

## To Our Shareholders

I am pleased to report first quarter results of Century Financial Corporation and its subsidiary Century Bank and Trust.

For the three months ending March 31, 2023, your company earned net income of \$1,660,000 or earnings per share of \$0.97. This compares to March 31, 2022 when net income of \$1,119,000 and earnings per share of \$0.63 were reported. The return on average equity (ROE) for the first quarter was 14.41% with a return on assets (ROA) of 1.41%. ROE and ROA for the same period in 2022 were 9.68% and 0.98%, respectively.

The bank's total revenue at March 31, 2023 was \$5,637,000 versus \$4,068,000 at March 31, 2022. Other performance measures when comparing first quarter 2023 against first quarter 2022 are: net interest income of \$4,431,000 compared to \$2,598,000 and total non-interest income of \$1,206,000 compared to \$1,470,000. The variance in non-interest income is primarily related to the slowdown in residential mortgage activity caused by higher rates and continued tight housing inventory in our markets. Total first-quarter operating expense was \$3,586,000 and \$2,696,000 for 2023 and 2022, respectively.

Total assets at March 31, 2023 were \$466,154,000 compared to \$478,342,000 at March 31, 2022. Deposits closed the quarter at \$412,429,000 – this compares to \$424,355,000 at March 31, 2022. Total deposits at 12-31-22 were \$403,644,000.

Loans totaled \$202,360,000 at March 31, 2023 compared to \$198,359,000 a year earlier. During the first quarter, the bank adopted the new, and required accounting method to estimating current expected credit losses, or CECL. Transition to this new methodology did not require a provision expense at adoption. The allowance for credit loss was \$3,299,000 or 1.63% of the loan portfolio compared to \$3,318,000 or 1.67% of the loan portfolio at March 31, 2022. There was no provision for loan loss expense in the first quarter of 2023 or the first quarter of 2022.

Shareholder equity at March 31, 2023 and March 31, 2022 was \$45,671,000 and \$46,482,000, respectively. Capital ratios are strong and well above minimum regulatory requirements.

The Board of Directors announced a \$0.01 per share dividend increase at the Annual Shareholders' Meeting on March 21, 2023. Qualifying shareholders saw this reflected in their March 20, 2023 payment. The new quarterly dividend of \$0.225 per share sets the annual payout rate at \$0.90. Based on a \$28.00 stock price at March 31, 2022, this equates to a dividend yield of 3.21%.

As we close the first quarter, the core economic elements within the communities we serve remain strong – both at the consumer and business levels. We will continue to monitor the tailwinds of the Fed's rate tightening efforts on both of these segments. In any scenario, we feel well positioned to take advantage of opportunities and navigate any challenges.

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*

Eric H. Beckhusen  
Chairman & CEO

## Directors & Officers

### Century Financial Corporation Directors

|                                                                                       |                                                                                             |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Eric H. Beckhusen<br><i>Chairman &amp; CEO,<br/>Century Bank and Trust</i>            | Bruce S. A. Gosling,<br><i>Certified Public Accountant,<br/>Gabridge &amp; Company, PLC</i> |
| Robert P. Brothers<br><i>Attorney at Law,<br/>Brothers Law Office, PLLC</i>           | Brian D. Pridgeon<br><i>Partner,<br/>Pridgeon Farms, LLC</i>                                |
| Jeffrey W. Budd<br><i>CPA, Chief Finance Officer,<br/>Sekisui Voltek, LLC</i>         | Eric J. Wynes<br><i>President,<br/>Century Bank and Trust</i>                               |
| James W. Gordon<br><i>Certified Public Accountant,<br/>James W. Gordon, CPA, P.C.</i> |                                                                                             |

