CENTURY FINANCIAL CORPORATION

2015 Annual Report

CONTENTS

Century Financial Corporation

Financial Highlights	2
Message to Shareholders	3
Review of Performance and Operations	4
Report of Independent Auditors	5
Consolidated Balance Sheets	6
Consolidated Statements of Income	7
Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Changes in Shareholders' Equity	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10
Directors	28
Officers	28
Office Locations	29
ATM Locations	29



The Annual Meeting of the shareholders of Century Financial Corporation will be held March 15, 2016 at 4:00 p.m., at the Dearth Community Center, Garfield Road, Coldwater, Michigan.

Financial Highlights

	2015				
For the Year					
Net Income	\$ 2,517,000	\$	2,441,000		
Cash Dividends	850,909		812,664		
Return on Average Assets	0.90%		0.90%		
Return on Average Equity	7.86%		8.20%		
At Year End					
Assets	\$ 287,981,000	\$	272,033,000		
Deposits	250,109,000		236,342,000		
Net Loans	173,902,000		167,590,000		
Shareholders' Equity	32,842,000		31,207,000		
Per Share					
Basic and Diluted Earnings	\$ 1.30	\$	1.26		
Cash Dividends	0.44		0.42		
Book Value December 31	17.00		16.13		

Message to Shareholders

Century Financial Corporation



Dear Fellow Shareholders and Friends,

It is my pleasure to announce that 2015 was another solid year for Century Financial Corporation and its subsidiary Century Bank and Trust. Our company earned \$2,517,000 or basic earnings per share of \$1.30 for the year. This betters 2014 results when net income of \$2,441,000 and earnings per share of \$1.26 were reported to you.

The 2015 performance represents a return on average assets (ROA) of 0.90% and a return on average equity (ROE) of 7.86%. For 2014 ROA was also 0.90% and ROE came in at 8.20%.

Before highlighting further results, there are individuals within our company that deserve special recognition. They are the 118 people who I am honored to call colleagues and teammates. Every day they bring enthusiasm and tireless energy in

serving our clients and communities. Their customer-first attitude and actions form the engine that drives our consistent performance. As a team, the level of dedication they bring to Century Bank and Trust is remarkable - the average years-of-service for our group is greater than 11-years. I am grateful for each and every one of them.

Again in 2015, the way the bank's performance for the year was obtained can be described as "traditional and disciplined". Execution in each of our core lines of business, operational efficiency and conservative balance sheet management, all drove the results.

For 2015 net operating revenue, defined as net interest and non-interest income combined, totaled \$13,806,000. This compares to net operating revenue of \$13,283,000 in 2014. Century Bank and Trust's revenue mix for 2015 was 66% from net interest income and 34% from non-interest income.

Total interest income increased \$241,000 for the year. This was primarily driven by solid loan growth within the commercial lending portfolio. Throughout the year the Business Services group continued to support our existing business clients while strategically growing new relationships within our primary markets. Additional contribution to net interest income came from the Deposit Services area as total deposits increased, yet interest expense was reduced by \$60,000 from 2014 levels. Our Mortgage Lending and Trust and Investment Management Groups continued their consultative approach to helping clients best navigate homeownership, investing and estate planning decisions. The hard work of the lending team resulted in a \$173,000 increase in fee income, associated with gain on sale of mortgage loans, when comparing 2015 to 2014. Despite a turbulent investment market in 2015, the Trust and Investment Management Group again reported a record revenue level and strong new business growth.

Century Bank and Trust's balance sheet continues to exhibit fortitude with strong capital and liquidity. Total assets ended the year at \$287,981,000, up from 2014 total assets of \$272,033,000. Deposits grew 5.83%, ending the year at \$250,109,000. This compares to \$236,342,000 at 12-31-14. The net loan portfolio grew by 3.77% with asset quality measures and the allowance for loan loss reserve remaining at sound levels.

The Board of Directors continues their commitment to produce long-term shareholder value and return. Century Financial Corporation (CFC) paid an annual cash dividend in 2015 of \$0.44 per share. This compares to a \$0.42 per share annual payout for 2014. The market share price of CFC stock (ticker symbol CYFL) was \$14.60 at 12-31-15 and \$12.55 at 12-31-14. Book values for these same time periods were \$17.00 and \$16.13, respectively.

In conclusion, challenging elements within the banking industry continue, but we move into 2016 with positive momentum. Our vision remains focused, no matter the environment...execute on those daily actions that provide opportunities to build long-term success for the client and the bank. I sincerely thank each of you for your confidence, business and purposeful referrals to Century Bank and Trust. Your commitment and continued support are what make Century Bank and Trust an exceptional organization.

Eric H. Beckhusen Eric H. Beckhusen Chairman & CEO

Review of Performance and Operations

Century Financial Corporation

Overview

Century Financial Corporation is a Michigan bank holding company with Century Bank and Trust being a wholly-owned subsidiary. The Bank's primary market area is the tri-county region of southern Michigan that consists of Branch, Hillsdale and St. Joseph counties.

Earnings Review

Century Bank and Trust in 2015 recorded net income of \$2,517,000 resulting in basic earnings per share of \$1.30. In 2014, net income was \$2,441,000 with basic earnings per share of \$1.26. The long-standing focus on balanced contributions from both net interest income and non-interest or fee income was again a leading factor for the bank's increase in net income and earnings per share in 2015. Featured performance highlights are:

- Net interest income, before provision expense, for 2015 was \$9,073,000 compared to \$8,772,000 in 2014.
- Overall fee income was strong with a key contributor being residential mortgage activity that was more robust than originally expected for the year. Total fee income in 2015 was \$4,733,000 versus \$4,511,000 in 2014. The gain on sale of residential mortgage loans was up \$173,000 or 30.78% when comparing 2015 to 2014.
- Trust and Investment Management Services again reported historic results in 2015. This important and consistent component of non-interest income for the bank produced revenue of \$1,788,000, an increase of 4.32% or \$74,000 when compared to 2014 results of \$1,714,000.
- Deposit Services continued solid management of interest expense while increasing deposit levels. Total interest expense was reduced by \$60,000 or 21.58% from 2014 levels. Total deposits ended 2015 at \$250,109,000 - an increase of \$13,767,000 when comparing 12-31-14 totals.
- The provision for loan losses for 2015 was \$435,000 compared to \$160,000 in 2014.
- Operating efficiency and expense management continue to be a primary focus. Total non-interest expense was up 1.70% or \$166,000 when comparing 2015 and 2014. After netting out employee-related items, core operating expenses in 2015 were \$4,188,000 compared to \$4,343,000 in 2014 - a reduction of \$155,000.

The 2015 results represent a return on average assets (ROA) of 0.90% and a return on equity (ROE) of 7.86%. This compares to ROA of 0.90% and ROE of 8.20% for 2014.

Balance Sheet and Loan Portfolio

Strong capital and liquidity remain key fundamentals of Century Bank and Trust's balance sheet. Total assets grew \$15,948,000, ending the year at \$287,981,000. Capital ratios at 12-31-15 were: Total capital/risk weighted assets – 17.97%, Tier 1 capital/risk weighted assets – 16.92% and Tier 1 capital/average assets – 12.45%. These capital measures continue to soundly exceed levels for a bank to be considered "well capitalized" by regulatory agencies.

