

## To Our Shareholders

Mid-year greetings fellow shareholders. I am pleased to report the second quarter results for Century Financial Corporation and its subsidiary Century Bank and Trust.

For the six months ending June 30, 2019, Century Bank and Trust reported net income of \$2,265,000 or earnings per share of \$1.20 resulting in Return on Average Assets (ROA) of 1.44% and Return on Average Equity (ROE) of 11.71%. This compares favorably to net income of \$1,613,000 or earnings per share of \$0.84 for the same period ending June 30, 2018. ROA and ROE at June 30, 2018 were 1.09% and 8.96%, respectively. When benchmarking June 30, 2019 to June 30, 2018, net income increased 40.42%.

Comparison of the bank's income results for the three months ended June 30th is as follows:

- 2019 – net income of \$1,133,000 and earnings per share of \$0.60.
- 2018 – net income of \$806,000 and earnings per share of \$0.42.

### Balance Sheet

Total assets for the bank at June 30, 2019 were \$328,820,000, compared to \$301,352,000 at June 30, 2018 – an increase of 9.11%.

Loans ended the period at \$211,285,000. This is a \$6,951,000 or 3.40% increase over June 30, 2018. Total loans are up \$5,235,000 or 2.54% from December 31, 2018 levels.

The allowance for loan loss, as a percentage of loans, at June 30, 2019 stands at 1.29%. This is the same allowance percentage reported at June 30, 2018. A provision for loan loss expense of \$100,000 was made in the second quarter. A \$275,000 expense was made during the same period in 2018.

Shareholder equity at June 30, 2019 and 2018 was \$40,776,000 and \$36,602,000, respectively. Capital ratios at June 30, 2019 remain strong and well above minimum regulatory requirements.

### Income Statement

Total revenue at June 30, 2019 was \$8,467,000 compared to \$7,967,000 at June 30, 2018. For the three months concluding June 30, 2019, total revenue was \$4,268,000 compared to \$4,034,000 for the same period in 2018. Key year-over highlights are:

- \$543,000 increase in net interest income
- \$42,000 increase in Trust and Investment Management revenue
- \$6,000 net decrease in Service Charge income
- \$49,000 decrease in Gain on Sale of mortgage loans

Non-interest expense for the six months ended June 30, 2019 totaled \$5,552,000 versus \$5,543,000 at June 30, 2018. Operating costs, net of employee related expenses, increased \$9,000 when comparing June 2019 and 2018.

As we look toward the second-half of 2019, it is with a continued positive outlook in the communities we serve – for both our consumer and business clients. A broader economic item financial institutions are monitoring as we get set to manage the last half of the year will be the Federal Open Market Committee's (FOMC) decisions on interest rates. Your bank team looks forward to building upon our solid first-half performance. 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 &amp; CEO, Century Bank and Trust</i>	Bruce S. A. Gosling, <i>Certified Public Accountant, Gabridge &amp; Company, PLC</i>
Robert P. Brothers <i>Attorney at Law, Brothers Law Office, PLLC</i>	Thomas G. Kramer <i>Retired Executive Director, ADAPT, Incorporated</i>
Jeffrey W. Budd <i>CPA, Utility Director, Coldwater Board of Public Utilities</i>	Caroline P. Lowe <i>Certified Public Accountant, Caroline P. Lowe, CPA, PLC</i>
James W. Gordon <i>Certified Public Accountant, James W. Gordon, CPA, P.C.</i>	William G. Pridgeon <i>Partner, Pridgeon Farms, LLC</i>
	Eric J. Wynes <i>President, Century Bank and Trust</i>

### Century Bank and Trust Officers

Eric H. Beckhusen <i>Chairman &amp; CEO</i>	Michael D. Eddy <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Eric J. Wynes <i>President</i>	Jared E. Hoffmaster <i>Assistant Vice President &amp; Investment Officer</i>
Dylan M. Foster <i>Senior Vice President</i>	Vicki R. Morris <i>Assistant Vice President &amp; Mortgage Loan Officer</i>
Rebecca S. Crabill <i>Chief Financial Officer</i>	Tracy A. Richer <i>Assistant Vice President &amp; Trust Officer</i>
Julie A. Andrews <i>Vice President &amp; Senior Trust Officer</i>	Mashaun M. Schabloski <i>Assistant Vice President &amp; Marketing Director</i>
Jeffrey S. Holbrook <i>Vice President</i>	Andrea J. Strong <i>Assistant Vice President &amp; Teller Operations 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>
Donna L. Penick <i>Vice President &amp; Auditor</i>	Ryan J. Saddler <i>Cash Management Officer</i>
Ronald H. Uhl <i>Vice President</i>	Erik L. Schaeffer <i>Trust Officer</i>
Adam M. Wright <i>Vice President</i>	Kathy A. Tomson <i>Mortgage Loan Officer</i>
Alicia K. Cole <i>Assistant Vice President &amp; Trust Officer</i>	
Corey L. Collins <i>Assistant Vice President &amp; Commercial Loan Officer</i>	
Jason C. Dozeman <i>Assistant Vice President &amp; Commercial Loan Officer</i>	



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Second Quarter  
Report to Shareholders  
June 30, 2019

