


2014

CENTRIC FINANCIAL CORPORATION
ANNUAL REPORT



// Smart Banking. Smarter Business Growth.



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CENTRIC FINANCIAL CORPORATION ANNUAL REPORT 2014

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TO OUR SHAREHOLDERS, CUSTOMERS, AND FRIENDS:

2014 was our year of the job creator. The fuel for business growth derives from two valuable resources: people and cash. An analysis of our loan portfolios offers deep insights into the men and women who depend on us to grow their businesses. These smart people bring their ideas to market, manufacture better products, create software, advance our healing, make the environment safer, and invest in local businesses.



DONALD E. ENDERS, JR.
Chairman of the Board



PATRICIA A. HUSIC
President & CEO

While news headlines may portend that mergers and acquisitions are rendering community banks obsolete or uncompetitive, Centric Bank has experienced the exact opposite reality. We have not only withstood the M&A threat; we are providing solutions for small businesses that no other institution is delivering. We continue to grow in assets, organic loans, small business customers, lending services, SBA loans, and fee income. Our customers consider that *Smart banking*. We consider our accessibility, knowledge, and resources as fuel for *Smarter business growth*.

Ninety percent of U.S. banks are under \$1 billion in assets, but community banks remain the chief funding source for most of the small business economy.

Centric Bank was formed in 2007 to take business and community growth to the next competitive level. Our financial centers are strategically located in neighborhoods, so we can develop strong personal relationships with our customers, serve their walk-in

banking needs, meet in person or online to explain loan and savings opportunities, and provide courier and concierge services when needed.

From our side of the lending desk, we have the privilege of a deep dive into the small business fabric of central Pennsylvania. Building and nurturing healthy communities requires strong financial partnerships with people who care. It has been our privilege these past seven years to be their economic pipeline.

We have sustained growth through the most challenging years in recent U.S. economic history, and we're proud to once again be a leader in organic loan growth and champion the respect and value of American banking.

SBA lending continued to be a strategic initiative for the Centric team. In 2014, we originated \$7.2 million in financing. For the third consecutive year, Centric Bank was an SBA lending leader in the Philadelphia region.

Another key strategy is increasing non-interest income from our mortgage division by selling these loans on the secondary market. During 2014, we sold over \$11 million in loans which corresponded to \$181,165 in gross fee income.

Net income after taxes totaled \$1,230,000 as compared to \$436,000 in 2013; an increase of 182% or \$794,000. The significant increase in net income was attributed to our loan growth and improvement of the loan-to-deposit ratio to 91% at year-end from 85.9% in the prior period. We continued efforts to reduce our cost of funds from .86% to .72%. The provision for loan losses also decreased by \$953,000 due to the low level of delinquencies and non-performing assets. We continued to focus on risk management and our

asset quality. Heightened processes and procedures were implemented to consistently determine risk ratings assigned to our credit facilities, and a corresponding pricing matrix was developed to apply a disciplined approach to pricing credit facilities.

At the end of 2014, our delinquency ratio for loans 30-89 days decreased from .93% to .72%. Centric compared favorably to the Pennsylvania delinquency average of 2.04% and nationally at 1.96%. Further indications of our diligent collection and risk management efforts are the continued decline of our past-due loans greater than 90 days and non-accrual loans of \$761,758 in 2014, as compared to \$1,524,508 for the previous period.

Our Derry Township financial center reached profitability after serving the community for just 16 months. A typical benchmark for a new office is 36 months to break even or achieve profitability. At the end of 2014, this location attracted \$40 million in gross loans and \$26 million in deposits and is contributing positively to our bottom line.

Centric continued to lead in organic loan growth by funding \$78.7 million in new loans during the year. The median loan growth for 2014 was 5.16% for all banks in the state, as compared to Centric's robust 10.3% level.

Our financial highlights as of December 31, 2014, are as follows:

- **Total loans** increased to \$254 million, an increase of \$23.7 million or 10.3%;
- **Total deposits** were \$276 million, an increase of \$8.2 million or 3.1% from the prior year;
- **Total assets** were \$312 million, an increase of \$7.4 million or 2.4% over the same period in 2013;
- **Tangible book value** of the bank's stock increased to \$5.15/share; an increase of \$0.59/share or 12.9% from the prior year-end of \$4.56/share;

- **Return on equity** increased from 2.96% at year-end 2013 to 7.87%;

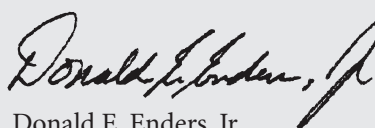
- **Return on assets** increased from .14% to .40%.

In addition to the positive trends in every service area, we are continuously strengthening our brand through sponsorships, social media engagement, community event participation, panel presentations, national recognitions, women in business initiatives, and a keen eye on performance.

One of the best visual indicators of economic growth is the increase in *FINANCED BY CENTRIC BANK* signs dotting business properties throughout central Pennsylvania. Ending the year with an exclamation point, we embarked on a Stock Offering with a goal of \$4 million. After conversations and presentations sharing the Centric Bank passion and purpose, we reached \$5.1 million and have a Waiting List of investors. Every individual responded to our story of the early beginnings, regulatory challenges, no-turning-back ethos, and sense of spirited momentum. Signaling unanimous support and personal investment, Centric Bank's executive team and board of directors display their confidence with a 100% participation in stock ownership.

With a rewarding 2014 behind us, we're emboldened in our mission to *Be the Difference Maker*, creating growth and goodwill with every customer and in every community we serve.

Sincerely,



Donald E. Enders, Jr.
Chairman of the Board



Patricia A. Husic
President & CEO

“TO BE SUCCESSFUL, YOU HAVE TO HAVE YOUR HEART IN YOUR BUSINESS, AND YOUR BUSINESS IN YOUR HEART.”

THOMAS WATSON, SR., CEO, IBM 1914-1956

We founded Centric Bank in 2007 from a shared vision that a community bank could *Be the Difference Maker* for the men and women who power the GDP. Not surprisingly to us, each year we have seen our investment in small businesses truly make a difference in our community. We believe in their dreams, aspirations, and potential. Indeed, we have committed our today and tomorrow to provide every resource to support these job creators.

We're proud of our business clients, our customers, our shareholders, and our employees. Focused on the long game, we have never sacrificed the trust of our stakeholders at the feet of next quarter's earnings expectations. We believe that “trust is relational; it's not transactional. Everything an organization does is done with, by, for, and through people. Trust cannot be legislated, bought, or downloaded.”[†] Driven by these principles, we have experienced growth in every service sector.

[†]Keith Darcy, Deloitte & Touche LLP, and Executive Director of the Ethics and Compliance Association

Smart Banking

2014 was a year of *Smart banking* and *Smarter business growth* for our customers. Balancing risk and potential, we made smart decisions on who to invest in; we hired smart team members who are socially engaged and professionally networked; and we helped smart borrowers grow and reach new milestones because of the capital we infused in their endeavors.

There are nearly 200,000 businesses in southcentral Pennsylvania with an annual GDP of \$13.5 billion. We're honored to be a key financing partner in this new wave of entrepreneurial and business growth. In the last quarter of 2014, we saw 70-75 percent of the loan volume derived from new business startups, construction or commercial properties, and equipment purchasing. Every commercial mortgage triggers a series of economic investments that far exceeds the mortgage amount—these investments put people to work. What does it mean to contribute to a business dream and *Be the Difference Maker*?

“Without Centric Bank's resources and business guidance, I would not have been able to navigate the path to commercial property ownership as seamlessly as I did. Kristel Zaring not only kept me informed every step of the process, but she prepared me for eventualities, unexpected

scenarios, and regulatory requirements. There are so many moving parts in a property purchase—and an overwhelming sense of vulnerability for the business owner—that it's critical to choose a banking partner who truly works for you. I asked myself, Do I trust them to help me take my dream to the next level? The answer is in the Financing By Centric Bank sign declaring my trust to the 12,000 cars that pass my new building every day,” says Anne Deeter Gallaher, Owner/CEO, Deeter Gallaher Group LLC.

The goal for every business borrower, customer, and shareholder is financial growth—and that's our goal as well. Now in our eighth year, we continue to believe every dollar invested in us represents a strategic business decision to grow with us. How you created your business wealth and why you chose to trust us is our narrative, and this story is critical to our long-term growth.

Significant efforts were made in securing our digital tattoo and strengthening omnichannel messaging. Whether a customer meets us on Twitter, in a video, at a conference, on Facebook, or at a loan appointment, *We Revolve Around You*.

Smart banking for us culminated in the decision to declare a Stock Offering in the fourth quarter. “The new capital raised will provide new opportunities for us to capture a larger portion of the business and health care services market and develop deeper business banking services in our central Pennsylvania communities,” says President & CEO Patti Husic.

Specifically, Centric Bank will use the investment to fund an expanded lending team, open loan production offices in new markets, bolster mortgage capacity, and increase access to capital for business borrowers.

After several public presentations to influencers in the region and many personal conversations with health care professionals, women business owners, and Mid-Atlantic investors, one point was very clear: Our entrepreneurial spirit and local lending commitment resonates with investors.

We're undergoing our biggest expansion in Appalachian Brewing Company's 18-year history. With seven central Pennsylvania brewpubs and two bottling plants, ABC has big-bank demands that Centric Bank easily supplies. We are fortunate to have a successful local bank with in-house financing expertise plus all the other services. From branch staff to upper management, we enjoy working with Centric. Thanks for helping us grow this far, and we look forward to an amazing future. Cheers!

JACK SPROCH

Co-owner, Appalachian Brewing Company

Pictured left to right: co-owners Jack Sproch, Artie Tafoya, and Shawn Gallagher



We reached \$5.1 million in our capital raise, exceeding our goal of \$4 million. When the *Central Penn Business Journal* reported our stock offering achievement, several business owners contacted us to invest. It was difficult to decline their earnest desire to join us in this journey, but knowing we have a Waiting List further demonstrates the community's trust in our tomorrow.

Over 70 percent of our new investors are customers of Centric Bank. Their vote of confidence reaffirmed the desire and necessity for them to partner with a locally owned, locally loaned bank. Centric Bank vaunts 100 percent participation in stock ownership by the leadership team and its Board of Directors.

From the very beginning when Centric Bank established its presence in Camp Hill, I knew they'd be different from the typical bank. Patti Husic and Vickie Broughton were so supportive and involved in the community. When I acquired Chemical Solutions, my first step was connecting with Centric Bank. No one enjoys switching banks, but Centric walked me through the process and made it easy. Besides the products that help my business run more smoothly—ACH, Remote Deposit, and Merchant Services—Mark Holst's personal attention made the transition simple. When we've needed loans and lines, Vickie, Jeff Myers, and Don Bonafede made the process smooth and straightforward.

BRIAN LABINE

President, Chemical Solutions Ltd.