Diligent work by all lending teams led to growth in the loan portfolio of 3.77% or \$6,398,000. At 12-31-15 total loans were \$176,111,000 with an allowance for loan loss reserve of \$2,209,000 or 1.25% of the loan portfolio. At 12-31-14, loans totaled \$169,713,000 with an allowance for loan loss reserve of \$2,124,000 or 1.25% of the loan portfolio. The Business Service Group was the main contributor with commercial loans increasing \$5,709,000 or 4.95%. The collective growth in the bank's residential mortgage and consumer loan portfolios was \$689,000 or 1.27%. Century Bank and Trust continues to service our customer's residential mortgage loans that are sold to the secondary market. This off-balance sheet portfolio was \$105,847,000 at 12-31-15 and \$101,402,000 at 12-31-14.

Net loan loss in 2015, as a percentage of average loans, was 0.18%. The 2014 net loan loss percentage was 0.69%. At December 2015 nonaccrual loans totaled \$3,046,000 and Other Real Estate Owned was \$90,000. At December 31, 2014, these balances were \$3,211,000 and \$381,000, respectively.

Report of Independent Auditors

Century Financial Corporation



Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders Century Financial Corporation Coldwater, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Century Financial Corporation, which comprise the consolidated balance sheets as of December 31, 2014 and 2015, 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 the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Century Financial Corporation as of December 31, 2014 and 2015, 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.

Grand Rapids, Michigan March 7, 2016

Cowe Howork LLP

Crowe Horwath LLP

Consolidated Balance Sheets

	December 31,					
		2015		2014		
Assets			Standard American			
Cash and due from banks	\$	5,393,519	\$	8,557,178		
Short term investments		27,603,000		17,390,000		
Total cash and cash equivalents	5	32,996,519		25,947,178		
Time deposits in other financial institutions	XIII III III III III III III III III II	1,743,000	WW.501	0		
Securities available for sale		46,690,600		48,381,641		
Securities held to maturity (Fair value of						
\$13,709,404 in 2015 and \$11,045,680 in 2014)		13,672,016		11,021,853		
Other investments		414,353		533,853		
Loans held for sale		0		208,427		
Loans, net		173,901,726		167,589,677		
Premises and equipment, net		5,090,654		5,326,096		
Bank owned life insurance		8,083,460		7,852,680		
Accrued interest receivable		880,860		838,828		
Other assets		4,507,839		4,332,760		
Total Assets	\$	287,981,027	\$	272,032,993		
Liabilities Deposits Noninterest-bearing	\$	69,711,720	\$	44,261,084		
Time deposits of \$100,000 or more	4	16,260,313	4	19,619,375		
Other time deposits		12,142,850		17,841,984		
Other interest-bearing deposits		151,994,273		154,620,011		
Total deposits	-	250,109,156		236,342,454		
Accrued interest payable	-	10,461		14,676		
Other liabilities		5,019,290		4,468,517		
Total Liabilities	-	255,138,907		240,825,647		
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 1,931,757 in 2015 and 1,934,757 in 2014		1,931,757		1,934,757		
Paid in capital		19,162,759		19,202,709		
Retained earnings		14,347,069		12,680,949		
Accumulated other comprehensive loss		(2,599,465)		(2,611,069)		
Total Shareholders' Equity		32,842,120		31,207,346		
Total Liabilities and Shareholders' Equity	\$	287,981,027	\$	272,032,993		

Consolidated Statements of Income

	Year Ended 2015	Decei	mber 31, 2014
Interest Income			
Loans, including fees	7,760,618	\$	7,444,260
Securities			G 6 1000
Taxable	1,123,491		1,235,225
Non-taxable	315,469		296,378
Other investments	91,591		74,068
Total interest income	9,291,169		9,049,931
Interest Expense			
Deposits	217,839		277,760
Other borrowings	15		15
Total interest expense	217,854		277,775
Net Interest Income	0.072.215		0 770 150
Provision for loan losses	9,073,315		8,772,156
Net interest income after provision for loan losses	435,000		160,000
ivet interest income after provision for foan losses	8,638,315		8,612,156
Non-interest Income			
Service charges on deposit accounts	1,630,966		1,649,783
Trust and investment management revenue	1,788,025		1,714,132
Gain on sale of mortgage loans	734,701		562,141
Other income	579,185		584,799
Total non-interest income	4,732,877		4,510,855
Non-interest Expense			
Salaries and employee benefits	5,751,601		5,430,638
Occupancy and equipment expense	1,945,003		2,106,838
Loss on sale of securities	0		2,197
Other	2,242,764		2,233,961
Total non-interest expense	9,939,368		9,773,634
Income Before Income Taxes	3,431,824		3,349,377
Income Taxes	914,795		908,636
Net Income \$		\$	2,440,741
Basic Earnings Per Share	1.30	S	1.26

Consolidated Statements of Comprehensive Income

Century Financial Corporation

		Year Ended Dec 2015	2014		
Net Income Available to Shareholders	\$	2,517,029 \$	2,440,741		
Other Comprehensive Income					
Unrealized gains/(losses) on securities					
Reclassification adjustment for net realized (gains)/losses					
on sales of securities (A)		0	2,197		
Unrealized holding (gain)/loss		(208,504)	2,698,328		
Tax effect (C)	20	70,891	(918,178)		
Net of tax	-	(137,613)	1,782,347		
Defined benefit pension plan					
Net gain/(loss)		(14,123)	(968,221)		
Reclassification adjustment for realized pension					
(gains)/losses (B)		240,059	178,643		
Tax effect (C)		(76,719)	268,457		
Net of tax		149,217	(521,121)		
Total other comprehensive income/(loss)		11,604	1,261,226		
Comprehensive Income	\$	2,528,633 \$	3,701,967		

⁽A) Included in gain/(loss) on sale of securities

Consolidated Statements of Changes in Shareholders' Equity

					A	ccumulated Other	
	Periton	Common Stock	Paid In Capital	Retained Earnings		mprehensive come/(Loss)	Total
Balance, January 1, 2014	\$	1,934,757 \$	19,202,709 \$	11,052,872	\$	(3,872,295) \$	28,318,043
Net income		0	0	2,440,741		0	2,440,741
Other comprehensive loss		0	0	0		1,261,226	1,261,226
Cash dividends, \$.42 per share		0	0	(812,664)		0	(812,664)
Balance, December 31, 2014		1,934,757	19,202,709	12,680,949		(2,611,069)	31,207,346
Net income		0	0	2,517,029		0	2,517,029
Other comprehensive income		0	0	0	•	11,604	11,604
Cash dividends, \$.44 per share		0	0	(850,909)		0	(850,909)
Repurchase of shares		(3,000)	(39,950)	0		0	(42,950)
Balance, December 31, 2015	\$	1,931,757 \$	19,162,759 \$	14,347,069	\$	(2,599,465) \$	32,842,120

⁽B) Included in salaries and employee benefits

⁽C) Income taxes for 2015 and 2014 include benefits of \$81,620 and \$61,486 related to reclassification adjustments

