatility | 17% |
| 2024 | | | | |
| Individually evaluated loans: | | | | |
| Commercial: | | | | |
| Commercial real estate | \$ 345 | Sales comparison | Management discount for property type and recent market volatility | 10% |

Fair Value of Financial Instruments

The carrying amount and estimated fair values of financial instruments excluding securities available for sale, are as follows as of December 31 (000s omitted):

| | <i>Fair Value Level</i> | 2025 | | 2024 | |
|---|-------------------------|------------------------|-------------------|------------------------|-------------------|
| | | <i>Carrying Amount</i> | <i>Fair Value</i> | <i>Carrying Amount</i> | <i>Fair Value</i> |
| Financial assets | | | | | |
| Cash and cash equivalents | 1 | \$ 69,802 | \$ 69,802 | \$ 79,826 | \$ 79,826 |
| Securities held to maturity | 2 | 13,395 | 12,953 | 12,813 | 11,909 |
| Time deposits with other financial institutions | 2 | 1,000 | 993 | 1,250 | 1,230 |
| Loans held for sale | 2 | - | - | 999 | 1,016 |
| Loans, net | 3 | 249,856 | 247,932 | 228,327 | 227,528 |
| Other Investments | N/A | 1,384 | N/A | 1,384 | N/A |
| Accrued interest receivable | 2 | 2,242 | 2,242 | 2,004 | 2,004 |
| Financial liabilities | | | | | |
| Time Deposits | 2 | \$ 15,603 | \$ 15,575 | \$ 12,302 | \$ 12,193 |
| Demand deposits | 1 | 387,690 | 387,690 | 389,168 | 389,168 |
| Federal Home Loan Bank advances | 2 | 5,000 | 4,989 | 5,000 | 4,982 |
| Accrued interest payable | 2 | 55 | 55 | 40 | 40 |

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

5. PREMISES AND EQUIPMENT

Major classifications of premises and equipment were as follows at December 31 (000s omitted):

| | 2025 | 2024 |
|-----------------------------------|-----------------|-----------------|
| Land | \$ 1,300 | \$ 1,300 |
| Buildings | 10,561 | 9,219 |
| Furniture, fixtures and equipment | 6,603 | 6,079 |
| Total cost | <u>18,464</u> | <u>16,598</u> |
| Less accumulated depreciation | (12,597) | (12,227) |
| Total | <u>\$ 5,867</u> | <u>\$ 4,371</u> |

6. LOAN SERVICING

Mortgage loans serviced for others are not reported as assets. The principal balances of these loans at December 31 year-end are as follows (000s omitted):

| | 2025 | 2024 |
|--|-------------------|-------------------|
| Residential real estate portfolios serviced for: | | |
| FHLMC | \$ 90,616 | \$ 101,043 |
| FHLBI | 56,885 | 56,413 |
| | <u>\$ 147,501</u> | <u>\$ 157,456</u> |

Custodial escrow balances maintained in connection with serviced loans were \$225,737 and \$238,964 at December 31, 2025 and 2024, respectively.

Activity for loan servicing rights follows for the years-ending December 31 (000s omitted):

| | 2025 | 2024 |
|----------------------|---------------|---------------|
| Servicing rights | | |
| Beginning of year | \$ 523 | \$ 721 |
| Additions | 80 | 103 |
| Amortized to expense | (254) | (301) |
| End of year | <u>\$ 349</u> | <u>\$ 523</u> |

The loan servicing rights noted above at the end of year 2025 and 2024 are included in other assets in the consolidated balance sheets. The fair value of servicing rights at year-end 2025 and 2024 was approximately \$1,625,140 and \$1,805,235.

Fair value at year-end, 2025 was determined using discount rates ranging from 8.36% to 8.99%, and prepayment speeds ranging from 4.41% to 12.78%, depending on the stratification of the specific rate. Fair value at year-end, 2024 was determined using discount rates ranging from 7.81% to 8.54%, and prepayment speeds ranging from 3.84% to 12.12%, depending on the stratification of the specific rate.