### Century Bank and Trust Officers

|                                                                                    |                                                                                        |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Eric H. Beckhusen<br><i>Chairman &amp; CEO</i>                                     | Alicia A. Finnerman<br><i>Assistant Vice President &amp;<br/>Mortgage Loan Officer</i> |
| Eric J. Wynes<br><i>President</i>                                                  | Sergio Gomez<br><i>Assistant Vice President &amp;<br/>Mortgage Loan Officer</i>        |
| Dylan M. Foster<br><i>Executive Vice President</i>                                 | Vicki R. Morris<br><i>Assistant Vice President &amp;<br/>Mortgage Loan Officer</i>     |
| Rebecca S. Crabill<br><i>Chief Financial Officer</i>                               | Mashaun M. Schabloski<br><i>Assistant Vice President &amp;<br/>Marketing Director</i>  |
| Julie A. Andrews<br><i>Vice President &amp;<br/>Senior Trust Officer</i>           | Erik L. Schaeffer<br><i>Assistant Vice President &amp;<br/>Trust Officer</i>           |
| Alicia K. Cole<br><i>Vice President &amp;<br/>Senior Trust Officer</i>             | Kathy A. Tomson<br><i>Assistant Vice President &amp;<br/>Mortgage Loan Officer</i>     |
| Jared E. Hoffmaster<br><i>Vice President &amp;<br/>Investment Officer</i>          | Melinda G. Dean<br><i>Retail Loan Officer</i>                                          |
| Jeffrey S. Holbrook<br><i>Vice President</i>                                       | Teffany F. Dickey<br><i>Retail Loan Officer</i>                                        |
| Barry R. Miller<br><i>Vice President</i>                                           | Michael C. Lauraine<br><i>Business Development &amp;<br/>Commercial Loan Officer</i>   |
| Donna L. Penick<br><i>Vice President &amp; Risk Officer</i>                        | Karen A. Dunn<br><i>Human Resource Manager</i>                                         |
| Tracy A. Richer<br><i>Vice President &amp;<br/>Trust Officer</i>                   | Jennifer J. Ewers<br><i>Auditor</i>                                                    |
| Andrea J. Strong<br><i>Vice President</i>                                          | Samantha L. Fergison<br><i>Digital Products Officer</i>                                |
| Ronald H. Uhl<br><i>Vice President</i>                                             | Tiffany R. Moore<br><i>Deposit Services Officer</i>                                    |
| Michael D. Eddy<br><i>Assistant Vice President &amp;<br/>Mortgage Loan Officer</i> | Ryan J. Saddler<br><i>Cash Management Officer</i>                                      |

**CENTURY**  
FINANCIAL CORPORATION

CenturyBankandTrust.com

(866) 680-BANK

First Quarter  
Report to Shareholders  
March 31, 2023

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

### Consolidated Balance Sheet

|                                                                                                                                                       | March 31,             |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                       | 2023                  | 2022                  |
| <b>Assets</b>                                                                                                                                         |                       |                       |
| Cash and due from banks                                                                                                                               | \$ 12,731,160         | \$ 12,442,835         |
| Interest bearing deposits in other financial institutions                                                                                             | 2,000,000             | 1,744,000             |
| Investment securities available for sale                                                                                                              | 149,452,614           | 52,705,971            |
| Investment securities (market value of \$15,852,053 in 2023 and \$17,282,042 in 2022) held to maturity                                                | 17,991,489            | 18,735,744            |
| Federal funds sold and other overnight investments                                                                                                    | 66,201,489            | 180,100,884           |
| Loans                                                                                                                                                 | 202,360,136           | 198,358,503           |
| Less: Allowance for credit losses                                                                                                                     | (3,298,632)           | (3,318,114)           |
| Loans, Net                                                                                                                                            | 199,061,505           | 195,040,389           |
| Bank premises and equipment, net                                                                                                                      | 4,188,444             | 4,389,144             |
| Bank owned life insurance                                                                                                                             | 8,848,028             | 9,545,862             |
| Accrued interest receivable and other assets                                                                                                          | 5,678,829             | 3,636,746             |
| <b>Total Assets</b>                                                                                                                                   | <b>\$ 466,153,557</b> | <b>\$ 478,341,575</b> |
| <b>Liabilities</b>                                                                                                                                    |                       |                       |
| Deposits                                                                                                                                              |                       |                       |
| Non-interest bearing                                                                                                                                  | \$ 162,580,356        | \$ 167,153,840        |
| Interest bearing                                                                                                                                      | 249,848,674           | 257,200,656           |
| <b>Total Deposits</b>                                                                                                                                 | <b>412,429,030</b>    | <b>424,354,497</b>    |
| Accrued interest payable and other liabilities                                                                                                        | 2,553,609             | 2,005,106             |
| Other borrowings                                                                                                                                      | 5,500,000             | 5,500,000             |
| <b>Total Liabilities</b>                                                                                                                              | <b>\$ 420,482,639</b> | <b>\$ 431,859,603</b> |
| <b>Shareholders' Equity</b>                                                                                                                           |                       |                       |
| Common stock - \$1 par value;<br>Shares authorized: 3,000,000 in 2023 and 2022;<br>issued and outstanding: 1,711,341 in 2023 and<br>1,782,411 in 2022 | \$ 1,711,341          | \$ 1,782,411          |
| Paid in capital                                                                                                                                       | 14,152,835            | 16,051,269            |
| Retained earnings                                                                                                                                     | 35,496,976            | 30,600,058            |
| Accumulated other comprehensive loss                                                                                                                  | (5,690,235)           | (1,951,766)           |
| <b>Total Shareholders' Equity</b>                                                                                                                     | <b>\$ 45,670,918</b>  | <b>\$ 46,481,972</b>  |
| <b>Total Liabilities and Shareholder's Equity</b>                                                                                                     | <b>\$ 466,153,557</b> | <b>\$ 478,341,575</b> |
| <b>Book Value Per Share</b>                                                                                                                           | <b>\$ 26.69</b>       | <b>\$ 26.08</b>       |