Consolidated Statements of Cash Flows

	Year Ended December 31,				
	2015 2014				
Cash Flows from Operating Activities					
Net Income	\$ 2,517,029	\$ 2,440,741			
Adjustments to Reconcile Net Income to Net Cash from Operating Activities					
Depreciation	470,027	530,648			
Net (accretion)/amortization on securities	76,447	290,791			
Provision for loan losses	435,000	160,000			
Gain on sales of mortgage loans	(734,701)	(562,141)			
Proceeds from sales of mortgage loans	22,593,520	15,349,514			
Mortgage loans originated for sale	(21,650,392)	(14,739,510)			
Loss on sales of securities	0	2,197			
Loss/(gain) on sales of other real estate owned	(1,874)	19,846			
Earnings on bank owned life insurance	(230,780)	(228,282)			
Net Change in Assets and Liabilities		, , , , , , , , , , , , , , , , , , ,			
Interest receivable	(42,032)	18,402			
Interest payable	(4,215)	(6,720)			
Other assets	(246,171)	196,582			
Other liabilities	550,773	161,052			
Net cash from operating activities	3,732,631	3,633,120			
Cash Flows from Investing Activities					
Redemption of Federal Home Loan Bank stock	119,500	77,700			
Purchases of securities available for sale	(18,790,000)	(5,500,000)			
Proceeds from sales, calls and maturities of securities available for sale	20,275,000	16,542,803			
Proceeds from calls, prepayment and maturities of securities held to maturity	798,927	1,829,450			
Purchases of securities held to maturity	(3,528,000)	(873,000)			
Purchases of time deposits in other financial institutions	(1,743,000)	0			
Net change in portfolio loans	(6,925,615)	(19,600,135)			
Proceeds from sales of other real estate owned	471,640	909,604			
Premises and equipment expenditures, net	(234,585)	(237,952)			
Net cash from investing activities	(9,556,133)	(6,851,530)			
Cash Flows from Financing Activities					
Net change in time deposits of \$100,000 or more	(3,359,062)	(2,523,308)			
Net change in other deposits	17,125,764	205,930			
Repurchase of stock	(42,950)	0			
Cash dividends paid	(850,909)	(812,664)			
Net cash from financing activities	12,872,843	(3,130,042)			
Net Change in Cash and Cash Equivalents	7,049,341	(6,348,452)			
Cash and cash equivalents at beginning of year	25,947,178	32,295,630			
Cash and Cash Equivalents at End of Year	\$ 32,996,519	\$ 25,947,178			
Supplemental Disclosures of Cash Flow Information					
Cash Paid During the Year for	2015	2014			
Interest	\$ 222,069	\$ 284,495			
Income taxes paid (refunded)	706,000	571,300			
Supplemental Disclosures of Non-Cash Financing and Investing Activities	700,000	371,300			
Transfers of loans to other real estate owned	\$ 178,565	\$ 855,651			
Transitors of toans to other real estate owned	9 170,303	Ψ 055,051			

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 significant 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 Bank has evaluated subsequent events for recognition and disclosure through March 7, 2016, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of 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 statement, cash and cash equivalents are defined to include cash on hand, demand deposits with banks, overnight investments and certain short term investments with maturities of three months or less upon acquisition. Overnight investments can be liquidated to cash within seven days. Net cash flows are reported for customer loan and deposit transactions and short-term borrowings.

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. Other securities, such as Federal Home Loan Bank and Federal Agriculture Mortgage Corp stock, are carried at cost.

Premiums and discounts on securities are recognized in interest income using the level yield method over the estimated life of the security. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific identification method.

Declines in the fair value of securities below their cost that are other than temporary are reflected as realized losses. In estimating other-than-temporary losses, management considers: (1) the length of time and extent that fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the Corporation has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: (1) other-than-temporary-impairment (OTTI) related to credit loss, which must be recognized in the income statement and (2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cash basis. For equity securities, the entire amount of impairment is recognized through earnings. The assessment of whether an other-than-temporary decline exists involves a high degree of subjectivity and judgment and is based on the information available to management at a point in time.

Time Deposits in Other Financial Institutions

These are FDIC insured deposits which mature in 2019, 2020, and 2025 in the amounts of \$249,000, \$1,245,000 and \$249,000.

Loans Held for Sale

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

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

Century Financial Corporation

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans

Loans are reported at the principal balance outstanding, net of deferred loan fees and costs and an allowance for loan 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 returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified

as impaired or loans otherwise classified as substandard or doubtful.

A loan is impaired when full payment under the loan terms is not expected. Loans, for which the terms have been modified, resulting in a concession, and for which the borrower is experiencing financial dificulties, are considered troubled debt restructurings and classified as impaired. Commercial and commercial real estate loans are individually evaluated for impairment.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of the estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogenous loans, such as consumer and residential real estate loans, are collectively evaluated for

impairment, and accordingly, they are not separately identified for impairment disclosures.

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Corporation determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Corporation over the most recent five years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified:

Commercial - Loans to business 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.

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 balance sheet date, which is the cash surrender value adjusted for other changes or amounts due that are probable at settlement.

Century Financial Corporation

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 income statement as other income, 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 \$262,000 and \$241,000 for the years ended December 31, 2015 and 2014.

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 transferred obtains the right (free of 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 \$90,000 and \$381,000 of foreclosed assets at December 31, 2015 and 2014.

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

Pension expense is the net of service and interest cost, return on plan assets, and amortization of gains and losses not immediately recognized. Expense for the Employee Stock Ownership Plan is the amount contributed as determined by the Board of Directors.

Stock Compensation

Compensation cost is recognized for stock options issued to employees, based on the fair value of these awards at the date of the grant. There have been no stock options granted during 2015 or 2014.

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 bases 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.

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.

Comprehensive Income

Comprehensive income consists of net income and unrealized gains and losses on securities available for sale, net of tax, and changes in the funded status of the pension plan, which are recognized as a separate component of 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.

Reclassifications

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

2. RESTRICTIONS ON CASH

Cash on hand or on deposit with the Federal Reserve Bank of \$0 was required to meet regulatory reserve and clearing requirements at both December 31, 2015 and 2014.

3. SECURITIES

The fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income were as follows:

2015 U.S. Treasury securities and obligations of U.S.	j	Amortized Cost	0	Gross Unrealized Gains		Gross Unrealized Losses	Fair Value
government corporations and agencies	\$	29,494,587	\$	4,924	\$	(395,888)	\$ 29,103,623
Corporate Securities	-	17,913,410		103,128		(429,561)	17,586,977
	\$	47,407,997	\$	108,052	\$	(825,449)	\$ 46,690,600
 2014 U.S. Treasury securities and obligations of U.S. government corporations and agencies Corporate Securities 	\$ \$	34,762,863 14,127,670 48,890,533	\$	9,281 197,543 206,824	\$ \$	(637,735) (77,981) (715,716)	34,134,409 14,247,232 48,381,641

The carrying amount, unrecognized gains and losses, and fair value of securities held to maturity were as follows:

2015 Obligations of states and political subdivisions	\$	Carrying Amount 13,668,223	Gross nrecognized Gains 57,068	Uz s	Gross nrecognized Losses (19,874) S	s	Fair Value 13,705,417
Mortgage-backed securities, residential		3,793	194		0		3,987
Totals	\$	13,672,016	\$ 57,262	S	(19,874)	S	13,709,404
2014							
Obligations of states and political subdivisions	S	11,016,624	\$ 60,714	\$	(37,233)	\$	11,040,105
Mortgage-backed securities, residential		5,229	346		0		5,575
Totals	\$	11,021,853	\$ 61,060	\$	(37,233)	\$	11,045,680
						_	MANAGE TO SERVICE THE PARTY OF

Century Financial Corporation

3. SECURITIES (continued)

Securities with unrealized losses at year end 2015 and 2014, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	Less than 12	Mo	onths		12 Months of	r M	ore		T	otal	
	Fair	i	Unrealized		Fair		Unrealized		Fair	l	Inrealized
	Value		Loss		Value		Loss		Value		Loss
2015											
U.S. Treasury	\$ 0	\$	0	\$	1,578,150	\$	(19,874)	\$	1,578,150	\$	(19,874)
Obligations of states and											
political subdivisions	5,985,606		(17,328)		18,124,111		(378,560)		24,109,717		(395,888)
Corporate securities	7,522,876		(148,055)		5,018,297		(281,506)		12,541,173		(429,561)
Total temporarily impaired	\$ 13,508,482	\$	(165,383)	\$	24,720,558	\$	(679,940)	\$	38,229,040	\$	(845,323)
2014											
U.S. Treasury	\$ 1,498,325	\$	(1,675)	S	30,134,679	S	(636,060)	S	31,633,004	\$	(637,735)
Obligations of states and	500 F 0010000 F 0000 1000										
political subdivisions	0		0		2,840,568		(37,233)		2,840,568		(37,233)
Corporate securities	1,720,355		(11,754)		3,779,765		(66,227)		5,500,120		(77,981)
Total temporarily impaired	\$ 3,218,680	\$	(13,429)	\$	36,755,012	\$	(739,520)	S	39,973,692	\$	(752,949)

Unrealized losses on securities have not been recognized into income because the issuers' bonds are of high credit quality (rated A or higher), management does not intend to sell the securities, it 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.

There were no sales of securities in 2015. Proceeds from sales of securities in 2014 were \$250,526, resulting in gross losses of \$2,197.

The fair value of debt securities and carrying amount, if different, at year end 2015 by contractual maturity were as follows. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately.

	Held-to-maturity			sale		
	Carrying Amount	Fair Value	1	Amortized Cost		Fair Value
Due in one year or less	\$ 2,167,083	2,168,271		1,001,486		1,027,660
Due from one to five years	6,422,567	6,436,569		12,549,308		12,527,602
Due from five to ten years	1,412,500	1,412,500		24,360,536		23,805,946
Due after ten years	3,666,073	3,688,077		9,496,667		9,329,392
Mortgage-backed, residential	3,793	3,987		0		0
Totals	\$ 13,672,016	\$ 13,709,404	\$	47,407,997	\$	46,690,600

Securities pledged at year end 2015 and 2014 had a carrying amount of \$8,002,347 and \$8,003,028 and were pledged to secure public deposits.

4. LOANS

Major classifications of loans were as follows as of December 31:

-		2015	2014
Commercial:			
Commercial real estate	\$	73,777,013 \$	68,829,458
Other		47,208,875	46,447,748
Residential real estate:			
One to four family		40,567,680	41,276,310
Home equity lines of credit		8,013,722	7,399,354
Consumer		6,543,660	5,760,433
Subtotal	-	176,110,950	169,713,304
Allowance for loan losses		(2,209,224)	(2,123,627)
Loans, net	\$	173,901,726 \$	167,589,677

At December 31, 2014 and 2015, certain officers and directors, and companies in which they are principal owners, were indebted to the Corporation in the aggregate of \$2,327,783 and \$2,474,876, respectively.

Century Financial Corporation

4. LOANS (continued)

The following tables present the activity in the allowance for loan losses by portfolio segment for the years ending December 31:

		Residential				
	Commercial	Real Estate	Consumer		Unallocated	Total
2015						
Allowance for loan losses:						
Beginning balance	\$ 1,283,895	\$ 417,576	\$ 69,666	\$	352,490	\$ 2,123,627
Provision for loan losses	109,905	(62,180)	54,988		332,287	435,000
Loans charged-off	(228,168)	(117,251)	(91,232)		0	(436,651)
Recoveries	17,059	37,065	33,124		0	87,248
Total ending balance	\$ 1,182,691	\$ 275,210	\$ 66,546	\$	684,777	\$ 2,209,224
2014						
Allowance for loan losses:						
Beginning balance	\$ 2,097,859	\$ 528,230	\$ 79,139	\$	338,385	\$ 3,043,613
Provision for loan losses	(62,996)	184,516	24,375		14,105	160,000
Loans charged-off	(811,216)	(315,917)	(70,544)		0	(1,197,677)
Recoveries	 60,248	20,747	36,696	200220	0	 117,691
Total ending balance	\$ 1,283,895	\$ 417,576	\$ 69,666	\$	352,490	\$ 2,123,627

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31:

2015 Allowance for loan losses:		Commercial		Residential Real Estate		Consumer		Unallocated		Total
Ending allowance balance attributable to loans:										
Individually evaluated for impairment	\$	395,000	\$	0	\$	0	\$	0	\$	395,000
Collectively evaluated for impairment	167	787,691	9.5	275,210	- 20	66,546	5005	684,777	38520	1,814,224
Total ending allowance balance	\$	1,182,691	S	275,210	\$	66,546	\$	684,777	\$	2,209,224
Loans:										
Individually evaluated for impairment	\$	2,688,159	S	715,252	2	0	\$	0	\$	3,403,411
Collectively evaluated for impairment	Ψ	118,297,729	Ψ	47,866,150	Ψ	6,543,660	Φ	0	Ф	172,707,539
Total ending loans balance	\$	120,985,888	\$	48,581,402	\$	6,543,660	\$	0	\$	176,110,950
2014										
Allowance for loan losses:										
Ending allowance balance attributable to loans:						*				
Individually evaluated for impairment	\$	370,000	\$	0	\$	0	\$	0	\$	370,000
Collectively evaluated for impairment		913,895		417,576		69,665		352,490	350	1,753,626
Total ending allowance balance	\$	1,283,895	\$	417,576	\$	69,665	\$	352,490	\$	2,123,626
Loans:										
Individually evaluated for impairment	\$	3,192,627	\$	626,129	\$	0	\$	0	\$	3,818,756
Collectively evaluated for impairment	Ψ	112,084,579	-	48,049,535	4	5,760,433	Ψ	0	Ψ	165,894,547
Total ending loans balance	\$	115,277,206	\$	48,675,664	\$	5,760,433	\$	0	\$	169,713,303

Century Financial Corporation

4. LOANS (continued)

The following tables present information related to impaired loans by class of loans as of and for the years ending December 31:

The following tables present inform	racin c	Unpaid Principal Balance		Recorded Investment	A	Illowance for Loan Losses Allocated		Average Recorded Investment		Interest Income Recognized		Cash Basis Interest Recognized
2015												
With no related allowance recorded:												
Commercial:												
Commercial real estate	S	172,493	\$	105,106	\$	0	S	80,017	\$	1,628	\$	1,452
Other		180,451		3,900		0		6,900		0		0
Residential real estate		715,256		715,252		0		720,185		28,358		30,318
Consumer		0		0	and the	0		0		0	nuncos	0_
Subtotal		1,068,200		824,258		0		807,102		29,986		31,770
With an allowance recorded:		**									32/fin/Osen	
Commercial:												
Commercial real estate		3,810,803		2,579,153		395,000		2,650,038		11,754		21,936
Other		0		0		0		0		0		0
Residential real estate		0		0		0		0		0		0_
Subotal		3,810,803		2,579,153	X-11-C	395,000		2,650,038		11,754		21,936
Total	\$	4,879,003		3,403,411	\$	395,000	\$	3,457,140	\$	41,740	\$	53,706
2014												
With no related allowance recorded:												
Commercial:												
Commercial real estate	\$	69,622	\$	0	\$	0	\$	0	\$	0	\$	0
Other		48,451		12,900		0		17,150		0		0
Residential real estate		626,129		626,129		0		629,297		14,346		14,293
Consumer		0		0		0		0		0		0
Subtotal		744,202		639,029		0	2000	646,447	******	14,346		14,293
With an allowance recorded:												
Commercial:												
Commercial real estate		4,144,708		3,141,227		361,656		3,966,603		9,503		11,351
Other		179,500		38,500		8,344		114,496		0		0
Residential real estate		0		0		0		0		0		0
Subotal		4,324,208	00000	3,179,727		370,000		4,081,099		9,503		11,351
Total	\$	5,068,410	\$	3,818,756	\$	370,000	S	4,727,546	\$	23,849	\$	25,644

The recorded investment in loans does not include accrued interest receivable and loan origination fees, net, as they are immaterial. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs.

Nonaccrual loans and loans past due 90 days and still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans. as of December 31:

	2015		2014		2015		2014
\$	2,277,142	\$	2,187,922	\$	0	\$	0
	330,692		335,900		0		0
	397,533		601,169		156,491		178,978
	0		16,060		0		0
	40,988		69,785		0		95
\$	3,046,355	\$	3,210,836	\$	156,491	\$	179,073
	\$	2015 \$ 2,277,142 330,692 397,533 0 40,988	2015 \$ 2,277,142 \$ 330,692 397,533 0	\$ 2,277,142 \$ 2,187,922 330,692 335,900 397,533 601,169 0 16,060 40,988 69,785	2015 2014 \$ 2,277,142 \$ 2,187,922 \$ 330,692 335,900 397,533 601,169 0 16,060 40,988 69,785	Nonaccrual 90 Days Sti 2015 2014 2015 \$ 2,277,142 \$ 2,187,922 \$ 0 0 330,692 335,900 0 397,533 601,169 156,491 0 16,060 0 40,988 69,785 0	2015 2014 2015 \$ 2,277,142 \$ 2,187,922 \$ 0 \$ 330,692 335,900 0 397,533 601,169 156,491 0 16,060 0 40,988 69,785 0

Century Financial Corporation

4. LOANS (continued)

The following tables present the aging of the recorded investment in past due loans by class of loans as of December 31:

			0	Greater than		78821 (30)		100		
		- 89 Days ast Due		89 Days Past Due		Total Past Due		Loans Not Past Due		Total
2015	1	usi Due		I ust Due		I usi Due		I usi Due		10iui
Commercial:										
Commercial real estate	\$	0	\$	2,187,922	\$	2,187,922	\$	71,589,091	\$	73,777,013
Other	Ψ	16,920	Ψ,	12,900	4	29,820	Ψ	47,179,055	Ψ	47,208,875
Residential real estate:		10,720		12,700		,0-0		17,277,000		17,200,072
One to four family		933,344		554,024		1,487,368		39,080,312		40,567,680
Home equity lines of credit		150,076		0		150,076		7,863,646		8,013,722
Consumer		144,726		22,563		167,289		6,376,371		6,543,660
Total	\$	1,245,066	\$	2,777,409	\$	4,022,475	\$	172,088,475	\$	176,110,950
2014										
Commercial:										
Commercial real estate	\$	1,634,237	\$	2,187,922	\$	3,822,159	\$	65,007,299	\$	68,829,458
Other		444,478		12,900		457,378		45,990,370		46,447,748
Residential real estate										
One to four family		1,736,275		588,456		2,324,731		38,951,579		41,276,310
Home equity lines of credit		71,784		4,802		76,586		7,322,768		7,399,354
Consumer		57,601		55,395		112,996	\$	5,647,437		5,760,433
Total	\$	3,944,375	\$	2,849,475	\$	6,793,850		162,919,454	\$	169,713,304

Troubled Debt Restructurings:

The Corporation has allocated \$330,000 and \$270,000 of specific reserve to customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2015 and 2014. No additional amounts are committed to be lent to these borrowers.

During the years ended December 31, 2015 and 2014, the terms of certain loans were modified as troubled debt restructurings.

The modification of the terms of such loans included a reduction of the stated interest rate of the loan or an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk.

Modifications involving a reduction of the stated interest rate of the loan were for periods ranging from 12 months to 136 months. Modifications involving an extension of the maturity date were for periods ranging from 12 months to 30 months.

The following tables present loans by class modified as troubled debt restructurings that occurred during the years ending December 31:

Commercial: Commercial real estate Residential real estate: One to four family Consumer Total Commercial: Commercial: Commercial: Commercial: Commercial: Commercial: Commercial real estate Other Residential real estate Other Residential real estate: One to four family 1 90,575 94,175 94,175 94,175 95,700 9 94,175 96 97,175 97,175 98 97,175 99,	2015	Number of Loans	(re-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Residential real estate: One to four family 1 90,575 94,175 Consumer 1 8,707 0 Total 4 \$ 350,760 \$ 417,786 2014 Commercial: Commercial real estate 3 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: Company of the color of the					
One to four family 1 90,575 94,175 Consumer 1 8,707 0 Total 4 \$ 350,760 \$ 417,786 2014 Commercial: Commercial real estate 3 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: Company of the color	Commercial real estate	2	\$	251,478	\$ 323,611
Consumer Total 1 8,707 0 2014 Commercial: Commercial real estate 3 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: 0ne to four family 1 5,636 8,268	Residential real estate:				
Total 4 \$ 350,760 \$ 417,786 2014 Commercial: Commercial real estate 3 \$ 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: One to four family 1 5,636 8,268	One to four family	1:		90,575	94,175
2014 Commercial: Commercial real estate 3 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: 201,000 3,000 8,268 One to four family 1 5,636 8,268	Consumer	1		8,707	 0
Commercial: 3 \$ 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: 0ne to four family 1 5,636 8,268	Total	4_	\$	350,760	\$ 417,786
Commercial real estate 3 \$ 1,095,871 \$ 1,201,598 Other 1 24,361 25,516 Residential real estate: 0ne to four family 1 5,636 8,268	2014				
Other 1 24,361 25,516 Residential real estate: 0ne to four family 1 5,636 8,268	Commercial:				
Residential real estate: One to four family 1 5,636 8,268	Commercial real estate	3	\$	1,095,871	\$ 1,201,598
One to four family 1 5,636 8,268	Other	1		24,361	25,516
	Residential real estate:				
Consumer 3 23,258 22,183	One to four family	1		5,636	8,268
	Consumer	3		23,258	22,183
Total 8 \$ 1,149,126 \$ 1,257,565	Total	8	\$	1,149,126	\$ 1,257,565

The troubled debt restructurings described above did not increase the allowance for loan losses and did not result in charge offs in the years 2015 or 2014. The majority of the loans modified were already identified as problem loans and the modifications did not change the impact of he impairment assessment on those loans. Additionally, there were no troubled debt restructurings during 2015 or 2014 for which there was a payment default within twelve months following the restructuring.