7. DEPOSITS

At December 31, 2025, scheduled maturities of time deposits were as follows (000s omitted):

| | |
|-------|------------------|
| 2026 | \$ 13,641 |
| 2027 | 1,317 |
| 2028 | 645 |
| Total | <u>\$ 15,603</u> |

Related party deposits totaled \$80,347,121 and \$70,158,959 at December 31, 2025 and 2024, respectively. 99% and 94% of the related party deposits were associated with trust deposits as of December 31, 2025 and 2024, respectively.

Time deposits that meet or exceed the FDIC Insurance limit of \$250,000 at year-end 2025 and 2024 were \$6,620,572 and \$3,953,056, respectively.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

8. BORROWINGS

The Corporation had \$5,000,000 in Federal Home Loan Bank (FHLB) advances outstanding at both December 31, 2025 and 2024. Advances from the FHLB are secured by the Corporation's qualifying real estate loans and investment securities under a specific collateral agreement. The advance outstanding at December 31, 2025 had an interest rate of 3.45%, has no contractually required periodic principal payments and matures in 2031.

FHLB advances are subject to prepayment penalties and the provisions and conditions of the credit policy of the FHLB.

9. INCOME TAX

Pretax income is entirely related to domestic activities, the Corporation did not have any foreign operations.

Income tax expense consists of the following at December 31 (000s omitted):

| | 2025 | | 2024 |
|--------------------------------|-----------------|----|--------------|
| Current tax expense | \$ 2,023 | \$ | 2,255 |
| Deferred tax expense (benefit) | 144 | | (237) |
| Total income tax expense | <u>\$ 2,167</u> | \$ | <u>2,018</u> |

The Corporation did not have any income tax expense (benefit) in foreign jurisdictions.

| | 2025 | | 2024 |
|---|--------------|----|--------------|
| Deferred tax assets and liabilities at December 31 consist of (000s omitted): | | | |
| Deferred tax assets | | | |
| Allowance for credit losses | \$ 642 | \$ | 718 |
| Nonaccrual loans | 9 | | 9 |
| Unrealized loss on securities available for sale | 510 | | 1,170 |
| Accrued liabilities | 221 | | 264 |
| Other | 45 | | 50 |
| Total deferred tax assets | <u>1,427</u> | | <u>2,211</u> |
| Deferred tax liabilities | | | |
| Deferred loan fees/costs | (37) | | (40) |
| Depreciation | (256) | | (194) |
| Servicing rights | (73) | | (110) |
| Other | (47) | | (49) |
| Total deferred tax liabilities | <u>(413)</u> | | <u>(393)</u> |
| Net deferred tax assets | <u>1,014</u> | \$ | <u>1,818</u> |

The net deferred tax assets noted above at year end 2025 and 2024 are included in other assets in the consolidated balance sheet. A valuation allowance related to deferred tax assets is required when it is considered more likely than not that all or part of the benefits related to such assets will not be realized. Management has determined that no valuation allowance was required at year-end 2025 or 2024.

The difference between the income total expense in the consolidated statements of income and amounts computed by applying the statutory federal tax rate of 21% to income before income taxes is reconciled as follows at December 31 (000s omitted):

| | 2025 | | 2024 | |
|-----------------------------------|-----------------|---------------|-----------------|--------------|
| | Amount | Percent | Amount | Percent |
| Income tax at U.S. statutory rate | \$ 2,378 | 21.0% | \$ 2,315 | 21.0% |
| Nontaxable or nondeductible items | | | | |
| Tax exempt interest, net | (135) | -1.19% | (201) | -1.82% |
| Bank owned life insurance | (48) | -0.43% | (102) | -0.93% |
| Other | (28) | -0.25% | 6 | 0.05% |
| Total income tax expense and rate | <u>\$ 2,167</u> | <u>19.13%</u> | <u>\$ 2,018</u> | <u>18.3%</u> |