### Consolidated Statement of Income

|                                                      | Three Months Ended<br>March 31, |                     |
|------------------------------------------------------|---------------------------------|---------------------|
|                                                      | 2023                            | 2022                |
| <b>Interest Income</b>                               |                                 |                     |
| Loans, including fees                                | \$ 2,742,344                    | \$ 2,288,434        |
| Securities                                           |                                 |                     |
| Taxable                                              | 1,293,760                       | 232,628             |
| Non-Taxable                                          | 92,090                          | 80,037              |
| Federal funds sold and other overnight investments   | 691,559                         | 82,607              |
| Interest on deposits in other financial institutions | 13,500                          | 9,734               |
| <b>Total Interest Income</b>                         | <b>\$ 4,833,252</b>             | <b>\$ 2,693,440</b> |
| <b>Interest Expense</b>                              |                                 |                     |
| Interest on other deposits                           | 357,628                         | 58,289              |
| Interest on time deposits over \$100,000             | 17,596                          | 10,175              |
| Other interest expense                               | 27,132                          | 27,088              |
| <b>Total Interest Expense</b>                        | <b>\$ 402,357</b>               | <b>\$ 95,551</b>    |
| Net Interest Income                                  | 4,430,895                       | 2,597,888           |
| <b>Provision for Loan Losses</b>                     | <b>-</b>                        | <b>-</b>            |
| Net Interest Income after Provision for Loan Losses  | 4,430,895                       | 2,597,888           |
| <b>Non-interest Income</b>                           |                                 |                     |
| Trust and investment management revenue              | 576,922                         | 616,016             |
| Service charges on deposit accounts                  | 428,064                         | 421,568             |
| Gain on sale of mortgage loans                       | 50,186                          | 256,725             |
| Other income                                         | 150,605                         | 176,014             |
| <b>Total Non-interest Income</b>                     | <b>\$ 1,205,776</b>             | <b>\$ 1,470,322</b> |
| <b>Non-interest Expense</b>                          |                                 |                     |
| Salaries                                             | 1,771,519                       | 1,034,396           |
| Employee benefits                                    | 462,611                         | 459,249             |
| Occupancy and equipment expense                      | 568,347                         | 514,977             |
| Other expense                                        | 783,288                         | 687,368             |
| <b>Total Non-interest Expense</b>                    | <b>\$ 3,585,765</b>             | <b>\$ 2,695,990</b> |
| <b>Income Before Income Taxes</b>                    | <b>2,050,907</b>                | <b>1,372,220</b>    |
| <b>Income Taxes</b>                                  | <b>391,312</b>                  | <b>253,600</b>      |
| <b>Net Income</b>                                    | <b>\$ 1,659,595</b>             | <b>\$ 1,118,620</b> |
| <b>Basic &amp; Diluted Earnings Per Share</b>        | <b>\$ 0.97</b>                  | <b>\$ 0.63</b>      |

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