

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, 2017, your company earned net income of \$715,000 or earnings per share of \$0.37. This compares to March 31, 2016 when net income of \$673,000 and earnings per share of \$0.35 were reported. The return on average equity (ROE) for the first quarter was 8.36% with a return on assets (ROA) of 0.97%. This compares to ROE and ROA for the same period in 2016 of 8.77% and 0.93%, respectively.

The bank's total revenue at March 31, 2017 is \$3,719,000 compared to \$3,538,000 at March 31, 2016 - an increase of 5.12%

At March 31, 2017, net interest income before loan provision expense is up \$61,000 from March 31, 2016 results. For the three months ending March 31, 2017, total non-interest income is \$1,218,000 compared to \$1,109,000 at March 31, 2016 - an increase of \$109,000. Total operating expense for the first three months of 2017 totals \$2,619,000 compared to \$2,525,000 at March 31, 2017. A portion of increased operating is associated with one-time expenses related to the anticipated termination of the bank's defined benefit pension plan sometime during the second half of 2017.

Total assets at March 31, 2017 are \$294,000,000 compared to \$298,000,000 at March 31, 2016. Total assets at December 31, 2016 were \$296,000,000. Total deposits are \$256,000,000 at March 31, 2017. They were \$261,000,000 at March 31, 2016 and \$257,000,000 at December 31, 2016.

Total loans at March 31, 2017 are \$181,294,000 compared to \$180,437,000 a year earlier. The loan portfolio at December 31, 2016 was \$180,220,000.

The allowance for loan loss at March 31, 2016 is \$2,302,000 or 1.27% of the loan portfolio compared to \$2,257,000 or 1.25% of the loan portfolio at March 31, 2016. As a percent of the loan portfolio, the provision at 12-31-16 was 1.26%. There was a \$55,000 provision for loan loss expense in the first quarter of 2017 compared to provision expense of \$35,000 at 3-31-16.

Shareholder equity at March 31, 2017 and March 31, 2016 is \$34,641,000 and \$33,765,000, respectively. The bank's key regulatory risk based capital ratios at 3-31-17 are: Tier 1 capital ratio – 16.16%, Total capital ratio – 17.15% and Tier 1 leverage ratio – 12.77%.

As announced at the Annual Shareholders' Meeting on March 21, 2017, the Board of Directors approved a \$0.01 per share increase to the quarterly dividend. Qualifying shareholders of record saw this reflected in their 3-20-17 payment. This adjustment places the new quarterly dividend at \$0.135 per share and sets the annual payout rate at \$0.54 per share. Based on a \$19.00 stock price at 3-31-17, this equates to a dividend yield of 2.84%.

I would like to conclude by recognizing and thanking John Hutchinson for his dedicated service as a Director of Century Financial Corporation and Century Bank and Trust. After joining both Boards in 1995 he has retired as of March 21, 2017. John's steady guidance and insight over the last 22 years has served our clients, employees and shareholders very well.

I thank each of 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>	Caroline P. Lowe <i>Certified Public Accountant</i>
James W. Gordon <i>Certified Public Accountant James W. Gordon, CPA, P.C.</i>	Kelly B. Murphy <i>President, Murphy Oil Co., Inc.</i>
Bruce S. A. Gosling <i>Certified Public Accountant, Norman and Paulsen, P.C.</i>	Stanley R. Welch <i>Retired Chairman, Bronson Plating Co.</i>
Thomas G. Kramer <i>Chief Financial Officer, ADAPT, Incorporated</i>	Eric J. Wynes <i>President, Century Bank and Trust</i>

Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman & CEO</i>	Vicki R. Morris <i>Assistant Vice President & Mortgage Loan Officer</i>
Eric J. Wynes <i>President</i>	Andrea J. Strong <i>Assistant Vice President & Teller Operations Officer</i>
Dylan M. Foster <i>Senior Vice President</i>	Adam M. Wright <i>Assistant Vice President & Commercial Loan Officer</i>
Julie A. Andrews <i>Vice President & Senior Trust Officer</i>	Donna L. Penick <i>Auditor</i>
Donna M. Hobday <i>Vice President</i>	Katherine L. Sexton-Deck <i>Controller</i>
Ginger J. Kesler <i>Vice President</i>	W. Samuel Davenport III <i>Loan Officer</i>
Barry R. Miller <i>Vice President</i>	Jason C. Dozemon <i>Commercial Loan Officer</i>
Ronald H. Uhl <i>Vice President</i>	Heather E. Eldridge <i>Trust Operations Officer</i>
Alicia K. Cole <i>Assistant Vice President & Trust Officer</i>	Joshua D. Jones <i>Mortgage Loan Officer</i>
Corey L. Collins <i>Assistant Vice President & Deposit Services Officer</i>	Tracy A. Richer <i>Trust Officer</i>
Michael D. Eddy <i>Assistant Vice President & Mortgage Loan Officer</i>	AnnMarie L. Sanders <i>Commercial Loan Officer</i>
Jared E. Hoffmaster <i>Assistant Vice President & Investment Officer</i>	Erik L. Schaeffer <i>Trust Officer</i>
Jeffrey S. Holbrook <i>Assistant Vice President & Commercial Loan Officer</i>	Kathy A. Tomson <i>Mortgage Loan Officer</i>



CenturyBankandTrust.com

(866) 680-BANK

First Quarter
Report to Shareholders
March 31, 2017

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

Consolidated Balance Sheet

	March 31,	
	2017	2016
Assets		
Cash and due from banks	\$ 9,211,240	\$ 6,497,098
Interest bearing deposits in other financial institutions	3,490,884	1,992,000
Investment securities available for sale	55,025,679	40,363,618
Investment securities (market value of \$18,830,163 in 2017 and \$14,898,573 in 2016) held to maturity	18,414,748	15,133,578
Federal funds sold and other overnight investments	11,199,000	38,964,000
Loans	181,293,945	180,436,838
Less: Allowance for loan loss	(2,302,330)	(2,257,478)
Loans, Net	178,991,615	178,179,361
Bank premises and equipment, net	4,981,448	4,997,177
Bank owned life insurance	8,375,726	8,141,757
Accrued interest receivable and other assets	3,819,456	3,332,511
Total Assets	\$ 293,509,798	\$ 297,601,101
Liabilities		
Deposits		
Non-interest bearing	\$ 76,698,195	\$ 73,021,596
Interest bearing	179,371,393	188,152,979
Total Deposits	256,069,588	261,174,575
Accrued interest payable and other liabilities	2,799,278	2,661,913
Total Liabilities	\$ 258,868,866	\$ 263,836,488
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2017 and 2016;		
issued and outstanding: 1,921,140 in 2017 and 1,931,757 in 2016	\$ 1,921,140	\$ 1,931,757
Paid in capital	19,003,810	19,162,759
Retained earnings	16,481,221	14,796,180
Accumulated other comprehensive loss	(2,765,238)	(2,126,083)
Total Shareholders' Equity	\$ 34,640,933	\$ 33,764,613
Total Liabilities and Shareholder's Equity	\$ 293,509,799	\$ 297,601,101
Book Value Per Share	\$ 18.03	\$ 17.48

Consolidated Statement of Income

	Three Months Ended	
	March 31,	
	2017	2016
Interest Income		
Loans, including fees	\$ 2,059,569	\$ 1,991,145
Securities		
Taxable	305,201	302,791
Non-Taxable	91,417	85,355
Federal funds sold and other overnight investments	27,220	37,582
Interest on deposits in other financial institutions	16,706	12,296
Total Interest Income	\$ 2,500,112	\$ 2,429,169
Interest Expense		
Interest on other deposits	57,082	45,190
Interest on time deposits over \$100,000	6,257	8,285
Other interest expense	8	5
Total Interest Expense	\$ 63,346	\$ 53,481
Net Interest Income	2,436,766	2,375,688
Provision for Loan Losses	55,000	35,000
Net Interest Income after Provision for Loan Losses	2,381,766	2,340,688
Non-interest Income		
Trust and investment management revenue	461,869	461,933
Service charges on deposit accounts	420,360	412,986
Gain on sale of mortgage loans	195,871	80,366
Other income	140,314	153,685
Total Non-interest Income	\$ 1,218,414	\$ 1,108,970
Non-interest Expense		
Salaries	1,110,133	1,021,923
Employee benefits	532,063	494,282
Occupancy and equipment expense	485,499	486,557
Other expense	491,015	522,046
Total Non-interest Expense	\$ 2,618,709	\$ 2,524,808
Income Before Income Taxes	981,470	924,850
Income Taxes	266,750	251,392
Net Income	\$ 714,720	\$ 673,458
Basic & Diluted Earnings Per Share	\$ 0.37	\$ 0.35

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