There were no unrecognized tax benefits at both December 31, 2025 and 2024. The Corporation is no longer subject to examination by the Internal Revenue Service for years before 2022. No amount of interest, penalties, and/or accruals were recorded during or for the years ended December 31, 2025 and 2024.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

10. EARNINGS PER SHARE

The computation of earnings per share for the years ended December 31, is as follows (000s omitted, except per share data):

| | 2025 | 2024 |
|--|----------------|----------------|
| Basic earnings per share | | |
| Net income | \$ 9,159 | \$ 9,004 |
| Weighted average common shares outstanding | 1,653 | 1,664 |
| Basic earnings per share | <u>\$ 5.54</u> | <u>\$ 5.41</u> |

11. EMPLOYEE BENEFIT PLANS

Employee Stock Ownership Plan (ESOP)

A non-contributory ESOP is maintained for the benefit of all qualified employees. At year-end 2025 and 2024, the ESOP owned 163,070 and 169,770 shares of the Corporation's common stock, respectively. All shares are allocated to participants. Dividends paid on shares held by the ESOP are allocated to participants' accounts based upon shares held. Upon retirement or separation, a participant or beneficiary generally has 60 days to elect the form of benefit desired. They may elect to receive an in-kind distribution of shares allocated to them or may elect to receive the value of their ESOP account balance, including shares, distributed in cash over a period generally not in excess of five years. The value of ESOP shares for cash distribution purposes is determined annually by a third party appraisal, and at year-end 2025 aggregated to approximately \$6,310,809. Annual contributions are made at the discretion of the Board of Directors and were \$272,235 and \$242,383 for 2025 and 2024.

12. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

Some financial instruments are used to meet customer financing needs and to reduce exposure to interest rate changes. These financial instruments include commitments to make loans, unused lines of credit, and standby letters of credit. These involve, to varying degrees, credit and interest-rate risk in excess of the amount reported in the consolidated balance sheets.

Outstanding commitments to make loans and unused lines of credit totaled \$57,809,000 and \$78,047,000 at December 31, 2025 and 2024, respectively. Commitments under letters of credit were \$380,000 and \$430,000 at December 31, 2025 and 2024, respectively.

Commitments to make loans are agreements to lend to a customer as long as there is no violation of any condition established in the commitment, and generally have fixed expiration dates. Standby letters of credit are conditional commitments to guarantee a customer's performance to a third party. Exposure to credit loss if the other party does not perform is represented by the contractual amount of these items. Collateral or other security is normally not obtained for these financial instruments prior to their use, and many of the commitments are expected to expire without being used.

Mortgage Banking Related Derivatives: Certain derivative instruments do not meet the criteria for hedging requirements. These undesignated derivative instruments are generally recognized in the consolidated balance sheets at fair value, with changes in fair value recorded in noninterest income—other income in the consolidated statements of income.

Derivative Loan Commitments: Mortgage loan commitments are referred to as derivative loan commitments if the loan that will result from exercise of the commitment will be held for sale upon funding. The Corporation enters into commitments to fund residential mortgage loans at specified times in the future, with the intention that these loans will subsequently be sold in the secondary market. A mortgage loan commitment binds the Corporation to lend funds to a potential borrower at a specified interest rate and within a specified period of time, generally up to 90 days after inception of the rate lock.

Forward Loan Sale Commitments: The Corporation utilizes "mandatory delivery" forward loan sale commitments. With a mandatory fixed-rate contract, the Corporation may enter into an agreement with Freddie Mac to deliver one or more fixed-rate mortgages of a specified dollar amount in exchange for cash. Mandatory fixed-rate contracts are not loan-specific, and any bundle of loans that meets Freddie Mac's loan requirements may be used to fulfill the agreed-upon volume.