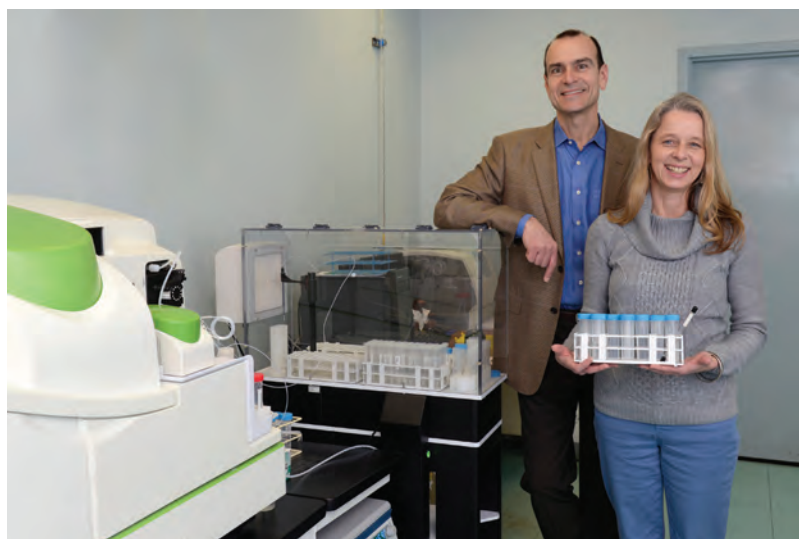
Pictured with Technical Director Francine Walker

A Contagious Community Spirit

Before we were shovel-ready at each of our four financial centers, we volunteered at local events and sponsored service organizations. We believe actions speak louder than marketing slogans in demonstrating genuine social responsibility.

One group of our employees volunteered to prepare the food for the families at the Ronald McDonald House. "Sometimes helping in simple ways proves to be the most appreciated service," says Leslie Meck, SVP, Chief Retail Officer. "Preparing and serving a hot meal and just listening and laughing is good medicine for families struggling with very difficult medical concerns. We wanted them to know they're not alone."

Demonstrating Centric Bank's industry leadership on a national and global level, Husic was recognized by *American Banker* as #7 on their elite list of Women to Watch in U.S. Banking. Most notable was the bank's outsized influence, strong organic loan growth, diversity in the management team, and human capital expansion.



Without the intentional and generous support of many businesses, communities would simply be unable to provide the level of services and security that their residents rely on. The Return on Relationship from our sponsorships generated new customers, digital influence, and media mentions.

Smarter Business Growth

In 2014, Centric Bank grew home equity, residential construction and bridge loans, and residential mortgages to \$11.3 million. Residential mortgages originated and sold on the secondary market totaled \$11.5 million. Our funding was critical to municipalities, foundations, school districts, construction companies, doctors, dentists, and attorneys.

We improved financial performance and expense management, operating efficiencies, risk assessments, and investments of sponsorships and leadership in the communities we serve. Our enhanced risk-rating process provides a consistent approach to analyzing financial metrics and evaluating the intangibles and management experience. To complement the risk-rating process, we developed a pricing matrix that correlates with the risk rating. This ensures a consistent approach to loan product pricing and allows us to be appropriately compensated for the risk we assume.

We redoubled Corporate Social Responsibility efforts with a significant investment in technology that frees us to be paperless—this includes scanning and imaging documents, imaging loan files and deposit account documents, accounts payable, and human resources data. Smarter business growth means we take our environmental impact seriously and reduce energy and natural resource use wherever possible.



GeoServices was looking for a bank which would consistently provide the person-to-person banking relationship we need. Historically, we have banked with locally owned institutions, but as these merged and were absorbed, we found ourselves in banking relationships that didn't meet our needs. I had worked with Centric Bank in the financing of the stadium upgrades for Camp Hill Borough and was impressed with the professional relationships they developed and with the Bank's commitment to the community. When GeoServices approached Centric and began working with them, it was like a homecoming with old friends. We truly appreciate Centric's understanding of our banking and business needs and are happy to have made the change.

PETER ROBELEN
President, GeoServices Ltd.



Doctor Centric Bank

Leading a bank has at least one commonality with running a medical practice: communities need our services to stay healthy. We provide financial good health, and our health care customers provide services for physical good health.

Health care professionals and medical practices have highly specialized financial needs and desire convenience, access to capital, and a smooth, uncomplicated borrowing process. They balance practice growth amid a morass of government regulations. Founded in 2012, Doctor Centric Bank has been meeting the needs of doctors, dentists, surgeons, medical technologists, and professionals who need concierge banking services with up to 100 percent practice financing for buy-ins, buy-outs, equipment, SBA loans, and leasing solutions.

Our team of business lenders and banking leaders understands the economic challenges professionals face and brings more than 250 years of combined finance experience providing cash and capital for growing medical service providers. “We are financial first responders to more than 40 health professional clients. In 2014, we originated \$4.6 million in loans to this niche of community servants and have been able to offer a full suite of financial services—equipment leasing, new construction, infrastructure financing, and cash management services,” says Husic.

As a private banker, we deliver the power of financial resources directly to the office, at the hospital, at home, or at one of our nearby financial centers.

This convenience means more time to concentrate on giving patients the best possible care, and less worry about cash and capital to grow their practice.

“After 20+ years in business and investing, I finally connected with a community bank that truly understands the meaning of relationship banking. This is a locally owned bank with community-minded professionals from the top down. I wish to thank Mike Watson and the entire commercial lending team for a job well done. It’s refreshing to work with decisive, flexible lenders who have decision-making ability. They quickly recognized what we brought to the table and structured multiple commercial loans that exceeded our expectations. They made it easy for us to make the transition to Centric Bank. I look forward to growing our business and portfolio with Centric. They are a true partner who shares our vision and forward-thinking outlook.”

MICHAEL BLOUCH

President, Penn Equity Associates Inc.

With our busy life, we really appreciate service that accommodates our schedule, and Paul Zwally's readiness to meet us after hours provided the flexibility we needed. The process for the executive line of credit was fantastic, and the customized solution of loans and lines allowed us to realize our dream home. The entire staff at the Derry Township office has been super helpful whenever we needed something, and they were part of an overall wonderful experience.

DR. JADD AND DR. DOROTHY KOURY
Hummelstown, Pennsylvania



After 14 years as an associate dentist, I was looking to start my own practice and Centric Bank helped me fulfill that dream. When I was ready to buy land and start building my practice, my construction company partner referred me to Doctor Centric Bank. Their anytime-anywhere availability; their concierge services; and their knowledge and uncommon interest in my project has made my growth easy and uncomplicated. They recommended an SBA loan and provided me with 100 percent financing. By working with local lenders, I was able to build relationships with people in the bank as well as with other businesses in the community.

DR. SARAH LOREI
Owner, Millennium Way Dental Studio

On the Horizon

Preparing for the next Stock Offering slated for mid-year 2015, Centric Bank is securing their ticker symbol and will be listed on the OTC Exchange.

“We are steadily removing any barrier for potential customers to bank with us and invest in us,” says Husic. “With every relationship, we are restoring the respect and value of a true banking partner. Reputation is priceless, and we are proud of our expert teams and our diversity in experience, gender, and service offering.”

We continue to build our brand both in-person and online. If “first knowledge” is power, then our social media conversations will help every customer do more and better business. A Google search reveals our strategic content and branding on Twitter, Facebook, YouTube, and LinkedIn. Understanding the power of building an online community, CEO Patti Husic was recognized by the Independent Community Bankers of America for leadership in digital media.

2014 was the perfect launch for 2015’s high-performance start. Our goals are laser-focused on organic loan growth, new commercial lending and mortgage teams, SBA loan expansion, and steady increases in fee income. For the young entrepreneur, the woman-owned business, the veteran or family business owner, and the medical practitioner, Centric Bank is your fuel for *Smart banking. Smarter business growth.*



“As a twenty-something entrepreneur launching a business in the worst recession since the Great Depression, my relationship with the team at Centric Bank really set the positive momentum for my growth. We partnered with Centric Bank in 2009, and they have delivered unparalleled service since day one. You won’t find a friendlier, more genuine staff that greets you with a smile every time you stop in.”

JOSH GALLAHER
Owner, Gallagher Landscaping LLC



Numbers

that Make a **Difference**

#1 The Customer is our most prized asset. You are #1!

\$7.2 million SBA loans originated in 2014.



16 Doctor Centric Bank loans originated in 2014.

5 New positions created.

63 "Difference Makers" at Centric Bank.

412 Twitter followers for @CentricBank.

\$5,100,000 Capital Raise in Stock Offering.

186% Increase in Return on Assets from 2013 to 2014.

\$78,700,000 Gross loan originations.

800+ Toys donated for Camp Hill Toys for Tots.

246 Pounds of food donated to Central PA Food Bank.

\$23,700,000 Total loan growth in 2014. Increase of 10.3% year-over-year.

#7 CEO Patti Husic recognized by *American Banker* as #7 in 25 Women to Watch of the Most Powerful Women in Banking.

100,000+ Sheets of paper saved by paperless technology.



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
CENTRIC FINANCIAL CORPORATION
HARRISBURG, PENNSYLVANIA

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Centric Financial Corporation and subsidiary which comprise the consolidated balance sheet as of December 31, 2014 and 2013; the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Centric Financial Corporation and subsidiary as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wexford, Pennsylvania
February 27, 2015

CONSOLIDATED BALANCE SHEET

(in thousands, except share data)	December 31,	
	2014	2013
ASSETS		
Cash and due from banks	\$ 4,669	\$ 3,264
Interest-bearing deposits in other banks	920	537
Federal funds sold	8,006	15,421
Cash and cash equivalents	13,595	19,222
Investments in certificates of deposits	4,495	5,995
Securities available for sale	24,301	34,924
Securities held to maturity, fair value of \$3,583 and \$798	3,458	798
Loans	253,898	230,162
Less: allowance for loan losses	2,990	2,708
Net loans	250,908	227,454
Loans held for sale	529	-
Accrued interest receivable	641	598
Premises and equipment, net	7,194	7,474
Regulatory stock	639	1,081
Cash surrender value life insurance	3,042	2,941
Goodwill	492	492
Other assets	2,477	3,430
TOTAL ASSETS	\$ 311,771	\$ 304,409
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 24,961	\$ 21,958
Interest-bearing	251,044	245,836
Total deposits	276,005	267,794
Short-term borrowings	-	10,000
Long-term debt	7,929	4,207
Accrued interest payable	68	64
Other liabilities	776	641
Total Liabilities	284,778	282,706
STOCKHOLDERS' EQUITY		
Preferred stock series C, \$1.00 par; 7,492 shares issued and outstanding in 2014 and 2013 (liquidation preference \$1,000 per share)	7,492	7,492
Common stock, \$1.00 par; 12,000,000 shares authorized; 3,687,713 and 3,001,688 shares issued and outstanding in 2014 and 2013, respectively	3,688	3,001
Additional paid-in capital	17,631	14,923
Retained deficit	(1,369)	(2,524)
Accumulated other comprehensive loss	(449)	(1,189)
Total Stockholders' Equity	26,993	21,703
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 311,771	\$ 304,409

