

To Our Shareholders

I am pleased to report the first quarter performance results of Century Financial Corporation and its subsidiary Century Bank and Trust.

For the three months ending March 31, 2018, your company earned net income of \$807,000 or earnings per share of \$0.42. This compares to March 31, 2017 when net income of \$715,000 and earnings per share of \$0.37 were reported. The return on average equity (ROE) for the first quarter was 9.08% with a return on assets (ROA) of 1.09%. This compares to ROE and ROA for the same period in 2017 of 8.36% and 0.97%, respectively.

The bank's total revenue at March 31, 2018 is \$3,933,000 compared to \$3,655,000 at March 31, 2017 - - an increase of 7.60%.

At March 31, 2018, net interest income before loan provision expense is up \$317,000 from March 31, 2017 results. For the three months ending March 31, 2018, total non-interest income is \$1,179,000 compared to \$1,218,000 at March 31, 2017 - - a decrease of \$39,000. The variance in gain on sale of mortgages is anticipated with house refinancing activity down and housing inventory tight. Total operating expense for the first three months of 2018 totals \$2,759,000 compared to \$2,619,000 at March 31, 2017.

Total assets at March 31, 2018 are \$300,000,000 compared to \$294,000,000 at March 31, 2017. Total assets at December 31, 2017 were \$302,000,000. Total deposits are \$260,000,000 at March 31, 2018. They were \$256,000,000 at March 31, 2017 and \$258,000,000 at December 31, 2017.

Total loans at March 31, 2018 are \$200,577,000 compared to \$181,294,000 a year earlier. The loan portfolio at December 31, 2017 was \$191,624,000.

The allowance for loan loss at March 31, 2018 is \$2,465,000 or 1.23% of the loan portfolio compared to \$2,302,000 or 1.27% of the loan portfolio at March 31, 2017. As a percent of the loan portfolio, the provision at 12-31-17 was 1.15%. There was a \$205,000 provision for loan loss expense in the first quarter of 2018 compared to provision expense of \$55,000 at 3-31-17.

Shareholder equity at March 31, 2018 and March 31, 2017 is \$36,410,000 and \$34,641,000, respectively. Capital ratios at March 31, 2018 remain strong and well above minimum regulatory requirements.

As announced at the Annual Shareholders' Meeting on March 20, 2018, the Board of Directors approved a \$0.015 per share increase to the quarterly dividend. Qualifying shareholders of record saw this reflected in their March 20, 2018 payment. This adjustment places the new quarterly dividend at \$0.15 per share and sets the annual payout rate at \$0.60 per share. Based on a \$19.85 stock price at March 31, 2018, this equates to a dividend yield of 3.02%.

As the above summary indicates, the first quarter for our company has started off in a very solid fashion. The 13.5% increase in earnings per share has been driven by strong loan growth, appropriate management of deposit costs and balanced contribution from fee income sources.

Thank you for your continued support, loyalty, business and referrals to Century Bank and Trust. I look forward to reporting to you over the upcoming quarters.

Eric H. Beckhusen

Eric H. Beckhusen
Chairman & CEO

Directors & Officers

Century Financial Corporation Directors

Eric H. Beckhusen <i>Chairman & CEO, Century Bank and Trust</i>	Thomas G. Kramer <i>Chief Financial Officer, ADAPT, Incorporated</i>
Robert P. Brothers <i>Attorney at Law</i>	Caroline P. Lowe <i>Certified Public Accountant</i>
Jeffrey W. Budd <i>C.P.A., Utility Director, Coldwater Board of Public Utilities</i>	William G. Pridgeon <i>Pridgeon Farms, LLC</i>
James W. Gordon <i>Certified Public Accountant, James W. Gordon, CPA, P.C.</i>	Eric J. Wynes <i>President, Century Bank and Trust</i>
Bruce S. A. Gosling, <i>Certified Public Accountant, Norman & Paulsen, P.C.</i>	

Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman & CEO</i>	Jared E. Hoffmaster <i>Assistant Vice President & Investment Officer</i>
Eric J. Wynes <i>President</i>	Vicki R. Morris <i>Assistant Vice President & Mortgage Loan Officer</i>
Dylan M. Foster <i>Senior Vice President</i>	Scott R. Petersen <i>Assistant Vice President & Commercial Loan Officer</i>
Rebecca S. Crabill <i>Chief Financial Officer</i>	Andrea J. Strong <i>Assistant Vice President & Teller Operations Officer</i>
Julie A. Andrews <i>Vice President & Senior Trust Officer</i>	Adam M. Wright <i>Assistant Vice President & Commercial Loan Officer</i>
Donna M. Hobday <i>Vice President</i>	Donna L. Penick <i>Auditor</i>
Jeffrey S. Holbrook <i>Vice President</i>	Jason C. Dozeman <i>Commercial Loan Officer</i>
Ginger J. Kesler <i>Vice President</i>	Heather E. Eldridge <i>Trust Operations Officer</i>
Barry R. Miller <i>Vice President</i>	Alicia A. Finnerman <i>Mortgage Loan Officer</i>
AnnMarie L. Sanders <i>Vice President</i>	Sergio Gomez <i>Mortgage Loan Officer</i>
Ronald H. Uhl <i>Vice President</i>	Joshua D. Jones <i>Mortgage Loan Officer</i>
Alicia K. Cole <i>Assistant Vice President & Trust Officer</i>	Tracy A. Richer <i>Trust Officer</i>
Corey L. Collins <i>Assistant Vice President & Deposit Services Officer</i>	Erik L. Schaeffer <i>Trust Officer</i>
Michael D. Eddy <i>Assistant Vice President & Mortgage Loan Officer</i>	Kathy A. Tomson <i>Mortgage Loan Officer</i>



CenturyBankandTrust.com

(866) 680-BANK

First Quarter
Report to Shareholders
March 31, 2018

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

Consolidated Balance Sheet

	March 31,	
	2018	2017
Assets		
Cash and due from banks	\$ 5,987,257	\$ 9,211,240
Interest bearing deposits in other financial institutions	3,242,572	3,490,884
Investment securities available for sale	47,850,969	55,025,679
Investment securities (market value of \$15,603,343 in 2018 and \$18,830,163 in 2017) held to maturity	15,506,340	18,414,748
Federal funds sold and other overnight investments	12,349,163	11,199,000
Loans	200,557,081	181,293,945
Less: Allowance for loan loss	(2,464,729)	(2,302,330)
Loans, Net	198,092,352	178,991,615
Bank premises and equipment, net	5,104,331	4,981,448
Bank owned life insurance	8,607,719	8,375,726
Accrued interest receivable and other assets	3,299,018	3,819,456
Total Assets	\$ 300,039,722	\$ 293,509,798
Liabilities		
Deposits		
Non-interest bearing	\$ 84,422,153	\$ 76,698,195
Interest bearing	175,208,148	179,371,393
Total Deposits	259,630,301	256,069,588
Accrued interest payable and other liabilities	1,499,811	2,799,278
Other borrowings	2,500,000	-
Total Liabilities	\$ 263,630,112	\$ 258,868,867
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2017 and 2018;		
issued and outstanding: 1,921,140 in 2017 and 2018	\$ 1,921,140	\$ 1,921,140
Paid in capital	19,003,810	19,003,810
Retained earnings	16,762,918	16,481,219
Accumulated other comprehensive loss	(1,278,259)	(2,765,238)
Total Shareholders' Equity	\$ 36,409,609	\$ 34,640,932
Total Liabilities and Shareholder's Equity	\$ 300,039,722	\$ 293,509,798
Book Value Per Share	\$ 18.95	\$ 18.03

Consolidated Statement of Income

	Three Months Ended	
	March 31,	
	2018	2017
Interest Income		
Loans, including fees	\$ 2,433,545	\$ 2,059,569
Securities		
Taxable	271,152	305,201
Non-Taxable	85,164	91,417
Federal funds sold and other overnight investments	63,925	27,220
Interest on deposits in other financial institutions	15,903	16,706
Total Interest Income	\$ 2,869,690	\$ 2,500,112
Interest Expense		
Interest on other deposits	96,355	57,082
Interest on time deposits over \$100,000	7,661	6,257
Other interest expense	12,029	8
Total Interest Expense	\$ 116,045	\$ 63,346
Net Interest Income	2,753,645	2,436,766
Provision for Loan Losses	205,000	55,000
Net Interest Income after Provision for Loan Losses	2,548,645	2,381,766
Non-interest Income		
Trust and investment management revenue	471,820	461,869
Service charges on deposit accounts	428,936	420,360
Gain on sale of mortgage loans	121,339	195,871
Other income	157,325	140,314
Total Non-interest Income	\$ 1,179,420	\$ 1,218,414
Non-interest Expense		
Salaries	1,272,367	1,110,133
Employee benefits	444,555	532,063
Occupancy and equipment expense	538,382	485,499
Other expense	503,269	491,015
Total Non-interest Expense	\$ 2,758,573	\$ 2,618,709
Income Before Income Taxes	969,493	981,470
Income Taxes	162,724	266,750
Net Income	\$ 806,769	\$ 714,720
Basic & Diluted Earnings Per Share	\$ 0.42	\$ 0.37

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