At year-end 2025 and 2024, the Corporation had \$0 and \$1,458,000, respectively in commitments to originate and sell residential real estate loans. The fair values of customer loan commitments and undesignated forward loan sales commitments were not material at December 31, 2025 and 2024.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

13. REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines, and additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on securities available for sale is not included in computing regulatory capital. The table below presents minimum reported capital adequacy information including these new requirements. Management believes as of December 31, 2025, the Corporation and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2025 and 2024, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

At December 31, the Bank's actual capital levels and minimum required levels, including the Capital Conservation buffer of 2.5%, in thousands, are as follows:

| | <i>Actual</i> | | <i>Minimum required for capital adequacy purposes</i> | | <i>Minimum required to be well capitalized under prompt corrective action regulations</i> | |
|---|---------------|--------------|---|--------------|---|--------------|
| | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> |
| 2025 | | | | | | |
| Total Capital (to risk weighted assets) | \$ 71,748 | 23.9% | \$ 31,481 | 10.5% | \$ 29,982 | 10.0% |
| Tier 1 (Core) Capital (to risk weighted assets) | 68,002 | 22.7% | 25,485 | 8.5% | 23,985 | 8.0% |
| Common Tier 1 (CET1)(to risk-weighted assets) | 68,002 | 22.7% | 20,987 | 7.0% | 19,488 | 6.5% |
| Tier 1 (Core) Capital (to average assets) | 68,002 | 13.6% | 20,040 | 4.0% | 25,050 | 5.0% |
| 2024 | | | | | | |
| Total Capital (to risk weighted assets) | \$ 65,168 | 21.5% | \$ 31,857 | 10.5% | \$ 30,340 | 10.0% |
| Tier 1 (Core) Capital (to risk weighted assets) | 61,466 | 20.3% | 25,789 | 8.5% | 24,272 | 8.0% |
| Common Tier 1 (CET1)(to risk-weighted assets) | 61,466 | 20.3% | 21,238 | 7.0% | 19,721 | 6.5% |
| Tier 1 (Core) Capital (to average assets) | 61,466 | 13.0% | 18,848 | 4.0% | 23,560 | 5.0% |

Banking regulations require maintaining certain capital levels and may limit the dividend paid by the Bank to the Corporation or by the Corporation to the shareholders.

Notes to Consolidated Financial Statements (continued)

Century Financial Corporation

14. LEASES

The Corporation leases certain office facilities under long-term operating lease agreements. The leases expire at various dates through 2028 and some include renewal options. These leases require the payment of property taxes, insurance premiums, maintenance, utilities and other costs. In many cases, rentals are subject to increase in relation to a cost-of-living index. The Corporation accounts for lease and non-lease components together as a single lease component. The Corporation determines if an arrangement is a lease at inception. Operating leases are recorded as a right-of-use (“ROU”) lease assets and are included in other assets on the consolidated balance sheets. The Corporation’s corresponding lease obligations are included in other liabilities on the consolidated balance sheets. ROU lease assets represent the Corporation’s right to use an underlying asset for the lease term and lease obligations represent the Corporation’s obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Corporation’s leases do not provide an implicit rate, the Corporation uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Corporation’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Right-of-use assets of \$111 and \$124 are included in other assets and lease liabilities of \$111 and \$124 are included in other liabilities in the consolidated balance sheets at December 31, 2025 and 2024, respectively.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Short-term leases are leases having a term of twelve months or less. The Corporation recognizes short-term leases on a straight-line basis and does not record a related lease asset or liability for such leases, as allowed as practical expedient of the standard. The following is a maturity analysis of the operating lease liabilities as of December 31, 2025 (000s omitted):

| | | |
|--|----|-----|
| Years Ending December 31: | | |
| 2026 | \$ | 51 |
| 2027 | | 42 |
| 2028 | | 23 |
| Total undiscounted future minimum lease payments | | 116 |
| Discount | | (5) |
| Total lease liabilities | \$ | 111 |

| | 2025 | 2024 |
|--|-------|-------|
| Lease cost | | |
| Operating lease cost | \$ 69 | \$ 64 |
| Total lease cost | \$ 69 | \$ 64 |
| Other information | | |
| Operating cash outflows from operating leases | \$ 73 | \$ 65 |
| Weighted-average remaining lease term (years) - operating leases | 2.37 | 2.07 |
| Weighted average discount rate - operating leases | 3.55% | 3.76% |