Century Financial Corporation

4. LOANS (continued)

Credit Quality Indicators:

The Corporation categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt 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-homogeneous loans, such as commercial 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 better 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 debt. A potential problem loan is inadequately protected by the current sound worth and paying capacity of the obligor 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 debt 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. Loans listed as not rated are predominantly homogeneous loans. These loans are monitored for credit quality based primarily on payment performance.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

2015		Pass	Watch	Problem	Problem	Not Rated
Commercial: Commercial real estate Other Residential real estate	\$	68,474,742 45,487,711	\$ 1,968,167 1,415,253	\$ 1,056,962 0	\$ 2,277,142 305,911	\$ 0
One to four family		0	0	0	0	40,567,680
Home equity lines of credit		0	0	0	0	8,013,722
Consumer		0	0	 0	0	6,543,660
Total	\$	113,962,453	\$ 3,383,420	\$ 1,056,962	\$ 2,583,053	\$ 55,125,062
2014 Commercial: Commercial real estate Other Residential real estate	\$	63,384,637 43,563,247	\$ 1,238,181 2,348,878	\$ 2,018,718 184,723	\$ 2,187,922 350,900	\$ 0
One to four family Home equity lines of credit		0	0	0	0	41,276,310 7,399,354
Consumer	_	0	0	0	0	5,760,433
Total	_\$	106,947,884	\$ 3,587,059	\$ 2,203,441	\$ 2,538,822	\$ 54,436,097

Century Financial Corporation

5. 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 debt 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 impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. 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. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less 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. No real estate owned property held at year-end 2015 or 2014 was being measured at fair value on a non-recurring basis.

Appraisals for both collateral-dependent impaired loans and 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 industry-wide 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. The most recent analysis performed indicated that a discount of 10% should be applied to properties with appraisals performed within 12 months.

Century Financial Corporation

5. 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:

	Fair Value Measurements Using							
2015	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Assets:	A							
Available for sale securities								
U.S. Treasury securities and obligations of U.S.								
government corporations and agencies	\$	0	\$	29,103,623	\$		0	
Corporate Securities		0		17,586,977			0	
Total Securities	\$	0	\$	46,690,600	\$		0	
2014	·							
Assets:								
Available for sale securities								
U.S. Treasury securities and obligations of U.S.								
government corporations and agencies	\$	0	\$	34,134,409	\$		0	
Corporate Securities	V	0		14,247,232			0	
Total Securities	S	0	\$	48,381,641	\$		0	

Assets and Liabilities Measured on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

		Fair V	alue Measurements	s Usi	ing
2015	Quoted Pr Active M for Iden Asse (Level	arkets ntical ts	Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Assets:			(==:==)		(20,000)
Impaired loans:					
Commercial:					
Commercial real estate	\$	0 \$	0	\$	2,184,153
Other		0	0		0
Residential real estate		0	0	1	0_
Total	\$	0 \$	0	\$	2,184,153
2014					
Assets:					
Impaired loans:					
Commercial:					
Commercial real estate	\$	0 \$	0	\$	2,779,571
Other		0	0		30,156
Residential real estate	W. Carlotte	0	0		0
Total	\$	0 \$	0	\$	2,809,727

Century Financial Corporation

5. FAIR VALUE (continued)

The following represent impairment charges recognized during the period:

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a recorded investment of \$2,579,193, before a valuation allowance of \$395,000 at year-end 2015, resulting in a \$25,000 provision for loan losses for 2015. At December 31, 2014 impaired loans had a recorded investment of \$3,179,727, before a valuation allowance of \$370,000, resulting in no significant provision for loan losses for the year ending December 31, 2014.

As discussed previously, the fair values of impaired 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:

2015 Impaired loans:	ī	Fair Value	Valuation Technique(s)	Unobservable Input	Discount Rate (Range and Average)
Commercial: Commercial real estate	\$	2,184,153	Sales comparison	Management discount for property type and recent market volatility	10%
Impaired loans: Commercial: Commercial real estate	\$	2,779,571	Sales comparison	Management discount for property type and recent market volatility	10%

Fair Value of Financial Instruments

The estimated fair values of financial instruments excluding available for sale securities, in thousands, are as follows as of December 31:

		2015				20	014	
		Carrying Amount		Fair Value		Carrying Amount		Fair Value
Financial assets								
Cash and cash equivalents	\$	32,997	\$	32,997	\$	25,947	\$	25,947
Securities held to maturity		13,672		13,709		11,022		11,046
Time deposits in other financial instituti	ons	1,743		1,760		0		0
Loans held for sale		0		0		208		208
Loans, net		173,902		175,393		167,590		168,914
FHLB and FAMC stock		414		N/A		534		N/A
Accrued interest receivable		881		881		839		839
Financial liabilities								
Deposits	\$	250,109	\$	250,156	\$	236,342	\$	238,720
Accrued interest payable		10	DOTA.	10		15		15

The estimated fair value approximates carrying amount for all items except those described below. Estimated fair value for loans is based on current market rates for new loans with similar maturities, applied until the loan is assumed to reprice or be paid. Estimated fair value for time deposits are based on current market rates at year-end applied until maturity. It was not practicable to determine the fair value of Federal Home Loan Bank stock due to restrictions placed on its transferability. Estimated fair value for other financial instruments and off-balance-sheet loan commitments are considered nominal.

Century Financial Corporation

6. PREMISES AND EQUIPMENT

Major classifications of premises and equipment were as follows at December 31:

		2015	2014
Land	\$	1,385,439 \$	1,385,439
Buildings		8,150,133	8,146,176
Furniture, fixtures and equipment	200000000	5,119,822	4,889,193
Total cost	<u> </u>	14,655,394	14,420,808
Less accumulated depreciation		(9,564,740)	(9,094,712)
Total	\$	5,090,654 \$	5,326,096

7. LOAN SERVICING

Mortgage loans serviced for others are not reported as assets. The principal balances of these loans at year-end are as follows:

	2015	2014
Mortgage loan portfolios serviced for:		
FHLMC	80,261,196	81,158,290
FHLBI	25,585,677	20,243,452

Custodial escrow balances maintained in connection with serviced loans were \$115,449 and \$273,371 at December 31, 2015 and 2014, respectively.

Activity for loan servicing rights follows:

		2015		
Servicing rights				
Beginning of year	\$	504,248 \$	563,157	
Additions	7	239,747	160,158	
Amortized to expense		(242,642)	(219,067)	
End of year	\$	501,353 \$	504,248	

The fair value of servicing rights at year-end 2015 and 2014 were approximately \$1,105,000 and \$1,086,000.