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(in thousands, except share data)	Year Ended December 31,	
	2014	2013
INTEREST INCOME		
Interest and fees on loans	\$ 11,608	\$ 10,934
Interest and dividends on securities	625	670
Interest-bearing deposits in other banks	32	49
Federal funds sold	40	71
Total interest income	12,305	11,724
INTEREST EXPENSE		
Interest on deposits	2,052	2,356
Interest on borrowings	149	161
Total interest expense	2,201	2,517
Net interest income	10,104	9,207
Provision for loan losses	401	1,354
Net interest income after provision for loan losses	9,703	7,853
NONINTEREST INCOME		
Service charges on deposit accounts	105	83
Other loan fees and servicing income	186	199
Net gain on sale of loans	178	371
Loss on sale of other real estate owned	(139)	(230)
Net gain on sale of securities	3	-
Total other-than-temporary impairment ("OTTI") losses	-	(141)
Non-credit portion of OTTI recognized in other comprehensive income	-	119
Net OTTI losses recognized in earnings	-	(22)
Other income	292	194
Total noninterest income	625	595
NONINTEREST EXPENSE		
Salaries and employee benefits	4,326	3,745
Occupancy and equipment	1,198	1,115
Legal and professional fees	344	342
Data processing	526	440
Advertising and marketing	263	348
Shares and capital stock tax	193	186
Directors expense	139	170
Federal deposit insurance	321	274
Other expenses	1,260	1,241
Total noninterest expense	8,570	7,861
Income before income tax benefit	1,758	587
Income tax expense	528	151
NET INCOME	1,230	436
Preferred stock dividends	(75)	(75)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 1,155	\$ 361
PER SHARE DATA		
Basic earnings per share	\$ 0.38	\$ 0.12
Diluted earnings per share	\$ 0.37	\$ 0.12
Average shares outstanding (basic)	3,072,502	2,998,951
Average shares outstanding (diluted)	3,084,936	3,019,894

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	December 31,	
	2014	2013
NET INCOME	\$ 1,230	\$ 436
Other comprehensive income (loss):		
Unrealized holding gains (losses) on available-for-sale securities	1,074	(1,874)
Tax effect	(365)	637
Reclassification adjustment for gains recognized in income	(3)	-
Tax effect	1	-
Accretion of discount on securities transferred to held to maturity	31	23
Tax Effect	(11)	(8)
Accretion of non-credit other-than-temporary impairment on held-to-maturity securities	20	(38)
Tax effect	(7)	13
Other-than-temporary impairment losses recognized in earnings	-	22
Tax effect	-	(7)
Total other comprehensive income (loss)	740	(1,232)
COMPREHENSIVE INCOME (LOSS)	\$ 1,970	\$ (796)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except share data)	Preferred Stock Series C	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2012	\$ 7,492	\$ 2,999	\$ 14,904	\$ (2,885)	\$ 43	\$ 22,553
Net income				436		436
Other comprehensive loss					(1,232)	(1,232)
Stock-based compensation plans:						
Vesting of restricted stock (1,970 shares)		2	(2)			-
Restricted stock - compensation expense			9			9
Stock options - compensation expense			12			12
Preferred stock dividend				(75)		(75)
Balance, December 31, 2013	7,492	3,001	14,923	(2,524)	(1,189)	21,703
Net income				1,230		1,230
Other comprehensive income					740	740
Stock-based compensation plans:						
Vesting of restricted stock (3,251 shares)		3	(3)			-
Restricted stock - compensation expense			14			14
Stock options - compensation expense			3			3
Preferred stock dividend				(75)		(75)
Issuance of common stock (682,774 shares)		684	2,694			3,378
Balance, December 31, 2014	\$ 7,492	\$ 3,688	\$ 17,631	\$ (1,369)	\$ (449)	\$ 26,993

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Years Ended December 31,	
	2014	2013
Cash flows from operating activities		
Net income	\$ 1,230	\$ 436
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	401	1,354
Depreciation and amortization	543	599
Stock-based compensation	17	21
Deferred income tax	(144)	100
Loans originated for sale	(11,651)	(10,913)
Proceeds from sale of loans	11,300	12,343
Net gain on sale of loans	(178)	(371)
Increase in accrued interest receivable	(43)	(1)
Increase (decrease) in accrued interest payable	4	(34)
Net gain on sale of securities	(3)	-
Net OTTI losses recognized in earnings	-	22
Net loss on sale of assets	139	230
Other, net	82	(148)
Net cash provided by operating activities	1,697	3,638
Cash flows from investing activities		
Net decrease of investment certificates of deposits	1,500	3,836
Sales of available-for-sale securities	6,728	-
Maturities and principal pay downs of available-for-sale securities	2,222	6,189
Maturities and principal pay downs of held-to-maturity securities	84	115
Purchases of available-for-sale securities	-	(16,989)
Purchases of regulatory stock	(937)	(1,063)
Redemption of regulatory stock	1,379	1,042
Net increase in loans	(24,065)	(24,842)
Purchases of bank premises and equipment	(159)	(1,525)
Proceeds from disposal of other real estate owned	688	704
Purchase of bank-owned life insurance	-	(1,500)
Net cash used by investing activities	(12,560)	(34,033)
Cash flows from financing activities		
Net increase (decrease) in deposits	8,211	(3,645)
Net increase (decrease) in short-term borrowings	(10,000)	10,000
Proceeds from long-term debt	7,500	-
Payments on long-term debt	(3,778)	(2,556)
Dividends paid - preferred stock	(75)	(75)
Net proceeds from issuance of common stock	3,378	-
Net cash provided by financing activities	5,236	3,724
Net decrease in cash and cash equivalents	(5,627)	(26,671)
Cash and cash equivalents at beginning of period	19,222	45,893
Cash and cash equivalents at end of period	\$ 13,595	\$ 19,222
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 2,197	\$ 2,551
Income taxes	525	255
Supplemental schedule of noncash investing and financing activities:		
Other real estate acquired in settlement of loans	204	1,635
Transfers of securities held to maturity	2,903	-

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 | Significant Accounting Policies

Organization and Nature of Operations

Centric Financial Corporation (“Centric”) or (“the Company”) is a financial holding company which includes its wholly owned subsidiary, Centric Bank (“the Bank”).

The Bank entails virtually all of Centric’s ongoing operations. The Bank offers customers a range of deposit, loan, and other services typical of community banks through four offices in south central Pennsylvania and online banking channels. The Bank’s principal source of revenue emanates from interest income from its portfolio of commercial and residential real estate loans, commercial loans, and consumer loans, as well as from its investment portfolio.

Centric is subject to regulation and supervision of the Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation (“FDIC”).

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The accounts of Centric and the Bank are consolidated with the elimination of all inter company transactions and balances.

Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense, and the nature and extent of disclosures. Ultimate results could differ significantly from those estimates and assumptions. Centric’s material estimates that are particularly susceptible to significant change in the near term relate to the valuation of loans, the allowances for loan and other credit losses, other-than-temporary impairment evaluations of securities, evaluation of goodwill impairment, deferred tax valuation, and fair value of financial instruments.

In the ordinary course of business, Centric and the Bank are parties to legal proceedings that entail uncertainty. In management’s opinion, Centric’s financial position and results of operations would not be materially impacted by the outcome of such proceedings individually or in the aggregate.

Cash and Cash Equivalents

Cash and cash equivalents with original maturities of 90 days or less include cash, balances due from banks, interest-bearing demand deposits in other banks, and federal funds sold. Federal funds sold are generally for one-day periods. The Bank has been required to maintain average balances with the Federal Reserve Bank. The Bank is engaged in a deposit reclassification program that evaluates the unused balance of transaction accounts. The unused portion is then reclassified as a non-transaction account. This allows the Bank to reclaim the balances held at the Federal Reserve Bank for investment or operating use. The Federal Reserve Bank of Philadelphia approved the use of this program for Centric Bank. The required minimum balance was \$222,000 and \$167,000 at December 31, 2014 and 2013, respectively.

Credit Risk Concentrations

As a community bank, most of the Bank’s loans and credit commitments are comprised of Pennsylvania customers, primarily individuals and entities situated in Dauphin and Cumberland counties.

Securities

Investment securities are classified when purchased as either “securities available for sale” or “securities held to maturity.” Securities classified as “available for sale” are those debt securities that the Bank intends to hold for an indefinite period of time but not necessarily to maturity, and are carried at fair value. Unrealized gains or losses are included in other

Note 1 | Significant Accounting Policies *(continued)*

comprehensive income, net of the related deferred tax effect. Realized gains and losses on disposition of securities are recognized as noninterest income measured on specific identification of the simple difference between net proceeds and adjusted book value. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Securities classified as “held to maturity” are those debt securities the Bank has both the intent and ability to hold to maturity regardless of changes in market conditions, liquidity needs, or changes in general economic conditions. These securities are carried at cost adjusted for the amortization of premium and accretion of discount, computed by the interest method over the terms of the securities.

Securities are periodically reviewed for other-than-temporary impairment based upon a number of factors, including, but not limited to, the length of time and extent to which market value has been less than cost, the financial condition of the underlying issuer, the ability of the issuer to meet contractual obligations, the likelihood of the security’s ability to recover any decline in its market value, and whether or not management intends to sell the security or whether it is more likely than not that they would be required to sell the security before its anticipated recovery in market value, to determine whether the loss in value is other than temporary. A decline in value that is considered to be other than temporary is recorded as a loss within noninterest income in the Consolidated Statement of Income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of any allowance for loan losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance.

The Bank has expanded its loan activity to include Lease Financing for commercial customers to purchase equipment or vehicles. Leases are stated at their outstanding unpaid principal balances, net of any deferred costs, residual receivable and unearned income. Lease contracts are classified as direct finance leases. Lessees guarantee 100 percent of the leases’ residual value at the conclusion of the lease term.

Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Bank is generally amortizing these amounts over the contractual life of the loan.

The accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for loan losses. Interest received on nonaccrual loans generally is either applied against principal or reported as interest income, according to management’s judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Note 1 | Significant Accounting Policies *(continued)***Allowance for Loan Losses**

The allowance for loan losses is established through provisions for loan losses charged against income as losses are estimated to have occurred. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions, and other relevant factors. This evaluation is inherently subjective, since it requires material estimates that may be susceptible to significant change.

The allowance consists of specific and general components. The specific component relates to loans that are classified as Substandard or Special Mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the original contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral-dependent.

Purchased loans with evidence of credit quality deterioration for which it is probable at purchase that all contractually required payments will not be collected are acquired with deteriorated credit quality. Centric accounts for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans acquired in a transfer if those differences are attributable, at least in part, to credit quality. Centric records impaired loans at fair value and did not carry over valuation allowances in the initial accounting for loans acquired in a transfer, including loans acquired in a purchase business combination. The excess of cash flows expected at purchase over the purchase price is recognized as interest income over the life of the loans. Subsequent increases in cash flows expected to be collected are recognized prospectively through an adjustment of the loan's yield over its remaining life. Decreases in expected cash flows are recognized as impairments.

Unfunded Credit Commitments

In the ordinary course of business, the Bank enters into commitments to extend credit and letters of credit. Such financial instruments are recorded when funded. A reserve for unfunded lending commitments under contract, lines and letter of credit, is included in other liabilities.

Note 1 | Significant Accounting Policies *(continued)***Restricted Investments in Bank Stocks**

Under membership agreement, the Bank is required to own stock issued by Atlantic Central Bankers Bank. Because ownership and disposition is restricted, the shares lack a market for measuring fair value and are recorded at cost.

The Bank is also a member of the Federal Home Loan Bank (“FHLB”) of Pittsburgh and as such is required to maintain a minimum investment in stock of the FHLB, which varies with the level of advances outstanding with the FHLB. The stock is bought from and sold to the FHLB based upon its \$100 par value. The stock does not have a readily determinable fair value and as such is classified as restricted stock, carried at cost and evaluated by management. The stock’s value is determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. The determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the significance of the decline in net assets of the FHLB as compared to the capital stock amount and the length of time this situation has persisted; (b) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance; (c) the impact of legislative and regulatory changes on the customer base of the FHLB; and (d) the liquidity position of the FHLB. Management evaluated the stock and concluded that the stock was not impaired for the periods presented herein.