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

### Consolidated Balance Sheet

	June 30,	
	2019	2018
<b>Assets</b>		
Cash and due from banks	\$ 7,946,831	\$ 8,316,114
Interest bearing deposits in other financial institutions	2,992,973	3,242,671
Investment securities available for sale	46,143,046	46,540,929
Investment securities (market value of \$13,955,665 in 2019 and \$13,596,744 in 2018) held to maturity	13,086,346	13,498,887
Federal funds sold and other overnight investments	33,086,685	10,575,592
Loans	211,284,539	204,333,253
Less: Allowance for loan loss	(2,719,268)	(2,640,424)
<b>Loans, Net</b>	<b>208,565,271</b>	<b>201,692,830</b>
Bank premises and equipment, net	4,958,314	5,088,542
Bank owned life insurance	8,898,899	8,665,594
Accrued interest receivable and other assets	3,141,557	3,731,214
<b>Total Assets</b>	<b>\$ 328,819,922</b>	<b>\$ 301,352,373</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	94,543,857	\$ 85,008,154
Interest bearing	183,431,546	175,238,821
<b>Total Deposits</b>	<b>277,975,403</b>	<b>260,246,975</b>
Accrued interest payable and other liabilities	2,068,500	2,003,423
Other borrowings	8,000,000	2,500,000
<b>Total Liabilities</b>	<b>\$ 288,043,902</b>	<b>\$ 264,750,397</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2019 and 2018;		
issued and outstanding: 1,893,908 in 2018 and 1,914,140 in 2018	\$ 1,893,908	\$ 1,914,140
Paid in capital	18,477,863	18,867,310
Retained earnings	20,543,439	17,281,883
Accumulated other comprehensive loss	(139,190)	(1,461,357)
<b>Total Shareholders' Equity</b>	<b>\$ 40,776,020</b>	<b>\$ 36,601,975</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 328,819,922</b>	<b>\$ 301,352,373</b>
<b>Book Value Per Share</b>	<b>\$ 21.53</b>	<b>\$ 19.12</b>

### Consolidated Statement of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Interest Income</b>				
Loans, including fees	\$ 2,766,166	\$ 2,505,906	\$ 5,467,992	\$ 4,939,451
Securities				
Taxable	262,023	260,858	526,740	532,010
Non-Taxable	75,747	77,900	148,966	163,064
Federal funds sold and other overnight investments	175,451	55,463	325,571	119,388
Interest on deposits in other financial institutions	15,444	16,043	30,651	31,946
<b>Total Interest Income</b>	<b>\$ 3,294,830</b>	<b>\$ 2,916,170</b>	<b>\$ 6,499,921</b>	<b>\$ 5,785,859</b>
<b>Interest Expense</b>				
Interest on other deposits	178,914	145,770	337,757	242,125
Interest on time deposits over \$100,000	36,934	7,941	79,942	15,602
Other interest expense	23,213	9,669	32,730	21,698
<b>Total Interest Expense</b>	<b>\$ 239,060</b>	<b>\$ 163,380</b>	<b>\$ 450,429</b>	<b>\$ 279,425</b>
Net Interest Income	3,055,770	2,752,789	6,049,492	5,506,434
<b>Provision for Loan Losses</b>	<b>100,000</b>	<b>275,000</b>	<b>145,000</b>	<b>480,000</b>
Net Interest Income after Provision for Loan Losses	2,955,770	2,477,789	5,904,492	5,026,434
<b>Non-interest Income</b>				
Trust and investment management revenue	519,096	515,037	1,028,821	986,856
Service charges on deposit accounts	435,925	449,807	872,993	878,744
Gain on sale of mortgage loans	125,258	161,903	233,945	283,243
Other income	132,409	154,513	281,484	311,838
<b>Total Non-interest Income</b>	<b>\$ 1,212,688</b>	<b>\$ 1,281,260</b>	<b>\$ 2,417,243</b>	<b>\$ 2,460,681</b>
<b>Non-interest Expense</b>				
Salaries	1,209,066	1,262,031	2,557,929	2,534,398
Employee benefits	395,769	404,864	826,191	849,419
Occupancy and equipment expense	542,896	484,957	1,038,992	1,023,339
Other expense	633,696	632,653	1,129,051	1,135,922
<b>Total Non-interest Expense</b>	<b>\$ 2,781,428</b>	<b>\$ 2,784,505</b>	<b>\$ 5,552,163</b>	<b>\$ 5,543,078</b>
<b>Income Before Income Taxes</b>	<b>1,387,029</b>	<b>974,545</b>	<b>2,769,572</b>	<b>1,944,038</b>
<b>Income Taxes</b>	<b>253,624</b>	<b>168,459</b>	<b>504,752</b>	<b>331,183</b>
<b>Net Income</b>	<b>\$ 1,133,405</b>	<b>\$ 806,086</b>	<b>\$ 2,264,820</b>	<b>\$ 1,612,855</b>
<b>Basic &amp; Diluted Earnings Per Share</b>	<b>\$ 0.60</b>	<b>\$ 0.42</b>	<b>\$ 1.20</b>	<b>\$ 0.84</b>

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