8. DEPOSITS

At December 31, 2015, scheduled maturities of time deposits were as follows:

2016	\$ 18,100,076
2017	7,296,075
2018	2,999,669
2019	7,343
Total	\$ 28,403,163

Related party deposits totaled \$4,730,710 and \$3,854,945 at December 31, 2015 and 2014, respectively.

Time deposits that meet or exceed the FDIC Insurance limit of \$250,000 at year-end 2015 and 2014 were \$5,394,332 and \$10,129,569, respectively.

Century Financial Corporation

9. INCOME TAX

Income tax expense (benefit) consists of:		
	2015	2014
Current liability	\$ 1,093,805 \$	466,279
Deferred (benefit) liability	(179,010)	442,357
Total income tax expense (benefit)	\$ 914,795 S	908,636
		7
Deferred tax assets and liabilities at December 31 consist of:		
	2015	2014
Deferred tax assets		
Allowance for loan losses	\$ 711,009 \$	670,712
Deferred compensation	5,073	5,068
Nonaccrual loans	243,480	198,537
Pension liability	1,095,256	1,172,074
Unrealized loss on securities available for sale	243,914	172,972
Capital loss carry-forward	0	101,754
Accrued liabilities	95,200	42,500
Other	17,293	12,053
Total deferred tax assets	2,411,225	2,375,670
Deferred tax liabilities		
Deferred loan fees/costs	(122,077)	(129,454)
Depreciation	(184,188)	(203,943)
Mortgage servicing rights	(170,460)	(171,444)
Pension expense	(397,032)	(404,839)
Other	(46,616)	(46,518)
Total deferred tax liabilities	 (920,373)	(956,198)
Net deferred tax assets	1,490,852	1,419,472
Valuation allowance	0	(101,754)
Total deferred tax assets	\$ 1,490,852 \$	1,317,718

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 a valuation allowance against the unrealized capital loss carry-forward was required. The capital loss carry-forward expired in 2015.

The difference between the financial statement tax expense and amounts computed by applying the statutory federal tax rate of 34% to pretax income is reconciled as follows:

	2015	2014
Statutory rate applied to income before taxes	\$ 1,166,820 \$	1,138,788
Add (deduct):		
Non-taxable income	(176,846)	(155,294)
Bank owned life insurance	(78,464)	(77,617)
Other	 3,285	2,759
Total income tax expense (benefit)	\$ 914,795 §	908,636

There were no unrecognized tax benefits at December 31, 2015, and the Corporation does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next twelve months.

The Corporation is no longer subject to examination by the Internal Revenue Service for years before 2012.

No amounts of interest, penalties, and/or accruals were recorded during or for the years ended December 31, 2015 and 2014.

Century Financial Corporation

10. EARNINGS PER SHARE

A reconciliation of the numerators and denominators for earnings per share for the years ended December 31 are as follows:

	2015	2014
Basic earnings per share		
Net income available to common shareholders	\$ 2,517,029	\$ 2,440,741
Weighted average common shares outstanding	 1,933,267	1,934,757
Basic earnings per share	\$ \$ 1.30	\$ 1.26

11. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

The Corporation has a funded noncontributory defined benefit pension plan that covers substantially all of its employees. The plan provides defined benefits based on years of service and final average salary. The Corporation uses a December 31 measurement date. As of December 31, 2009 the pension plan was frozen. No employee could become a participant of the plan after December 31, 2009. Participants earned no additional benefits under the plan after December 31, 2009. A participant's benefit will be determined using years of benefit service, average compensation, and covered compensation as of December 31, 2009. Participants will continue to earn additional vesting years of service after December 31, 2009.

2015

2011

Information about the pension plan as of and for the years ended December 31 was as follows:

		2015	2014
Projected benefit obligation	\$	6,908,354 \$	7,322,054
Fair value of plan assets		4,887,307	5,097,875
Unfunded status	\$	(2,021,047) \$	(2,224,179)
Accrued benefit cost	\$	2,021,047 \$	2,224,179
Accumulated benefit obligation		6,908,354	7,322,054
Employer contribution		204,408	157,229
Benefits paid		334,426	337,544
a a a a a a a a a a a a a a a a a a a	100 • 10000 1		
Components of Net Periodic Benefit Cost and other Amounts Recognized in Other Comprehen	isive.		2014
		2015	2014
Service cost	\$	38,580 \$	
Interest cost		268,192	275,415
Expected return on plan assets		(319,559)	(313,154)
Amortization of net loss	~	240,059	178,643
Net periodic benefit cost		227,272	173,820
Net actuarial (gain) loss		14,123	968,221
Amortization of prior service cost		(240,059)	(178,643)
Total recognized in other comprehensive income	-	(225,936)	789,578
Total recognized in outer completions we meeting. Total recognized in net periodic benefit cost and			
other comprehensive income	_\$	1,336	963,398
			_
Weighted average assumptions used to determine benefit obligations at year-end:			
Discount rate		4.00%	3.75%
Weighted average assumptions used to determine net cost:		3.75%	4.50%
Discount rate		6.50%	6.50%
Expected rate of return on plan assets		0.5070	0.5070

Century Financial Corporation

11. EMPLOYEE BENEFIT PLANS (continued)

Amounts recognized in accumulated other comprehensive loss, before taxes, consisted of a net gain/(loss) of \$3,221,339 and \$3,447,275 at December 31, 2015 and 2014, respectively.

The estimated net loss for the pension plan that will be amortized from accumulated other comprehensive loss into periodic benefit costs during the year ending December 31, 2015 is \$228,000.

The Bank's overall investment strategy is to achieve a mix of approximately 60% of investments for long-term growth and 40% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers. Equity securities primarily include investments in common stocks and multi-class mutual funds. Debt securities include government agencies, investment grade global corporate bonds, and global high yield corporate bonds. Real estate investments are primarily held in REITS and a diversified mutual fund. Other investments consist of certificates of deposit and a money market instrument.

The expected rate of return on plan assets is based on management's estimate of future long-term rates of return on similar assets and is consistent with historical returns on such assets.

				Weighted	
	Target	Percen	Average		
	Allocation	Plan Assets	at Year-End	Rate of Return	
	2016	2015	2014	2015	
Equity securities	55%	61%	63%	-2.03%	
Debt securities	40%	35%	36%	0.17%	
Cash and other	5%	4%	1%	0.09%	
Total		100%	100%	-1.21%	

The Bank is not required to contribute to its pension plan in 2016. However, the Bank reserves the right to make contributions to the plan.

The following benefit payments are expected to be paid:

2016	\$ 340,947
2017	324,128
2018	339,450
2019	327,546
2020	317,607
2021 - 2025	2,110,317

Fair Value of Plan Assets:

Fair value is the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date.

The Corporation used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Equity, debt, and other securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using spread to swap and LIBOR curves that are updated to incorporate loss severities, volatility, credit spread and optionality. During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated in to the calculations.