Goodwill

Goodwill represents the amount paid to acquire the Bank beyond the fair value of the identifiable net assets acquired. Goodwill is not amortized but rather is tested for impairment at least annually. For federal tax purposes, goodwill is amortized on a straight-line basis over 15 years. There was no impairment of goodwill as of December 31, 2014 or 2013.

Core Deposit Intangibles

Core deposit intangibles represent the asset identified for depositor relationships acquired with the Bank. This asset was valued at acquisition based upon the economic advantages of core deposits as a funding source. This acquired asset is being amortized using an accelerated method with an estimated useful life of ten years. Amortization expense of \$6,000 and \$8,000 was recognized in 2014 and 2013, respectively. The unamortized balance was \$7,000 and \$13,000 at December 31, 2014 and 2013, respectively. Amortization expense will be \$5,000 and \$2,000 for years 2015 and 2016, respectively.

Mortgage Servicing Rights and Related Credit Enhancement Fees

The Bank sold residential mortgages to FHLB under the Mortgage Partnership Finance Program (“MPF”). The Bank is no longer an active participant in the MPF program. Under this program, the Bank services the portfolio sold to the FHLB and receives corresponding fees. The MPF program also entails a credit enhancement arrangement whereby the Bank receives a fee for retaining a residual contingent liability for the repayment of loans sold to the FHLB.

Assets for mortgage servicing rights and related credit enhancement fees were recorded at fair value corresponding to net cash flows expected for servicing and credit enhancement of the MPF portfolio. Mortgage servicing rights have finished amortizing during 2014. The balance was \$8,000 at December 31, 2013. These assets are amortized based upon portfolio activity and subject to ongoing evaluation for any permanent impairment.

MPF portfolio fees earned amounted to \$18,000 and \$25,000 during 2014 and 2013. The MPF portfolio balance was \$4,452,000 and \$5,606,000 at December 31, 2014 and 2013, respectively. The FHLB maintains a first-loss position for the MPF portfolio that totals \$306,000. Should the FHLB exhaust its first-loss position, recourse to the

Note 1 | Significant Accounting Policies (continued)

Bank's credit enhancement would be up to the next \$117,000 of losses. The Bank has not experienced any losses for the MPF portfolio. The value of credit enhancement fees receivable, net of an estimated liability, was \$0 and \$5,000 at December 31, 2014 and 2013, respectively.

Transfers of Financial Assets

The Bank sells interests in loans receivable through loan participation sales. The Bank accounts for these transactions as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The Bank retains servicing responsibilities for the loan participation sales. The Bank does not recognize a servicing asset or liability, since the amount received for servicing the loan participations is a reasonable approximation of market rates and servicing costs.

Advertising and Marketing Costs

The Bank charges advertising costs to expense as accrued.

Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by Centric relate to outstanding stock options and warrants and non-vested restricted stock.

Anti-dilutive options and warrants to purchase 65,053 and 11,750 shares of common stock, at a weighted-average price of \$5.71 and \$6.00, outstanding at December 31, 2014 and 2013, respectively; and unvested restricted shares of 127 and 1,080 at December 31, 2014 and 2013, respectively, at a price of \$6.00 for both years, were not included in dilutive earnings per share because the result would be anti-dilutive.

(in thousands, except per share data)	2014		2013	
Net income	\$	1,230	\$	436
Preferred stock dividends		(75)		(75)
Net income available to common shareholders	\$	1,155	\$	361
Weighted average number of shares outstanding (basic)		3,072,502		2,998,951
Effect of dilutive securities		12,434		20,943
Weighted average number of shares outstanding (diluted)		3,084,936		3,019,894
Per share information:				
Basic earnings per share	\$	0.38	\$	0.12
Diluted earnings per share	\$	0.37	\$	0.12

Note 1 | Significant Accounting Policies (continued)
Stock-Based Compensation

Centric records the cash flow from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for stock-based awards (excess tax benefit) be classified as financing cash flows. During 2014 and 2013, no stock options were exercised.

Accumulated Other Comprehensive Income or Loss

Centric recognizes revenue, expenses, gains, and losses in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the Consolidated Balance Sheet.

Such items are included as components of accumulated comprehensive income (loss), as follows, net of taxes:

(in thousands)	2014			2013		
	Unrealized Gains and Losses on Available- for-Sale Securities	Unrealized Gains and Losses on Held-to- Maturity Securities	Total	Unrealized Gains and Losses on Available- for-Sale Securities	Unrealized Gains and Losses on Held-to- Maturity Securities	Total
Beginning balance	\$ (1,111)	\$ (78)	\$ (1,189)	\$ 126	\$ (83)	\$ 43
Other comprehensive income (loss) before reclassifications	844	(102)	742	(1,237)	(10)	(1,247)
Amounts reclassified from accumulated other comprehensive loss	(2)	-	(2)	-	15	15
Net current-period other comprehensive income (loss)	842	(102)	740	(1,237)	5	(1,232)
Ending balance	<u>\$ (269)</u>	<u>\$ (180)</u>	<u>\$ (449)</u>	<u>\$ (1,111)</u>	<u>\$ (78)</u>	<u>\$ (1,189)</u>

The following illustrates amounts reclassified out of each component of accumulated other comprehensive income.

(in thousands)	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Statement Where Net Income is Presented
Details about Accumulated Other Comprehensive Income (Loss) Components	2014	2013	
Sale of available for sale securities	\$ 3	\$ -	Net gain on sale of securities
Tax effect	(1)	-	Income tax expense
	<u>2</u>	-	Net of tax
Other-than-temporary impairment losses on held to maturity securities	-	(22)	Net OTI losses recognized in earnings
Tax effect	-	7	Income tax expense
	<u>-</u>	<u>(15)</u>	Net of tax
Total reclassification for the period	<u>\$ 2</u>	<u>\$ (15)</u>	Net of tax

Note 2 | Investment Securities

The Consolidated Balance Sheet presents “available-for-sale” securities at fair value. Corresponding unrealized gains and losses do not affect net income but are recorded in accumulated other comprehensive loss, net of related deferred income taxes. At March 3, 2014 the municipal securities portfolio, with amortized cost of \$2,903,000 and a fair value of \$2,698,000, was reclassified from available-for-sale to held-to-maturity. The net related unrealized loss at the time of the transfer was \$205,000, which remained in accumulated other comprehensive loss and is being amortized over the remaining life of the related securities.

A summary of securities available for sale is as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2014				
U.S. government agency securities	\$ 14,768	\$ -	\$ (277)	\$ 14,491
Government sponsored mortgage-backed securities	9,940	28	(158)	9,810
Total	\$ 24,708	\$ 28	\$ (435)	\$ 24,301
December 31, 2013				
U.S. government agency securities	\$ 18,266	\$ -	\$ (947)	\$ 17,319
Municipal securities	2,903	-	(383)	2,520
Government sponsored mortgage-backed securities	15,438	106	(459)	15,085
Total	\$ 36,607	\$ 106	\$ (1,789)	\$ 34,924

A summary of securities held to maturity is as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2014				
Municipal securities	\$ 2,724	\$ 115	\$ -	\$ 2,839
Private collateralized mortgage obligations	734	10	-	744
	\$ 3,458	\$ 125	\$ -	\$ 3,583
December 31, 2013				
Private collateralized mortgage obligations	\$ 798	\$ -	\$ -	\$ 798

Securities with a fair value of \$24,296,000 and \$32,399,000 were pledged to collateralize bank deposits by Pennsylvania local governments, FHLB advances, and the discount window as of December 31, 2014 and 2013, respectively.

During 2014, the Bank sold twenty five securities totaling \$6,728,000 resulting in gross gains of \$78,000 and gross losses of \$75,000. There were no sales or proceeds from sales of securities during 2013.

Note 2 | Investment Securities (continued)

The amortized cost and fair value of debt securities owned at December 31, 2014, by contractual maturity, are shown below:

(in thousands)	Available for Sale		Held to Maturity	
	Amortized		Amortized	
	Cost	Fair Value	Cost	Fair Value
Due in one year or less	\$ -	\$ -	\$ -	\$ -
Due after one year through five years	9,315	9,188	-	-
Due after five years through ten years	6,000	5,850	718	722
Due after ten years	9,393	9,263	2,740	2,861
Total investment securities	\$ 24,708	\$ 24,301	\$ 3,458	\$ 3,583

A summary of securities which were in an unrealized loss position is as follows:

(in thousands)	Less than 12 Months		12 Months or Greater		Total	
	Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2014						
U.S. government agency securities	\$ 3,476	\$ (18)	\$ 11,015	\$ (259)	\$ 14,491	\$ (277)
Government sponsored mortgage-backed securities	132	(2)	7,912	(156)	8,044	(158)
Total temporarily impaired securities	\$ 3,608	\$ (20)	\$ 18,927	\$ (415)	\$ 22,535	\$ (435)
December 31, 2013						
U.S. government agency securities	\$ 14,085	\$ (681)	\$ 3,234	\$ (266)	\$ 17,319	\$ (947)
Municipal securities	2,520	(383)	-	-	2,520	(383)
Government sponsored mortgage-backed securities	7,818	(376)	1,096	(83)	8,914	(459)
Total temporarily impaired securities	\$ 24,423	\$ (1,440)	\$ 4,330	\$ (349)	\$ 28,753	\$ (1,789)

Securities are evaluated on an ongoing basis to determine whether a decline in their value is other than temporary. For debt securities, management considers whether the present value of cash flows expected to be collected is less than the security's amortized cost basis (the difference defined as the credit loss), the magnitude and duration of the decline, the reasons underlying the decline and management's intent to sell the security or whether it is more likely than not that they would be required to sell the security before its anticipated recovery in market value, to determine whether the loss in value is other than temporary. Once a decline in value is determined to be other than temporary, if the investor does not intend to sell the security, and it is more likely than not that it will not be required to sell the security, before recovery of the security's amortized cost basis, the charge to earnings is limited to the amount of credit loss. Any remaining difference between fair value and amortized cost (the difference defined as the non-credit portion) is recognized in other comprehensive income, net of applicable taxes. Otherwise, the entire difference between fair value and amortized cost is charged to earnings.

Centric reviews investment securities on an ongoing basis for potential impairment which would be other than temporary and has adopted the provision which provides for the bifurcation of other-than-temporary impairment ("OTTI") into two categories: (a) the amount of the total OTTI related to a decrease in expected cash flows to be collected (credit loss) which is recognized through earnings; and (b) the amount of OTTI related to all other factors, which is recognized, net of income taxes, as a component of other comprehensive income. During 2014, Centric did not record any credit-related impairment. For the year ended December 31, 2013, \$22,000 of credit-related impairments were recorded through earnings on two private label mortgage-backed securities. There were 52 securities that were temporarily impaired at December 31, 2014 and 67 at December 31, 2013.