Directors

Century Financial Corporation and Century Bank and Trust

Eric H. Beckhusen
Chairman & CEO
Century Bank and Trust

Jeffrey W. Budd
CPA, Chief Finance Officer
Sekisui Voltek, LLC

Brian D. Pridgeon
Partner
Pridgeon Farms, LLC

Robert P. Brothers
Attorney at Law
Brothers Law Office, PLLC

Bruce S. A. Gosling
Certified Public Accountant

Eric J. Wynes
President
Century Bank and Trust

Officers

Century Bank and Trust

Eric H. Beckhusen
Chairman & CEO

Donna L. Penick
*Vice President &
Risk Officer*

Kathy A. Tomson
*Assistant Vice President &
Mortgage Loan Officer*

Eric J. Wynes
President

Andrea J. Strong
Vice President

Melinda G. Dean
*Assistant Vice President &
Mortgage Loan Officer*

Dylan M. Foster
Executive Vice President

Ronald H. Uhl
Vice President

Michael C. Lauraine
*Business Development &
Commercial Loan Officer*

Rebecca S. Crabill
Chief Financial Officer

Alicia A. Finnerman
*Assistant Vice President &
Mortgage Loan Officer*

Karen A. Dunn
Human Resource Manager

Alicia K. Kulpinski
*Vice President &
Senior Trust Officer*

Elisa L. Manley
Assistant Trust Officer

Jennifer J. Ewers
Auditor

Timothy P. Sullivan
*Vice President &
Senior Trust Officer*

Ryan J. Saddler
*Assistant Vice President &
Commercial Loan and
Cash Management Officer*

Jacob M. Modert
*Assistant Credit Officer &
Credit Department Manager*

Jared E. Hoffmaster
*Vice President &
Investment Officer*

Mashaun M. Schabloski
*Assistant Vice President &
Marketing Director*

Tiffany R. Moore
Deposit Services Officer

Jeffrey S. Holbrook
Vice President

Erik L. Schaeffer
*Assistant Vice President &
Trust Officer*

Daniel P. Taylor
Growth and Strategy Officer

Daniel Maldonado
*Vice President &
Mortgage Lending Manager*

Century Financial Corporation

Eric H. Beckhusen
Chairman & CEO

Eric J. Wynes
President

Office and ITM Locations

Century Financial Corporation

Office Locations

Coldwater Main Office
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Coldwater, Michigan 49036
(517) 278-1500

Quincy Office
109 West Chicago Street
Quincy, Michigan 49082
(517) 639-8800

Sturgis Main Office
300 West Chicago Road
Sturgis, Michigan 49091
(269) 651-5491

Coldwater Auto Bank Drive-Thru
64 North Monroe Street
Coldwater, Michigan 49036
(517) 278-1500

Reading Office
108 North Main Street
Reading, Michigan 49274
(517) 283-2148

Sturgis West Office
201 South Centerville Road
Sturgis, Michigan 49091
(269) 651-5491

Coldwater East Office
745 East Chicago Street
Coldwater, Michigan 49036
(517) 278-1500

Hillsdale Loan Center
15 East Bacon Road
Hillsdale, Michigan 49242
(517) 283-2148

Nottawa Office
25985 M-86
Nottawa, Michigan 49075
(269) 467-9615

Bronson Office
106 East Chicago Street
Bronson, Michigan 49028
(517) 369-2100

Three Rivers Office
1310 West Broadway
Three Rivers, Michigan 49093
(269) 273-3690

ITM Locations

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Coldwater, Michigan

Century Bank and Trust
109 West Chicago Street
Quincy, Michigan

Century Bank and Trust
1310 West Broadway
Three Rivers, Michigan

Century Bank and Trust
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Reading, Michigan

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