

To Our Shareholders

Greetings fellow shareholders. I am pleased to report the third-quarter results for Century Financial Corporation and its subsidiary Century Bank and Trust.

For the nine months ending September 30, 2021, Century Bank and Trust reported net income of \$3,965,000 or earnings per share of \$2.18. This compares to net income of \$3,751,000 or earnings per share of \$2.04 for the same period ending September 30, 2020. Return on Average Assets (ROA) and Return on Average Equity (ROE) were 1.24% and 11.51%, respectively. This compares to year-to-date ROA of 1.37%, with ROE of 11.61% at September 30, 2020.

Total assets for the bank at September 30, 2021 were \$454,015,000, compared to \$400,903,000 at September 30, 2020. For additional perspective, total assets were \$440,758,000 at June 30, 2021.

Loans ended the period at \$212,804,000. This is a \$25,654,000 decrease over September 30, 2020. This anticipated decrease is primarily associated with the forgiveness process of Paycheck Protection Program (PPP) loans. At September 30, 2021, the bank's PPP loan portfolio totaled \$9,466,000. This portfolio at September 30, 2020 stood at \$25,100,000.

Allowance for loan loss, as a percentage of loans, at September 30, 2021 was 1.61%. This compares to 1.30% at September 30, 2020. As highlighted in previous reports, an important viewpoint when benchmarking allowance levels is recognition of the bank's PPP activity. Adjusting for these Small Business Administration (SBA) guaranteed balances, the allowance for loan loss at September 30, 2021 would be 1.68% of the traditional loan portfolio. No provision for loan loss expense was made for the year compared to an expense of \$425,000 for the same period in 2020.

Shareholder equity at September 30, 2021 was \$47,404,000 compared to \$44,421,000 at September 30, 2020. Capital ratios remain strong and well above minimum regulatory requirements.

Total revenue at September 30, 2021 was \$13,399,000 compared to \$13,211,000 at September 30, 2020. As expected with the historically low-rate environment, net interest income is off \$576,000 when compared to September 30, 2020. The compressed net interest margin was nicely countered by an increase in non-interest income of \$764,000 for the same period. The bank's three bellwether sources of non-interest revenue – Trust and Investment Management, residential mortgage lending, and deposit services – all reflected meaningful increases when comparing September 30, 2021 to the same period in 2020.

Non-interest expense for the nine months ending September 30, 2021 was \$8,526,000 versus \$8,192,000 at September 30, 2020. Operating costs, net of employee related expenses increased \$426,000 when comparing the nine months ending September 30, 2021 to the same period in 2020. This variance is primarily associated with the significantly reduced operating environment Covid created in 2020. A more meaningful and normal reference point would be the nine months ended in 2019 – the bank's total non-interest expense was \$8,341,000 at that period.

As we move into the fourth quarter, your bank team has a balanced focus on executing remaining 2021 initiatives and planning for 2022. I thank you for your business, referrals and loyalty as a shareholder.

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>	Bruce S. A. Gosling, <i>Certified Public Accountant, Gabridge & Company, PLC</i>
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Jeffrey W. Budd <i>CPA, Utility Director, Coldwater Board of Public Utilities</i>	William G. Pridgeon <i>Partner, 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>

Century Bank and Trust Officers

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CENTURY
FINANCIAL CORPORATION

CenturyBankandTrust.com

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Third Quarter
Report to Shareholders
September 30, 2021

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

Consolidated Balance Sheet

	September 30,	
	2021	2020
Assets		
Cash and due from banks	\$ 14,424,477	\$ 10,955,716
Interest bearing deposits in other financial institutions	1,744,000	1,494,000
Investment securities available for sale	41,737,153	37,402,721
Investment securities (market value of \$19,117,587 in 2021 and \$15,452,250 in 2020) held to maturity	18,636,124	14,691,018
Federal funds sold and other overnight investments	151,035,858	84,421,616
Loans	212,804,173	238,458,548
Less: Allowance for loan loss	(3,417,189)	(3,097,672)
Loans, Net	209,386,984	235,360,876
Bank premises and equipment, net	4,399,043	4,797,790
Bank owned life insurance	9,429,868	9,196,847
Accrued interest receivable and other assets	3,221,135	2,582,680
Total Assets	\$ 454,014,644	\$ 400,903,265
Liabilities		
Deposits		
Non-interest bearing	\$ 149,546,838	\$ 131,472,566
Interest bearing	249,256,530	214,431,815
Total Deposits	398,803,368	345,904,381
Accrued interest payable and other liabilities	2,307,593	2,577,414
Other borrowings	5,500,000	8,000,000
Total Liabilities	\$ 406,610,961	\$ 356,481,795
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2021 and 2020;		
issued and outstanding: 1,802,093 in 2021 and 1,823,403 in 2020	\$ 1,802,093	\$ 1,823,403
Paid in capital	16,540,135	17,047,750
Retained earnings	28,847,371	24,922,309
Accumulated other comprehensive loss	214,084	628,008
Total Shareholders' Equity	\$ 47,403,682	\$ 44,421,470
Total Liabilities and Shareholder's Equity	\$ 454,014,644	\$ 400,903,265
Book Value Per Share	\$ 26.30	\$ 24.36

Consolidated Statement of Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Interest Income				
Loans, including fees	\$ 2,496,043	\$ 2,611,615	\$ 7,434,688	\$ 7,984,597
Securities				
Taxable	209,872	188,718	\$ 572,032	670,522
Non-Taxable	87,511	82,744	\$ 247,233	248,846
Federal funds sold and other overnight investments	54,839	21,493	\$ 120,536	146,968
Interest on deposits in other financial institutions	9,250	12,957	\$ 27,401	40,863
Total Interest Income	\$ 2,857,515	\$ 2,917,527	\$ 8,401,890	\$ 9,091,796
Interest Expense				
Interest on other deposits	56,690	52,480	162,475	218,551
Interest on time deposits over \$100,000	12,104	23,206	46,032	74,848
Other interest expense	27,689	37,464	82,165	111,578
Total Interest Expense	\$ 96,483	\$ 113,150	\$ 290,673	\$ 404,977
Net Interest Income	2,761,031	2,804,377	8,111,217	8,686,819
Provision for Loan Losses	-	190,000	-	425,000
Net Interest Income after Provision for Loan Losses	2,761,031	2,614,377	8,111,217	8,261,819
Non-interest Income				
Trust and investment management revenue	602,633	574,026	1,785,444	1,521,022
Service charges on deposit accounts	457,492	430,979	1,322,852	1,218,744
Gain on sale of mortgage loans	471,158	739,434	1,760,181	1,432,804
Other income	144,390	116,645	419,792	352,093
Total Non-interest Income	\$ 1,675,672	\$ 1,861,084	\$ 5,288,270	\$ 4,524,663
Non-interest Expense				
Salaries	1,038,423	1,229,352	3,528,664	3,766,095
Employee benefits	473,033	496,890	1,456,175	1,310,812
Occupancy and equipment expense	542,304	560,016	1,656,517	1,590,942
Other expense	700,654	542,386	1,884,647	1,524,388
Total Non-interest Expense	\$ 2,754,414	\$ 2,828,642	\$ 8,526,003	\$ 8,192,237
Income Before Income Taxes	1,682,290	1,646,819	4,873,484	4,594,244
Income Taxes	315,539	305,782	908,654	843,218
Net Income	\$ 1,366,751	\$ 1,341,037	\$ 3,964,831	\$ 3,751,026
Basic & Diluted Earnings Per Share	\$ 0.75	\$ 0.74	\$ 2.18	\$ 2.04

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