Note 2 | Investment Securities (continued)

Changes in credit losses during 2014 and 2013 associated with investment securities for which other-than-temporary impairment losses have been previously recognized in both earnings and other comprehensive income follow:

(in thousands)	Year Ended December 31,	
	2014	2013
Estimated credit losses - beginning balance	\$ 413	\$ 391
Additions for credit losses not previously recognized	-	22
Reductions for increases in cash flows	-	-
Reductions for realized losses	-	-
Estimated credit losses - ending balance	\$ 413	\$ 413

Note 3 | Loans

The composition of loans, net of unamortized loan origination fees of \$139,000 and \$150,000 at December 31, 2014 and 2013, respectively, is as follows:

(in thousands)	2014	2013
Commercial	\$ 39,964	\$ 36,594
Real estate - construction	13,263	15,550
Real estate - residential owner occupied	39,266	39,013
Real estate - residential non-owner occupied	23,825	19,052
Real estate - commercial	136,994	119,164
Consumer	586	789
Total loans	253,898	230,162
Allowance for loan losses	(2,990)	(2,708)
Net loans	\$ 250,908	\$ 227,454

Note 4 | Allowance for Loan Losses

Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance for loan losses, the Bank has grouped certain loans in the portfolio into the following segments: commercial; real estate - construction; real estate - residential owner occupied; real estate - residential non-owner occupied; real estate - commercial; and consumer. Historical loss percentages for each risk category are calculated and used as the basis for calculating allowance allocations. These historical loss percentages are calculated over a three-year period for all portfolio segments. Certain qualitative factors are then added to the historical allocation percentage to get the adjusted factor to be applied to non-classified loans. The following qualitative factors are analyzed for each portfolio segment:

- Levels of and trends in delinquencies and nonaccruals
- Trends in volume and terms
- Changes in lending policies and procedures
- Volatility of losses within each risk category
- Economic trends
- Concentrations of credit
- Experience, depth and ability of management

Note 4 | Allowance for Loan Losses (continued)

The total allowance reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. The Bank considers the allowance for loan losses adequate to cover loan losses inherent in the loan portfolio, as of and for the year ending December 31, 2014.

The following table presents, by portfolio segment, the activity within the allowance for loan losses and the ending balance of the allowance for loan losses for 2014:

(in thousands)	Balance at December 31, 2013	Charged- off Loans	Recoveries	Provision	Balance at December 31, 2014
Commercial	\$ 675	\$ -	\$ 81	\$ (22)	\$ 734
Real estate - construction	150	-	-	(17)	133
Real estate - residential owner occupied	330	-	-	36	366
Real estate - residential non-owner occupied	290	(229)	22	457	540
Real estate - commercial	996	(2)	7	68	1,069
Consumer	14	-	2	(8)	8
Unallocated	253	-	-	(113)	140
Total	\$ 2,708	\$ (231)	\$ 112	\$ 401	\$ 2,990

The changes in the allowance for loan losses related to real estate - residential non-owner occupied portfolio increased from the previous period end due to an increase in the overall portfolio balance and an increase in the loss history which influences the allocation of loan loss provision. The allowance for loan loss related to the commercial portfolio increased slightly, which was the result of an increase in adversely classified assets offset by a decrease in the loss history. The consumer segment of the allowance for loan loss decreased from the prior period due to a decline in the portfolio balance and a reduction in the loss history.

Allowance for loan losses activity during 2013 is as follows:

(in thousands)	Balance at December 31, 2012	Charged- off Loans	Recoveries	Provision	Balance at December 31, 2013
Commercial	\$ 442	\$ (202)	\$ -	\$ 435	\$ 675
Real estate - construction	117	-	-	33	150
Real estate - residential owner occupied	496	(45)	2	(123)	330
Real estate - residential non-owner occupied	445	(704)	12	537	290
Real estate - commercial	1,287	(630)	-	339	996
Consumer	76	-	3	(65)	14
Unallocated	55	-	-	198	253
Total	\$ 2,918	\$ (1,581)	\$ 17	\$ 1,354	\$ 2,708

Changes in allowance for loan losses associated with the commercial loan portfolio were primarily the result of increases in the volume of the portfolio. The allowance for loan losses related to the real estate - residential owner occupied and real estate - commercial loan portfolios declined from the previous year primarily due to charge-offs in 2013 for loans identified as impaired in which specific allowance for loan loss allocations were made in 2012. The real estate - residential non-owner occupied allowance for loan losses declined as a result of the identification and subsequent charge-off of a specific troubled loan relationship, which significantly improved the nonperforming loan totals for this portfolio segment.

Note 4 | Allowance for Loan Losses (continued)

The following tables present, by portfolio segment, the recorded investment in those loans for 2014 and 2013:

(in thousands)	December 31, 2014		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for loan losses:			
Commercial	\$ 387	\$ 347	\$ 734
Real estate - construction	-	133	133
Real estate - residential owner occupied	-	366	366
Real estate - residential non-owner occupied	313	227	540
Real estate - commercial	-	1,069	1,069
Consumer	-	8	8
Unallocated	-	140	140
Total	<u>\$ 700</u>	<u>\$ 2,290</u>	<u>\$ 2,990</u>
Loans, ending balance:			
Commercial	\$ 453	\$ 39,511	\$ 39,964
Real estate - construction	-	13,263	13,263
Real estate - residential owner occupied	70	39,196	39,266
Real estate - residential non-owner occupied	1,054	22,771	23,825
Real estate - commercial	94	136,900	136,994
Consumer	-	586	586
Total	<u>\$ 1,671</u>	<u>\$ 252,227</u>	<u>\$ 253,898</u>

(in thousands)	December 31, 2013		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for loan losses:			
Commercial	\$ 224	\$ 451	\$ 675
Real estate - construction	-	150	150
Real estate - residential owner occupied	-	330	330
Real estate - residential non-owner occupied	94	196	290
Real estate - commercial	-	996	996
Consumer	-	14	14
Unallocated	-	253	253
Total	<u>\$ 318</u>	<u>\$ 2,390</u>	<u>\$ 2,708</u>
Loans, ending balance:			
Commercial	\$ 627	\$ 35,967	\$ 36,594
Real estate - construction	-	15,550	15,550
Real estate - residential owner occupied	253	38,760	39,013
Real estate - residential non-owner occupied	714	18,338	19,052
Real estate - commercial	68	119,096	119,164
Consumer	-	789	789
Total	<u>\$ 1,662</u>	<u>\$ 228,500</u>	<u>\$ 230,162</u>

Note 4 | Allowance for Loan Losses (continued)
Credit Quality and Aging

The following tables represent credit exposures by internally assigned grades for the period end December 31, 2014 and 2013. The grading analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Bank's internal credit risk grading system is based on experiences with similarly graded loans.

The Bank's internally assigned grades are as follows:

- **Pass** – loans which are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral.
- **Special Mention** – loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected.
- **Substandard** – loans that have a well-defined weakness based on objective evidence and are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.
- **Doubtful** – Loans classified as “Doubtful” have all the weaknesses inherent in a Substandard asset. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.
- **Loss** – loans classified as a loss are considered uncollectible, or of such value that continuance as an asset is not warranted.

(in thousands)

	December 31, 2014			
	Commercial	Real Estate - Construction	Real Estate - Residential Non-owner Occupied	Real Estate - Commercial
Pass	\$ 37,021	\$ 12,930	\$ 22,418	\$ 136,290
Special mention	326	-	98	499
Substandard	2,595	333	1,309	205
Doubtful	22	-	-	-
Loss	-	-	-	-
Total	\$ 39,964	\$ 13,263	\$ 23,825	\$ 136,994

(in thousands)

	December 31, 2013			
	Commercial	Real Estate - Construction	Real Estate - Residential Non-owner Occupied	Real Estate - Commercial
Pass	\$ 35,724	\$ 15,040	\$ 17,908	\$ 118,871
Special Mention	-	333	-	-
Substandard	870	177	1,144	293
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	\$ 36,594	\$ 15,550	\$ 19,052	\$ 119,164

Payment activity for the noncommercial portfolio is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered nonperforming when they become 90 days past due or the Bank is in possession of other information that would deem the loan nonperforming.

Note 4 | Allowance for Loan Losses (continued)

The following tables present performing and nonperforming loans based on payment activity for the period ended:

(in thousands)	At December 31, 2014		At December 31, 2013	
	Real Estate - Residential Owner Occupied	Consumer	Real Estate - Residential Owner Occupied	Consumer
Performing	\$ 39,266	\$ 571	\$ 38,665	\$ 763
Nonperforming	-	15	348	26
	<u>\$ 39,266</u>	<u>\$ 586</u>	<u>\$ 39,013</u>	<u>\$ 789</u>

Past-Due and Nonaccrual Loans

Generally, loans are considered nonaccrual upon reaching 90 days of delinquency, although the Bank may be receiving partial payments of interest and partial repayments of principal on such loans. When a loan is placed in nonaccrual status, previously accrued but unpaid interest is deducted from interest income.

The following table presents an aging analysis of the recorded investment of past-due financing receivables, broken down by segment and sub-segment, based on payment activity for the years ended December 31, 2014 and 2013. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are generally considered to be nonperforming when they become 90 days past due.

(in thousands)	December 31, 2014					
	30-89 Days Past Due	90 + Days Past Due	Total Past Due	Current	Total Loans	Non-Accrual
Commercial	\$ 186	\$ 22	\$ 208	\$ 39,756	\$ 39,964	\$ 208
Real estate - construction	-	-	-	13,263	13,263	-
Real estate - residential owner occupied	767	-	767	38,499	39,266	-
Real estate - residential non-owner occupied	307	504	811	23,014	23,825	504
Real estate - commercial	-	-	-	136,994	136,994	-
Consumer	15	-	15	571	586	15
Total	<u>\$ 1,275</u>	<u>\$ 526</u>	<u>\$ 1,801</u>	<u>\$ 252,097</u>	<u>\$ 253,898</u>	<u>\$ 727</u>

(in thousands)	December 31, 2013					
	30-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Loans	Non-accrual
Commercial	\$ 99	\$ 404	\$ 503	\$ 36,091	\$ 36,594	\$ 627
Real estate - construction	-	177	177	15,373	15,550	177
Real estate - residential owner occupied	337	348	685	38,328	39,013	281
Real estate - residential non-owner occupied	149	502	651	18,401	19,052	784
Real estate - commercial	40	68	108	119,056	119,164	68
Consumer	-	26	26	763	789	26
Total	<u>\$ 625</u>	<u>\$ 1,525</u>	<u>\$ 2,150</u>	<u>\$ 228,012</u>	<u>\$ 230,162</u>	<u>\$ 1,963</u>

Note 4 | Allowance for Loan Losses (continued)

There were no loans 90 days past due or greater accruing interest at December 31, 2014. There were \$115,000 of loans greater than 90 days past due still accruing interest at December 31, 2013.

Impaired Loans

Management analyzes loans which are 90 days or more past due for impairment to determine if it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs, and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance.

Loans acquired with deteriorated credit quality had outstanding contractual balances of \$75,000 and \$129,000 and carrying amounts of \$40,000 and \$74,000 as of December 31, 2014 and 2013, respectively.

The following tables include the recorded investment and unpaid principal balances for impaired financing receivables with the associated allowance amount, if applicable, as of and for the periods ended December 31, 2014 and 2013.

