

To Our Shareholders

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

For the nine-months ending September 30, 2013, Century Bank and Trust reported net income of \$2,083,000 representing an increase of \$166,000 or 8.66%, compared to net income of \$1,917,000 for September 30, 2012. Earnings per share for the nine-months ended September 30, 2013 were \$1.07 versus \$0.97 at end of third-quarter 2012.

At the nine-month mark ending September 30, 2013, the return on average equity was 9.78% and the return on average assets was 1.06%. Comparatively at September 30, 2012, return on average equity was 9.05% and return on average assets was 1.00%.

Balance Sheet

The bank had total assets of \$260,987,000 at September 30, 2013 - a very consistent level when compared to total assets of \$260,904,000 for the same period in 2012.

Total loans ended the third quarter at \$154,264,000, an increase of \$7,056,000 or approximately 4.79% from September 30, 2012 total loans of \$147,208,000. As a percentage of the loan portfolio, the allowance for loan loss at September 30, 2013 and September 30, 2012 was 1.88% and 2.25%, respectively.

Total deposits ended the nine months at \$230,723,000, a very stable comparison to total deposits of \$229,427,000 at September 30, 2012.

Income Statement

Total combined revenue of net interest and non-interest income at September 30, 2013 was \$10,019,000 reflecting a respectable increase over September 30, 2012 total revenue of \$9,688,000.

The bank's net interest income for the nine-months ending September 30, 2013 was \$6,397,000, an increase of \$94,000 when compared to net interest income of \$6,303,000 for September 30, 2012. For the three-months ending September 30, 2013, net interest income was \$2,165,000 versus \$2,076,000 for the same three month period ending September 30, 2012.

The total non-interest income component of the bank's revenue at September 30, 2013 was \$3,622,000 representing an increase of \$237,000 or 7.00%, compared to non-interest income of \$3,385,000 for September 30, 2012.

Non-Interest Expense

For the nine-month period ending September 30, 2013, non-interest expense was \$6,923,000, a decrease of \$114,000 from the September 30, 2012 level of \$7,037,000.

Primarily driven by growth in the loan portfolio, a provision for loan loss expense of \$85,000 was taken in the third quarter. The year-to-date loan loss provision is \$185,000 for the nine-months ended September 30, 2013.

Capital

The bank's capital levels remain very healthy. Shareholder's equity at September 30, 2013 was \$28,010,000 and \$28,776,000 at September 30, 2012. The key capital ratios for the bank at September 30, 2013 were: risk-based capital at 17.65%, tier one capital at 16.39% and leverage ratio at 12.12%.

The favorable results summarized in this report of your bank are driven by the hard work and dedication of every member of our Century Bank and Trust team. Based on the long-term approach of doing what is right for our clients - our daily focus continues to be building, maintaining and expanding relationships. As we enter the closing months of 2013, our business services, deposit services, mortgage/retail lending, trust and investment management and operations groups will remain focused on executing their initiatives for the year.

I look forward to sharing the Management Team's 2014 plans and the bank's full year performance. Thank you all for your support and loyalty as investors, your business as customers and your referrals of new clients and relationships to Century Bank and Trust.

Eric H. Beckhusen

Eric H. Beckhusen
Chairman & CEO

Directors & Officers

Century Financial Corporation

Directors

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Century Bank and Trust*

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Bruce S.A. Gosling
*Certified Public Accountant,
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Andrea J. Strong
Teller Operations Officer

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Commercial Loan Officer



CenturyBankandTrust.com

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Third Quarter
Report to Shareholders
September 30, 2013

Bronson • Coldwater • Nottawa
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Three Rivers

Consolidated Balance Sheet

	September 30,	
	2013	2012
Assets		
Cash and due from banks	\$ 9,490,330	\$ 4,882,824
Short term investments	1,510,000	2,150,000
Investment securities available for sale	58,416,200	48,579,694
Investment securities (market value of \$11,796,385 in 2013 and \$6,078,510 in 2012) held to maturity	12,631,110	6,373,148
Federal funds sold and other overnight investments	10,832,000	38,527,000
Loans	154,264,067	147,208,193
Less: Allowance for loan loss	(2,897,781)	(3,308,164)
Loans, Net	151,366,286	143,900,029
Bank premises and equipment, net	5,669,558	5,550,354
Bank owned life insurance	7,566,085	7,332,405
Accrued interest receivable and other assets	3,505,018	3,608,780
Total Assets	\$ 260,986,587	\$ 260,904,234
Liabilities		
Deposits		
Non-interest bearing	\$ 45,140,699	\$ 37,398,956
Interest bearing	185,582,671	192,028,496
Total Deposits	230,723,370	229,427,452
Accrued interest payable and other liabilities	2,252,867	2,700,555
Long-term borrowings	0	0
Total Liabilities	\$ 232,976,237	\$ 232,128,007
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2012 and 2011;		
issued and outstanding: 1,979,460 in 2012		
and 1,979,460 in 2011		
	\$ 1,934,757	\$ 1,979,460
Paid in capital	19,202,709	19,652,705
Retained earnings	10,918,847	9,187,842
Accumulated other comprehensive loss	(4,045,963)	(2,043,780)
Total Shareholders' Equity	\$ 28,010,350	\$ 28,776,227
Total Liabilities and Shareholder's Equity	\$ 260,986,587	\$ 260,904,234
Book Value Per Share	\$ 14.48	\$ 14.54

Consolidated Statement of Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Interest Income				
Loans, including fees	\$ 1,815,900	\$ 1,858,080	\$ 5,365,910	\$ 5,640,290
Securities				
Taxable	355,572	279,837	1,066,750	868,790
Non-Taxable	77,310	53,012	225,504	184,267
Federal funds sold and other overnight investments	6,618	19,444	28,539	50,972
Short term investments	5,197	7,487	15,626	25,213
Total Interest Income	2,260,597	2,217,860	6,702,329	6,769,532
Interest Expense				
Interest on other deposits	69,631	94,100	210,766	301,133
Interest on time deposits over \$100,000	26,367	47,986	94,642	165,108
Other interest expense	4	5	32	56
Total Interest Expense	96,002	142,091	305,440	466,297
Net Interest Income	2,164,595	2,075,769	6,396,889	6,303,235
Provision for Loan Losses	85,000	0	185,000	0
Net Interest Income after Provision for Loan Losses	2,079,595	2,075,769	6,211,889	6,303,235
Non-interest Income				
Trust and investment management revenue	387,486	352,689	1,140,199	1,079,370
Service charges on deposit accounts	414,808	404,958	1,187,609	1,223,344
Gain on sale of mortgage loans	232,890	325,915	883,415	656,467
Other income	158,203	141,744	410,602	426,094
Total Non-interest Income	1,193,387	1,225,306	3,621,825	3,385,275
Non-interest Expense				
Salaries	926,331	847,250	2,710,720	2,531,571
Employee benefits	431,840	431,111	1,324,461	1,237,131
Occupancy and equipment expense	442,549	483,600	1,412,838	1,488,913
Other expense	560,609	483,060	1,474,715	1,778,920
Total Non-interest Expense	2,361,329	2,245,021	6,922,734	7,036,535
Income Before Income Taxes	911,653	1,056,054	2,910,980	2,651,975
Income Taxes	251,358	302,792	828,432	734,697
Net Income	\$ 660,295	\$ 753,262	\$ 2,082,548	\$ 1,917,278
Basic Earnings Per Share	\$ 0.34	\$ 0.38	\$ 1.07	\$ 0.97
Diluted Earnings Per Share	\$ 0.34	\$ 0.38	\$ 1.07	\$ 0.97

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