

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, 2024, Century Bank and Trust reported net income of \$4,095,000 or earnings per share of \$2.46 resulting in Return on Average Assets (ROA) of 1.76% and Return on Average Equity (ROE) of 16.61%. This compares favorably to net income of \$3,722,000 or earnings per share of \$2.18 for the same period ending June 30, 2023. ROA and ROE at June 30, 2023 were 1.59% and 16.40%, respectively.

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

- 2024 – net income of \$2,118,000 and earnings per share of \$1.27.
- 2023 – net income of \$2,063,000 and earnings per share of \$1.21.

Balance Sheet

Total assets for the bank at June 30, 2024 stood at \$469,588,000, compared to \$463,148,000 for June 30, 2023. The balance sheet continues to have strong liquidity with deposits at mid-year 2024 totaling \$408,266,000. This compares to total deposits of \$408,754,000 at June 30, 2023. Total assets and deposits at March 31, 2024 were - \$473,458,000 and \$414,192,000, respectively.

Loans ended the period at \$239,446,000 versus \$214,906,000 at June 30, 2023. An increase of \$24,540,000 or 11.41%. At 12-31-23, the loan portfolio stood at \$218,629,000. The allowance for credit loss, as a percentage of loans, at June 30, 2024 stands at 1.48%. This compares to 1.54% reported at June 30, 2023. Asset quality metrics remain extremely strong. Driven by loan growth, a provision for credit loss expense of \$225,000 was made for the quarter. No provision expense was made in the comparable quarter 2023. Year-to-date 2024, the provision expense is \$275,000.

Shareholder equity at June 30, 2024 and 2023 was \$53,149,000 and \$45,459,000, respectively. Capital ratios at June 30, 2024 remain strong and well above minimum regulatory requirements.

Book value at June 30, 2024 was \$31.97 compared to \$26.85 at June 30, 2023.

Income Statement

Total revenue at June 30, 2024 was \$12,299,000 compared to \$11,458,000 at June 30, 2023. The revenue mix, year-to-date, was \$9,555,000 in net interest income and \$2,744,000 in fee income. For the same period last year, this corresponding combination was \$8,977,000 and \$2,481,000.

Key income statement summaries:

- Net interest income is up \$578,000 year-over. Comparing second-quarter 2024 to 2023, this revenue line has a positive variance of \$292,000.
- Trust and Investment Management revenue was up \$184,000 year-over.
- Gain on sale of mortgage loans at 6-30-24 was \$211,900 compared to \$142,000 at 6-30-23.
- Non-interest expense through June 30, 2024 totaled \$6,994,000 versus \$6,847,000 at June 30, 2023. Operating costs, net of employee related expenses, increased \$28,000 when comparing June 2024 and 2023.

As we cross-over into the second-half of the year, we continue to see stable, and positive economic trends and activity in all segments of the communities, and markets we serve. That said, we remain observant of how potential future Federal Open Market Committee (FOMC) action on rates, and the 2024 election cycle may interact with the economy. Regardless of which way these macro-economic elements may blow, your talented team of bankers will remain persistently focused on executing our playbook to build, and grow long-term client relationships.