(in thousands)	December 31, 2014				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	\$ -	\$ -	\$ -	\$ 43	\$ 9
Real estate - construction	-	-	-	103	25
Real estate - residential owner occupied	70	70	-	141	17
Real estate - residential non-owner occupied	546	635	-	760	14
Real estate - commercial	94	93	-	83	7
Consumer	-	-	-	-	-
With an allowance recorded:					
Commercial	453	453	387	313	7
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	-	-	-	-	-
Real estate - residential non-owner occupied	508	658	313	493	9
Real estate - commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total	\$ 1,671	\$ 1,909	\$ 700	\$ 1,936	\$ 88

Note 4 | Allowance for Loan Losses *(continued)*

(in thousands)	December 31, 2013				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	\$ 68	\$ 371	\$ -	\$ 425	\$ 2
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	253	253	-	240	3
Real estate - residential non-owner occupied	377	486	-	1,002	16
Real estate - commercial	68	68	-	485	29
Consumer	-	-	-	-	-
With an allowance recorded:					
Commercial	559	709	224	466	5
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	-	-	-	-	-
Real estate - residential non-owner occupied	337	337	94	322	-
Real estate - commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total	\$ 1,662	\$ 2,224	\$ 318	\$ 2,940	\$ 55

Loan Modifications

Situations may arise that would cause the Bank to grant a concession for other-than-temporary purpose to the borrower that the Bank would not otherwise consider. The loan receiving the concession would then be classified as a troubled debt restructuring (“TDR”). The situations leading to the concession may be economic or legal in nature and affect the borrower’s ability to meet the contractual obligation to the Bank. Management actively attempts to identify borrowers having financial difficulty early, and work with them to modify terms prior to the loan becoming nonaccrual. Modifications may include rate reductions, payment forbearance, principal reduction, or other actions with the intent to minimize the loss and/or avoid foreclosure or repossession of collateral. In cases where a restructure occurs, management measures impairment based on collateral to support the revised terms of the loan. If the loan is not collateral dependent, impairment is calculated using the present value of the revised loan terms compared to the investment in the loan prior to the restructure. TDRs are individually evaluated and provided for in the allowance for loan losses and are therefore excluded from pooled portfolio allocations. Management continually evaluates loans that are considered TDRs under the modified loan terms, including payment history and the borrower’s ability to continue to repay the loan based on continued evaluations of their results of operation and cash flow from operations.

Note 4 | Allowance for Loan Losses (continued)

Loan modifications that are considered TDRs completed during the period ended December 31, 2014 and 2013, are as follows:

(in thousands)	December 31, 2014			December 31, 2013		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial	1	\$ 265	\$ 250	1	\$ 98	\$ 98
Real estate - construction	-	-	-	-	-	-
Real estate - residential owner occupied	2	74	75	4	307	319
Real estate - residential non-owner occupied	1	181	280	1	214	214
Real estate - commercial	-	-	-	1	102	102
Consumer	-	-	-	-	-	-
Total troubled debt restructurings	4	\$ 520	\$ 605	7	\$ 721	\$ 733

Modifications determined to be concessions granted by management were in the form of principal forgiveness, extension of terms, and rate reductions.

No loans modified and considered TDRs that were made during the 12 months previous to December 31, 2014 or 2013, have defaulted in the current reporting period.

Note 5 | Premises and Equipment

Ongoing additions to premises and equipment are recorded at cost. Occupancy and equipment expense includes depreciation expense of \$438,000 and \$413,000 for the years ended December 31, 2014 and 2013, respectively. Depreciation expense is calculated on the straight-line method over estimated economic lives: buildings and improvements, 15 to 40 years; leasehold improvements, 10 years; furniture, fixtures, and equipment, 3 to 10 years.

Premises and equipment were comprised of the following:

(in thousands)	2014	2013
Land	\$ 3,252	\$ 3,252
Buildings and improvements	2,697	2,658
Leasehold improvements	1,551	1,507
Furniture, fixtures, and equipment	1,964	1,889
Subtotal	9,464	9,306
Less: accumulated depreciation	(2,270)	(1,832)
Premises and equipment - net	\$ 7,194	\$ 7,474

Lease expense amounted to \$278,000 and \$274,000 for the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments as of December 31, 2014 are as follows

(in thousands)	
2015	\$ 291
2016	300
2017	263
2018	41
2019	-
Thereafter	-
	<u>\$ 895</u>

Note 6 | Deposits

Centric's deposits were comprised of the following:

(in thousands)	2014	2013
Demand, non-interest-bearing	\$ 24,961	\$ 21,958
Demand, interest-bearing	122,128	119,102
Savings	6,468	7,873
Money market	33,005	26,488
Time deposits	89,443	92,373
Total deposits	<u>\$ 276,005</u>	<u>\$ 267,794</u>

Scheduled maturities of time deposits are as follows:

(in thousands)	2014
2015	\$ 53,922
2016	22,335
2017	4,682
2018	3,089
2019	5,415
Total time deposits	<u>\$ 89,443</u>

Time deposits in denominations of \$100,000 or greater, totaled \$50,900,000 and \$50,989,000 for December 31, 2014 and 2013, respectively.

Note 7 | Short-Term Borrowings

Short-term borrowings, which consist of federal funds purchased and other short-term borrowings are summarized as follows:

(in thousands)	At December 31,	
	2014	2013
Balance	\$ -	\$ 10,000
Maximum indebtedness at any month end	2,615	10,000
Average balance during year	89	27
Average rate paid for the year	0.29%	0.25%
Interest rate on year-end balance	0.00%	0.25%

Average amounts outstanding during the year represent daily averages. Average interest rates represent interest expense divided by the related average balances. These borrowing transactions can range from overnight to one year in maturity. The average maturity was two days throughout 2014. During 2013, the only short term borrowing for the year had a duration of one day.

Note 8 | Long-Term Debt

As one avenue for funding growth, the Bank is approved by the FHLB for borrowings of up to \$123,248,000 at December 31, 2014. At year-end, \$5,429,000 was outstanding and \$35,150,000 was held as letters of credit to secure specific deposit balances, resulting in a remaining borrowing capacity for FHLB borrowings of \$82,669,000. The Company also has a borrowing with another institution in the amount of \$2,500,000, which has a stated rate of 4.50 percent at December 31, 2014.

The following table presents borrowings that mature at various dates through 2018 with weighted-average rates is as follows:

(in thousands)	Principal Amount		Rate	
	2014	2013	2014	2013
FHLB advances - amortizing	\$ 5,429	\$ 1,707	0.96%	1.17%
Other borrowings	2,500	2,500	4.50%	5.00%
Total Long-term debt	\$ 7,929	\$ 4,207	2.08%	3.45%

The aggregate amount of future principal payments required on these borrowing at December 31, 2014, is as follows:

(in thousands)	
2015	\$ 5,227
2016	1,829
2017	703
2018	170
2019	-
Thereafter	-
	<u>\$ 7,929</u>

Note 9 | Stock Plans and 401(K)

401(k) Plan

The Bank has a 401(k) plan whereby all employees are eligible to participate after 90 days of employment. Employees may make contributions to the plan, subject to certain limitations based on federal tax laws. The Bank makes matching contributions of 50 percent of employees' contributions, subject to a maximum contribution of 4 percent of an employee's compensation. Matching contributions vest to the employee on a graded percentage and are fully vested in five years. For the years ended December 31, 2014 and 2013, expense attributable to the plan amounted to \$45,000 and \$39,000, respectively. These expenses are included in salaries and employee benefits on the Consolidated Statement of Income.

Stock Options and Warrants

The Company has a Stock Incentive Plan (the "Plan") that enables the Company to grant stock options, warrants, or restricted stock to directors and other designated employees. The Plan covers 240,000 shares of common stock. The number of shares available for grant at December 31, 2014 was 72,805.

Options granted under the Plan will have an option price at least equal to the fair market value of the common stock on the date of the grant. The options expire not more than ten years after the date of the grant. Exercise and vesting dates and terms may vary and are specified at the date of the grant.

In addition to those shares granted under the stock incentive plan, the Company also granted warrants to designated officers and directors. Warrants expire not more than ten years after the date of the grant. Exercise and vesting dates and terms may vary and are specified at the date of the grant.

Note 9 | Stock Plans and 401(K) (continued)

Options and warrants of the Plan outstanding at December 31, 2014, and the activity that occurred during those periods consisted of the following:

	Options and Warrants	Weighted- Average Exercise Price
Outstanding at the beginning of the year	145,280	\$ 5.48
Granted	6,620	4.88
Exercised	-	-
Forfeited	(3,450)	5.46
Outstanding at the end of the year	<u>148,450</u>	<u>\$ 5.45</u>
Exercisable at December 31, 2014	<u>145,528</u>	<u>\$ 5.44</u>

At December 31, 2014, the aggregate intrinsic value of all options and warrants outstanding and exercisable were approximately \$67,000 and \$64,000, respectively. The weighted-average remaining life of outstanding and exercisable options and warrants at December 31, 2014 is 4.91 and 4.86 years, respectively. No options were exercised during 2014 or 2013.

For the years ended December 31, 2014 and 2013, stock option compensation expense of \$3,000 and \$12,000 were recognized in connection with the option plan, respectively. Tax benefits of \$1,000 and \$2,000 were recognized relative to these stock options at December 31, 2014 and 2013, respectively. At December 31, 2014, future compensation expense related to non-vested stock option grants is expected to be recognized as \$1,000 in 2015. There is no related expense for 2016 or 2017.

Common stock warrants were issued in 2006 to certain directors to purchase an aggregate share of common stock pursuant to the warrant grant. At December 31, 2014, 26,580 shares were outstanding and exercisable related to these warrants, with a weighted-average exercise price of \$4.91. There were no warrants exercised during 2014 or 2013.

In addition to the options and warrants included in the Plan above, during 2010, the Company also granted one warrant to each of the directors of the Company, which are not part of the Plan. Each warrant represents 31,500 shares for a total of 315,000 shares, all of which vest only upon a change in control of the Company and have an exercise price of \$5.44. A warrant was issued to the President & CEO in July 2013 also for 31,500 shares at an exercise price of \$5.50 and will vest only upon a change in control of the Company. During 2014 and 2013, none of these warrants vested, and the Company recorded no compensation expense associated with these grants.

The fair value of the options granted during the years ended December 31, 2014 and 2013, was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Exercise Price	Dividend Yield	Expected Volatility	Expected Life (Yrs)	Risk Free Interest Rate	Value Black Scholes
Nonemployee director stock options						
2014	\$4.88	0.00%	9.03%	5	1.67%	\$0.60
2013	6.00	0.00%	12.68%	5	0.82%	0.79

No employee stock options were granted during 2014 or 2013.

Note 9 | Stock Plans and 401(K) (continued)
Restricted Stock

Under the Plan, the Company awarded 23,338 restricted shares to non-employee directors and executive officers subject to vesting and other provisions. Shares granted to the Plan participants of 2,251 and 1,970 had vested and been distributed at December 31, 2014 and 2013, respectively. In addition to the aforementioned Plan, the Company awarded 1,000 restricted shares as consideration for an executive employee contract which vested immediately.