Century Financial Corporation

11. EMPLOYEE BENEFIT PLANS (Continued)

The fair value of the plan assets at December 31, by asset class, is as follows:

	at December 31, 2015 Using:				at December 31, 2014 Using:				
		Quoted	Significant		Quoted	Significant			
	Pr	ices in Active	Other	Significant	Prices in Active	Other	Significant		
	M	arkets for	Observable	Unobservable	Markets for	Observable	Unobservable		
	Ider	itical Assets	Inputs	Inputs	Identical Assets	Inputs	Inputs		
	(Level 1)	(Level 2)	(Level 3)	(Level 1)	(Level 2)	(Level 3)		
Plan assets					The second secon				
Cash	\$	184,706 \$	0	\$ 0	\$ 68,410 \$	0	\$ 0		
Equity securities									
U.S. large cap		1,903,228	0	0	2,371,546	0	0		
U.S. mid cap		249,609	0	0	187,426	0	0		
U.S. small cap		149,813	0	0	167,455	0	0		
Preferred stock		107,794	0	0	153,964	0	0		
International (developed)		306,234	0	0	161,381	0	0		
International (emerging)		211,817	0	0	118,466	0	0		
Debt securities									
U.S. government obligatons		0	309,624	0	0	315,256	0		
Certificates of deposit		0	478,252	0	0	473,261	0		
Investment grade corporate bonds		682,612	0	0	673,157	0	0		
High yield bonds		252,468	0	0	350,353	0	0		
Specialty									
Precious Metals	-	51,150	0	0	57,200	0	0		
Total plan assets	S	4,099,431	787,876	\$ 0	\$ 4,309,358	\$ 788,517	\$ 0		

Employee Stock Ownership Plan (ESOP)

A non-contributory ESOP is maintained for the benefit of all qualified employees. At year-end 2015 and 2014, the ESOP owned 140,657 and 134,957 shares of the Corporation's common stock. 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 2015 aggregated to approximately \$2,215,000. Annual contributions are made at the discretion of the Board of Directors and were \$158,024 and \$156,630 for 2014 and 2014.

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 balance sheet.

Outstanding commitments to make loans and unused lines of credit totaled \$35,930,000 and \$31,822,000 at December 31, 2015 and 2014, respectively. Commitments under letters of credit were \$1,617,000 and \$1,597,000 at December 31, 2015 and 2014, 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.

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 quantitave 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 final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. The table below presents 2015 minimum capital adequacy information assuming full phase-in of these new requirements. Capital amounts and ratios for December 31, 2014 are calculated using Basel I rules. Management believes as of December 31, 2015, the Company 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, 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, 2015 and 2014, 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, in thousands, approximated:

							Minimum required		
							to be well		
				Minimum	required		capitalized under		
				for ca	pital		prompt con	rrective	
	Acti	ıal		adequacy p	purposes	action regulatio			
2015	Amount	Ratio		Amount	Ratio		Amount	Ratio	
Total Capital (to risk weighted assets)	\$ 37,608	18.0%	\$	21,938	10.5%	\$	20,893	10.0%	
Tier 1 (Core) Capital (to risk weighted assets)	35,399	16.9%		17,804	8.5%		16,757	8.0%	
Common Tier 1 (CET1)	35,399	16.9%		14,662	7.0%		13,615	6.5%	
Tier 1 (Core) Capital (to average assets)	35,399	12.5%		11,328	4.0%		14,160	5.0%	
2014									
Total capital (to risk weighted assets)	\$ 35,855	17.9%	\$	16,022	8.0%	\$	20,028	10.0%	
Tier 1 (Core) Capital (to risk weighted assets)	33,731	16.8%		8,011	4.0%		12,017	6.0%	
Tier 1 (Core) Capital (to average assets)	33,731	12.2%		11,066	4.0%		13,832	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.

Directors

Eric H. Beckhusen Chairman & CEO, Century Bank and Trust

Caroline P. Lowe Christy

Certified Public Accountant

Bruce S. A. Gosling, Certified Public Accountant, Norman & Paulsen, P.C. John D. Hutchinson Attorney-at-Law

Thomas G. Kramer Chief Financial Officer, ADAPT, Incorporated

Kelly B. Murphy President, C. A. Murphy Oil Co. Robert W. Shedd Northshore Asset Management

Stanley R. Welch Retired Chairman, Bronson Plating Co.

Eric J. Wynes

President,

Century Bank and Trust

Officers

Century Bank and Trust

Eric H. Beckhusen Chairman & CEO

Eric J. Wynes President

Dylan M. Foster Senior Vice President

Gaylene S. Adams *Vice President*

Julie A. Andrews
Vice President & Senior Trust Officer

Jessica A. Handy-Drewek Vice President & Commercial Loan Officer

Donna M. Hobday *Vice President*

Ginger J. Kesler *Vice President*

Ronald H. Uhl Vice President

David L. Wright *Vice President*

Alicia K. Cole

Assistant Vice President & Trust Officer

Corey L. Collins
Assistant Vice President &
Deposit Services Officer

Michael D. Eddy Assistant Vice President & Mortgage Loan Officer

Jared E. Hoffmaster Assistant Vice President & Investment Officer

Jeffrey S. Holbrook Assistant Vice President & Commercial Loan Officer

Barry R. Miller Assistant Vice President & Mortgage Loan Officer

Vicki R. Morris Assistant Vice President & Mortgage Loan Officer

Andrea J. Strong
Assistant Vice President &
Teller Operations Officer

Adam M. Wright

Assistant Vice President & Commercial Loan Officer

Donna L. Penick Auditor

Katherine L. Sexton-Deck *Controller*

W. Samuel Davenport III Loan Officer

Heather E. Eldridge Trust Operations Officer

Tracy A. Richer Trust Officer

AnnMarie L. Sanders Commercial Loan Officer

Erik L. Schaeffer Trust Officer

Kathy A. Tomson

Mortgage Loan Officer

Century Financial Corporation

Eric H. Beckhusen Chairman & CEO Eric J. Wynes President

Office and ATM Locations

Century Financial Corporation

Office Locations

Coldwater Main Office 100 West Chicago Street Coldwater, Michigan 49036 (517) 278-1500

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

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

Coldwater Fairfield Office 496 Marshall Street Coldwater, Michigan 49036 (517) 278-1500 Bronson Office 106 East Chicago Street Bronson, Michigan 49028 (517) 369-2100

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

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

Jonesville Loan Center 859 Olds Road Jonesville, Michigan 49250 (517) 849-9010 Nottawa Office 25985 M-86 Nottawa, Michigan 49075 (269) 467-9615

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

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

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

ATM Locations

Century Bank and Trust Coldwater Main Office 100 West Chicago Street Coldwater, Michigan

Century Bank and Trust AutoBank Drive-Thru 64 North Monroe Street Coldwater, Michigan

Century Bank and Trust East Branch 745 East Chicago Street Coldwater, Michigan

Century Bank and Trust Fairfield Plaza 496 Marshall Street Coldwater, Michigan Century Bank and Trust Bronson Office 106 East Chicago Street Bronson, Michigan

Century Bank and Trust Quincy Office 109 West Chicago Street Quincy, Michigan

Community Health Center 274 East Chicago Street Coldwater, Michigan

Century Bank and Trust Reading Office 108 North Main Street Reading, Michigan Century Bank and Trust Three Rivers Office 1310 West Broadway Three Rivers, Michigan

Century Bank and Trust West Branch 201 South Centerville Road Sturgis, Michigan

Century Bank and Trust Drive-Thru ATM 1031 North Nottawa Road Sturgis, Michigan