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



Eric H. Beckhusen
Chairman & CEO

DIRECTORS & OFFICERS

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SECOND QUARTER
REPORT TO SHAREHOLDERS
JUNE 30, 2024

BRONSON • COLDWATER • NOTTAWA
QUINCY • READING • STURGIS
THREE RIVERS

CONSOLIDATED BALANCE SHEET

	JUNE 30,	
	2024	2023
ASSETS		
Cash and due from banks	\$ 10,234,115	\$ 14,184,778
Interest bearing deposits in other financial institutions	1,250,000	2,000,000
Investment securities available for sale	123,994,329	145,577,977
Investment securities (market value of \$15,164,835 in 2024 and \$15,466,774 in 2023) held to maturity	17,493,640	17,659,019
Federal funds sold and other overnight investments	61,746,298	53,373,676
Loans	239,445,582	214,906,231
Less: Allowance for credit losses	(3,541,502)	(3,306,260)
Loans, Net	235,904,080	211,599,971
Bank premises and equipment, net	4,212,711	4,164,930
Bank owned life insurance	9,137,130	8,902,796
Accrued interest receivable and other assets	5,615,459	5,684,757
TOTAL ASSETS	\$ 469,587,762	\$ 463,147,906
LIABILITIES		
Deposits		
Non-interest bearing	\$ 155,727,781	\$ 164,080,827
Interest bearing	252,538,619	244,673,326
TOTAL DEPOSITS	408,266,399	408,754,153
Accrued interest payable and other liabilities	3,171,949	3,434,798
Other borrowings	5,000,000	5,500,000
TOTAL LIABILITIES	\$ 416,438,348	\$ 417,688,951
SHAREHOLDERS' EQUITY		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2024 and 2023;		
issued and outstanding: 1,662,327 in 2024 and 1,693,378 in 2023	\$ 1,662,327	\$ 1,693,378
Paid in capital	12,908,952	13,698,845
Retained earnings	43,570,171	37,178,574
Accumulated other comprehensive loss	(4,992,036)	(7,111,841)
TOTAL SHAREHOLDERS' EQUITY	\$ 53,149,413	\$ 45,458,956
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 469,587,762	\$ 463,147,906
BOOK VALUE PER SHARE	\$ 31.97	\$ 26.85

CONSOLIDATED STATEMENT OF INCOME

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2024	2023	2024	2023
INTEREST INCOME				
Loans, including fees	\$ 3,710,074	\$ 2,999,344	\$ 7,288,277	\$ 5,741,687
Securities	-	-	-	-
Taxable	1,224,733	1,287,904	2,588,056	2,581,663
Non-Taxable	99,487	102,162	193,643	194,252
Federal funds sold and other overnight investments	935,268	983,124	1,746,491	1,674,684
Interest on deposits in other financial institutions	11,123	13,650	23,340	27,150
TOTAL INTEREST INCOME	\$ 5,980,686	\$ 5,386,184	\$ 11,839,807	\$ 10,219,436
INTEREST EXPENSE				
Interest on other deposits	1,065,793	791,668	2,128,493	1,149,296
Interest on time deposits over \$100,000	56,566	21,272	108,675	38,868
Other interest expense	20,551	27,344	47,939	54,476
TOTAL INTEREST EXPENSE	\$ 1,142,910	\$ 840,283	\$ 2,285,107	\$ 1,242,640
Net Interest Income	4,837,776	4,545,901	9,554,699	8,976,796
PROVISION FOR LOAN LOSSES				
	225,000	-	275,000	-
Net Interest Income after Provision for Loan Losses	4,612,776	4,545,901	9,279,699	8,976,796
NON-INTEREST INCOME				
Trust and investment management revenue	695,873	618,378	1,378,782	1,195,301
Service charges on deposit accounts	424,742	442,194	835,772	870,258
Gain on sale of mortgage loans	143,630	91,414	211,838	141,599
Other income	147,781	123,291	317,445	273,896
TOTAL NON-INTEREST INCOME	\$ 1,412,025	\$ 1,275,276	\$ 2,743,837	\$ 2,481,053
NON-INTEREST EXPENSE				
Salaries	1,629,604	1,428,916	3,337,540	3,200,435
Employee benefits	412,881	434,061	879,202	896,672
Occupancy and equipment expense	555,995	559,056	1,132,989	1,127,403
Other expense	823,155	839,148	1,644,399	1,622,436
TOTAL NON-INTEREST EXPENSE	\$ 3,421,634	\$ 3,261,181	\$ 6,994,130	\$ 6,846,946
INCOME BEFORE INCOME TAXES	2,603,168	2,559,996	5,029,406	4,610,903
INCOME TAXES	485,031	497,342	934,679	888,654
NET INCOME	\$ 2,118,137	\$ 2,062,654	\$ 4,094,727	\$ 3,722,248
BASIC & DILUTED EARNINGS PER SHARE	\$ 1.27	\$ 1.21	\$ 2.46	\$ 2.18

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