The following table summarizes transactions regarding restricted stock under the Plan:

	Number of Restricted Shares	Weighted- Average Grant Date Price Per Share
Non-vested shares at the beginning of the year	8,051	\$ 5.95
Granted	1,000	5.00
Vested	(3,251)	5.57
Forfeited	(1,500)	6.00
Non-vested shares at the end of the year	4,300	\$ 6.00

For the years ended December 31, 2014 and 2013, compensation expense of \$14,000 and \$9,000 were recognized in connection with the vesting of restricted stock for both years, respectively. Tax benefits of \$5,000 and \$3,000 were recognized relative to these shares at December 31, 2014 and 2013, respectively. Future compensation expense related to non-vested restricted stock at December 31, 2014 is \$5,000 and \$3,000 in 2015 and 2016, respectively.

Note 10 | Federal Income Taxes

The provision for income taxes consists of the following for the period ended:

(in thousands)	2014	2013
Currently payable	\$ 672	\$ 51
Deferred taxes	(144)	100
Total income tax expense	\$ 528	\$ 151

The following temporary differences gave rise to the net deferred tax assets at December 31:

(in thousands)	2014	2013
Deferred tax assets:		
Allowance for loan losses	\$ 1,017	\$ 921
Impairment losses on securities	27	42
Stock incentive expense	30	30
Uncollected interest	12	11
Unrealized losses on securities available-for-sale	138	573
Unrealized losses on securities held-to-maturity	93	40
Other real estate expense	-	42
Other	70	40
Total deferred tax assets	1,387	1,699

Note 10 | Federal Income Taxes (continued)

(in thousands)	2014	2013
Deferred tax liabilities:		
Goodwill and core deposit intangible	73	61
Prepaid expenses	76	72
Loan origination costs	165	172
Premises and equipment	129	214
Other	9	7
Total deferred tax liabilities	452	526
Net deferred tax assets	\$ 935	\$ 1,173

The total provision for income taxes is different from that computed at the statutory rates due to the following items for the years ended December 31:

(in thousands)	2014	2013
Computed statutory tax expense	\$ 598	\$ 200
Other, net	(70)	(49)
	\$ 528	\$ 151

The Company utilizes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more likely-than not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statement of Income. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examination by tax authorities for years before 2011.

Note 11 | Related-Party Transactions

Centric has transactions in the ordinary course of business with its directors, their immediate families, and affiliated companies (commonly referred to as related parties).

In management's opinion, all loans and deposits with related parties are on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers. At December 31, 2014, loans to related parties were \$18,051,000 and deposits by related parties totaled \$6,861,000. At December 31, 2013, loans to related parties were \$16,174,000 and deposits by related parties totaled \$8,124,000.

Related-party loan activity is summarized as follows:

(in thousands)	2014	2013
Balance at the beginning of the period	\$ 16,174	\$ 14,370
Additions	5,096	3,603
Reductions	3,219	1,799
Balance at the end of the period	\$ 18,051	\$ 16,174

Note 11 | Related-Party Transactions (continued)

All of Centric's directors are customers of the Bank. Centric shareholders number approximately 257 and many are Bank customers situated in the south central Pennsylvania community. Conversely, the Bank is a customer of some shareholder-related entities in the ordinary course of business. During 2014, related-party transactions include \$128,000 and \$111,000 of purchases for the years ending December 31, 2014 and 2013, respectively; there was no revenue on related-party transactions for either year.

The Company has employment agreements with three executive officers. The agreements include minimum annual salary commitments. Upon termination, these individuals will receive monetary compensation as set forth in the agreements.

Note 12 | Unfunded Credit Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit by Centric's banking subsidiary. Such instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Unfunded lending commitments at year-end:

(In thousands)	2014	2013
Commitment to grant loans	\$ 10,145	\$ 6,460
Unfunded commitments under lines of credit	42,754	27,081
Standby letters of credit	2,454	1,132
Total unfunded lending commitments	\$ 55,353	\$ 34,673

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Bank evaluates each customer's creditworthiness on a case-by-case basis.

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory, and equipment. Commitments under lines of credit presented above include lines that will be funded only to the extent that the Bank receives corresponding augmentation of satisfactory collateral.

Outstanding letters of credit are conditional commitments issued by the Bank to guarantee performance of a customer to a third party and are reviewed annually. The credit risk involved in issuing letters of credit is essentially the same as in extending comparable loans to customers. The Bank requires collateral supporting these letters of credit as deemed necessary. Management believes that the proceeds through liquidation of such collateral would be sufficient to cover the maximum potential amount of future payments required under the corresponding guarantees.

The Bank did not incur any losses during 2014 or 2013 associated with financial instruments with off-balance sheet risk.

Note 13 | Regulatory Matters

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. The Company must meet the minimum capital requirements or face mandatory and discretionary actions by regulators that could have a direct material effect on Centric and its financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Centric's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Centric's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets and of Tier 1 capital to average assets.

(in thousands)	December 31, 2014					
	Actual		For Capital Adequacy Purposes		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Company	\$ 29,939	12.49%	\$ 19,176	8.00%	\$ N/A	N/A
Bank	31,789	13.26%	19,179	8.00%	23,974	10.00%
Tier 1 capital (to risk-weighted assets)						
Company	26,943	11.24%	9,588	4.00%	N/A	N/A
Bank	28,792	12.01%	9,589	4.00%	14,384	6.00%
Tier 1 capital (to total assets)						
Company	26,943	8.64%	12,474	4.00%	N/A	N/A
Bank	28,792	9.23%	12,478	4.00%	15,597	5.00%

(in thousands)	December 31, 2013					
	Actual		For Capital Adequacy Purposes		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Company	\$ 25,133	10.96%	\$ 18,345	8.00%	\$ N/A	N/A
Bank	27,370	11.93%	18,354	8.00%	22,942	10.00%
Tier 1 capital (to risk-weighted assets)						
Company	22,385	9.76%	9,174	4.00%	N/A	N/A
Bank	24,622	10.73%	9,179	4.00%	13,768	6.00%
Tier 1 capital (to total assets)						
Company	22,385	7.40%	12,100	4.00%	N/A	N/A
Bank	24,622	8.14%	12,099	4.00%	15,124	5.00%

Dividends are generally restricted by federal banking laws based upon regulatorily defined profit. The Company does not intend to declare cash dividends for the foreseeable future.

Note 14 | Fair Value Measurements

The following disclosures show the hierarchal disclosure framework associated with the level of pricing observations utilized in measuring assets and liabilities at fair value. The three broad levels are defined as follows:

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.

Level III: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

The following tables present the assets reported on the Consolidated Balance Sheet at their fair value as of December 31, 2014 and 2013, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

(in thousands)	December 31, 2014			
	Level I	Level II	Level III	Total
Assets:				
Fair value measured on a recurring basis:				
U.S. government agency securities	\$ -	\$ 14,491	\$ -	\$ 14,491
Government sponsored mortgage-backed securities	-	9,810	-	9,810
Fair value measured on a non-recurring basis:				
Other real estate owned	-	-	1,071	1,071
Impaired loans	-	-	971	971

(in thousands)	December 31, 2013			
	Level I	Level II	Level III	Total
Assets:				
Fair value measured on a recurring basis:				
U.S. government agency securities	\$ -	\$ 17,319	\$ -	\$ 17,319
Municipal securities	-	2,520	-	2,520
Government sponsored mortgage-backed securities	-	15,085	-	15,085
Fair value measured on a non-recurring basis:				
Other real estate owned	-	-	1,693	1,693
Impaired loans	-	-	1,399	1,399
Securities held to maturity	-	-	798	798

Note 14 | Fair Value Measurements *(continued)*
Impaired Loans

Impaired loans that are collateral dependent are written down to fair value through the establishment of specific reserves. Techniques used to value the collateral that secure the impaired loan include: quoted market prices for identical assets classified as Level I inputs and observable inputs, employed by certified appraisers, for similar assets classified as Level II inputs. In cases where valuation techniques included inputs that are unobservable and are based on estimates and assumptions developed by management based on the best information available under each circumstance, the asset valuation is classified as Level III inputs.

Other Real Estate Owned

Other real estate owned is measured at fair value, less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management, and the assets are carried at the lower of carrying amount or fair value, less cost to sell.

Securities Held to Maturity

Securities held to maturity were evaluated at December 31, 2014 and no impairment was necessary. Securities held to maturity were marked to market as of December 31, 2013, as a result of impairment that was determined to be OTTI. Management separates OTTI into two categories: (a) the amount of total OTTI related to a decrease in expected cash flows to be collected (credit loss) which is recognized in earnings; and (b) the amount of OTTI related to all other factors, which is recognized, net of income taxes, as a component of other comprehensive income. There was no impairment on securities held to maturity during 2014. During 2013, The Bank recorded credit related impairment of \$22,000 on two private label mortgage-backed securities through earnings. The remaining difference between the fair value and amortized cost of \$118,000 (the difference defined as the noncredit portion) was recognized in other comprehensive income, net of applicable taxes.

The following tables present quantitative information about the Level III significant unobservable inputs for assets and liabilities measured at fair value on a non-recurring basis at December 31, 2014 and 2013.

December 31, 2014						
(in thousands)	Quantitative Information about Level 3 Fair Value Measurements					
	Fair Value Estimate	Valuation Technique	Unobservable Input	Range	Weighted Average	
Impaired loans	\$ 971	Appraisal of collateral	Appraisal adjustments	0% - 30%	21.98%	
			Liquidation expenses	0% - 15%	7.00%	
Other real estate owned	1,071	Appraisal of collateral	Appraisal adjustments	0% - 20%	15.00%	
			Liquidation expenses	0% - 15%	7.00%	
December 31, 2013						
(in thousands)	Quantitative Information About Level III Fair Value Measurements					
	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average	
Impaired loans	\$ 1,344	Appraisal of collateral	Appraisal adjustments	0% - 20%	6.22%	
			Liquidation expenses	0% - 15%	7.00%	
Other real estate owned	1,694	Appraisal of collateral	Appraisal adjustments	0% - 20%	10.00%	
			Liquidation expenses	0% - 15%	7.00%	
Securities held to maturity	798	Discounted cash flows	Constant prepayment rate (CPR)	8%	8.00%	
			Constant default rate (CDR)	2.15% - 2.55%	2.37%	
			Discount rate	5.05% - 5.12%	5.09%	

Note 15 | Fair Value of Financial Instruments

The fair value of the Company's financial instruments is as follows:

(in thousands)	December 31, 2014				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	\$ 13,595	\$ 13,595	\$ 13,595	\$ -	\$ -
Investments in certificates of deposits	4,495	4,495	4,495	-	-
Securities available for sale	24,301	24,301	-	24,301	-
Securities held to maturity	3,458	3,583	-	2,839	744
Net loans	250,908	253,921	-	-	253,921
Loans held for sale	529	529	529	-	-
Regulatory stock	639	639	639	-	-
Cash surrender value life insurance	3,042	3,042	3,042	-	-
Mortgage servicing rights and credit enhancement fees	-	31	-	-	31
Accrued interest receivable	641	641	641	-	-
Financial liabilities:					
Non-maturity deposits	\$ 186,562	\$ 186,562	\$ 186,562	\$ -	\$ -
Time deposits	89,443	89,835	-	-	89,835
Long-term borrowings	7,929	7,930	-	-	7,930
Accrued interest payable	68	68	68	-	-

(in thousands)	December 31, 2013				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	\$ 19,222	\$ 19,222	\$ 19,222	\$ -	\$ -
Investments in certificates of deposits	5,995	5,995	5,995	-	-
Securities available for sale	34,924	34,924	-	34,924	-
Securities held to maturity	798	798	-	-	798
Net loans	227,454	231,385	-	-	231,385
Regulatory stock	1,081	1,081	1,081	-	-
Cash surrender value life insurance	2,941	2,941	2,941	-	-
Mortgage servicing rights and credit enhancement fees	13	49	-	-	49
Accrued interest receivable	598	598	598	-	-
Financial liabilities:					
Non-maturity deposits	\$ 175,421	\$ 175,421	\$ 175,421	\$ -	\$ -
Time deposits	92,373	92,825	-	-	92,825
Short-term borrowings	10,000	10,000	10,000	-	-
Long-term debt	4,207	4,209	-	-	4,209
Accrued interest payable	64	64	64	-	-

Note 15 | Fair Value of Financial Instruments *(continued)*

Financial instruments are defined as cash, evidence of ownership interest in an entity, or a contract that creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms.

Fair value is defined as the amount at which a financial instrument could be exchanged in current transactions using active trading markets. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument.

If no readily available market exists, the fair value estimates for financial instruments should be based upon management's judgment regarding current economic conditions, interest rate risk, expected cash flows, future estimated losses, and other factors as determined through various option pricing formulas.

As many of these assumptions result from judgments made by management based upon estimates that are inherently uncertain, the resulting estimated fair values may not be indicative of the amount realizable in the sale of a particular financial instrument. In addition, changes in assumptions on which the estimated fair values are based may have a significant impact on the resulting estimated fair values.

As certain assets such as deferred tax assets and premises and equipment are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of Centric.

Centric employed simulation modeling in determining the estimated fair value of financial instruments for which quoted market prices were not available based upon the following assumptions:

Cash and Cash Equivalents, Investments in Certificates of Deposits, Regulatory Stock, Cash Surrender Value Life Insurance, Accrued Interest Receivable, and Accrued Interest Payable

The fair value is equal to the current carrying value.

Investment Securities

The fair market value of investment securities is equal to the available quoted market price. If no quoted market price is available, fair value is estimated using the quoted market price for similar securities. Fair value for certain held-to-maturity securities were determined utilizing discounted cash flow models, due to the absence of a current market to provide reliable market quotes for the instruments.

Loans

Fair value is estimated by discounting future cash flows using current market inputs at which loans with similar terms and qualities would be made to borrowers of similar credit quality. Where quoted market prices were available, primarily for certain residential mortgage loans, such market rates were utilized as estimates for fair value.

Loans Held for Sale

Loans held for sale are individual loans for which the Company has a firm sales commitment; therefore, the carrying value is a reasonable estimate of the fair value.

Mortgage Servicing Rights and Credit Enhancement Fees

The fair value for mortgage servicing rights is estimated by discounting contractual cash flows and adjusting for prepayment estimates. Discount rates are based upon rates generally charged for such loans with similar characteristics.

Note 15 | Fair Value of Financial Instruments *(continued)***Deposits and Long-term Debt**

The fair values of certificates of deposits and long-term debt are based on the discounted value of contractual cash flows. The discount rates are estimated using rates currently offered for similar instruments with similar remaining maturities. Demand, savings, and money market deposit accounts are valued at the amount payable on demand as of year-end.

Note 16 | Participation in U.S. Treasury Programs

Centric participated in the U.S. Treasury's Small Business Lending Fund ("SBLF") program. With the execution of this Securities Purchase Agreement with the Secretary of the Treasury, the Company paid back the monies from its participation in Capital Purchase Program. Pursuant to the agreement, Centric sold to the Treasury 7,492 shares of senior non-cumulative perpetual preferred stock, Series C at \$1,000 liquidation value per share, for the price of \$7,492,000.

The preferred stock Series C qualifies as Tier 1 capital and pays quarterly dividends, beginning October 2011. Dividend rates are determined upon funding and for the next nine calendar quarters, adjusted quarterly (based on outstanding loans at the end of the second previous quarter). The percentage of the increase in lending determines the dividend rate. Dividend rates for the tenth quarter after funding through the end of the first 4.5 years are based on the increased lending at the end of the eighth quarter after funding. The dividend rate after 4.5 years, if the funding has not been repaid, is set at 9 percent. For both 2014 and 2013, Centric qualified for a dividend rate of 1 percent per year due to its lending growth. Under the terms of the SBLF program, with the approval of its regulator, an institution may exit the program at any time by repaying the funding provided plus any accrued dividends.

Note 17 | Stock Offering

On July 17, 2014, the Company began a private placement offering to "accredited investors" (as defined in Regulation D promulgated under the Securities Act of 1933, as amended) offering up to 1,600,000 shares of common stock at a purchase price of \$5.00 per share. For the year ended December 31, 2014 the Company issued a total of 682,774 shares and an offering price of \$5.00 per share resulting in total proceeds of \$3,414,000 in additional capital at December 31, 2014. The direct costs of the offering through December 31, 2014 totaled \$36,000, which were netted against the proceeds received during the year resulting in net proceeds of \$3,378,000. The offering was subsequently closed on January 30, 2015, which is described in further detail in Note 18.

Note 18 | Subsequent Events

The stock offering discussed in Note 17 was subsequently closed on January 30, 2015. At the close of the offering, the Company had issued a total of 997,191 shares and received total proceeds of \$4,986,000. Total direct expenses of the offering were \$83,000, which were netted against the proceeds.

BOARD OF DIRECTORS



Standing left to right: Robert V. Gothier, Sr., CEO, RVG Management & Development Company; Steven P. Dayton, Retired, Founder and Former CEO, CODI, Inc.; Frank A. Conte, Managing Partner, Conte Wealth Advisors, LLC; Dr. Jeffrey W. Keiser, Partner & President, Forest Hills Dental Associates, PC; R. Luke Rohrbaugh, Retired, Director-Investments, Wells Fargo Advisors (retired from board); Fred M. Essis, President & CEO, Essis & Sons Carpet One; Thomas H. Flowers, Certified Public Accountant, Flowers & Flowers, CPA; Kerry A. Pae, Secretary of the Board, President & Owner, Kerry Pae Auctioneers, Inc.; and Renée J. Conner, CEO/Owner, PensionPro Software, LLC.

Seated left to right: Donald E. Enders, Jr., Chairman of the Board, President, Colonial Park Realty Company, Enders Insurance Associates; Patricia A. Husic, President & CEO, Centric Financial Corporation and Centric Bank; and John A. Maher, CPA, Vice Chairman of the Board, Member, Pennsylvania House of Representatives.

BRANCH MANAGEMENT TEAM

- Joseph M. Rebarchak, VP,
Lower Paxton Financial Center Manager
Derry Township Financial Center Manager
- Mary Anne E. Bayer, AVP,
Silver Spring Financial Center Manager
- Vickie L. Broughton, AVP,
Camp Hill Financial Center Manager

COMMERCIAL LENDING TEAM

- Paul B. Zwally, SVP, Senior Commercial Lending Officer
- Donald J. Bonafede, SVP, Senior Commercial Lending Officer
- Michael J. Watson, VP, Commercial Lending
- Cheryl C. Sakalosky, VP, Commercial Lending
- Kristel H. Zaring, VP, Commercial Lending
- Steven G. Snedeker, VP, Commercial Lending
- Cory G. Bishop, AVP, SBA and Commercial Lending
- Gary M. Kline, AVP, Government Services Banking

SENIOR LEADERSHIP TEAM



*Patricia A. Husic
President & CEO*



*Jeffrey W. Myers, EVP
Chief Lending Officer*



*Sandra J. Schultz, EVP
Chief Financial Officer*



*Terrence M. Monteverde, EVP
Chief Credit Officer*



*Leslie A. Meck, SVP
Chief Retail Officer*



*Shane E. McNaughton, SVP
Management Information Systems*



*Paul B. Zwally, SVP
Senior Commercial Lending Officer*



*Donald J. Bonafede, SVP
Senior Commercial Lending Officer*



*Michelle L. Carrasquillo, SPHR, VP
Human Resources Manager*

CENTRIC BANK FINANCIAL CENTERS



CAMP HILL FINANCIAL CENTER

1625 Market Street
Camp Hill, PA 17011
(717) 730-2816
Fax (717) 730-2813

Lobby & Drive-Thru Hours
M-Th 8:30 a.m. to 5:00 p.m.
F 8:30 a.m. to 6:00 p.m.
Sat 8:30 a.m. to 12 noon



SILVER SPRING FINANCIAL CENTER

6480 Carlisle Pike
Mechanicsburg, PA 17050
(717) 591-1360
Fax (717) 591-1363

Lobby & Drive-Thru Hours
M-Th 8:30 a.m. to 5:00 p.m.
F 8:30 a.m. to 6:00 p.m.
Sat 8:30 a.m. to 12 noon



LOWER PAXTON FINANCIAL CENTER

4320 Linglestown Road
Harrisburg, PA 17112
(717) 657-7727
Fax (717) 657-5036

Lobby & Drive-Thru Hours
M-Th 8:30 a.m. to 5:00 p.m.
F 8:30 a.m. to 6:00 p.m.
Sat 8:30 a.m. to 12 noon



DERRY TOWNSHIP FINANCIAL CENTER

1201 West Governor Road
Hummelstown, PA 17036
(717) 533-7626
Fax (717) 533-7670

Lobby & Drive-Thru Hours
M-Th 8:30 a.m. to 5:00 p.m.
F 8:30 a.m. to 6:00 p.m.
Sat 8:30 a.m. to 12 noon

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- Verify Transactions & Balances
- Pay Your Bills
- Deposit Checks Remotely
- Transfer Funds
- View Account Alerts

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OUR MISSION

Centric Bank is a locally owned, locally loaned community bank that provides a variety of core financial services to businesses, professionals, and individuals. We promise our customers immediate, direct access to our bank decision makers and deliver the finest personalized service in the industry. Centric has committed people and resources to enrich the communities where we live and work. Because trust is our most important commodity, we are focused on building and sustaining long-term generational relationships with our customers, our community, our employees, and our shareholders. In every transaction, *We Revolve Around You.*

OUR VISION

We aspire to become the locally owned, independent, community bank of choice for small and medium-size businesses, professionals, and individuals in central Pennsylvania. We will combine steady growth, consistent earnings, and firm control of risk factors to provide safety for our depositors. Our people will be the difference in establishing consistency in earnings and enhanced shareholder value.

CORE VALUES

We trust our principles are clear to every customer from the moment you enter our facilities or speak to a Centric Bank representative:

- We value an uncompromising dedication to understanding and meeting our clients' financial needs.
- We recognize and reward the contributions of our team members and believe that qualified, loyal, and committed professionals are our most valuable asset.
- We practice prudent business planning and cost management strategies to ensure financial viability and responsible growth.
- We embrace change and continually seek ways to provide quality, cost-effective services that meet or exceed our clients' expectations.
- We seek to establish a relationship of trust and respect with our clients and value integrity as an organization and as individuals.
- We are committed to providing the best possible service to our clients. We will go above and beyond what is required to attract and retain cherished business relationships. Our goal is to build relationships. *We Revolve Around You.*



To be a catalyst for small business success requires a deep understanding of job creation, how its success advances healthy communities, and how critically important access to capital is for a region's sustainable future.

As your Community Bank of Choice, we provide financial stamina to help you grow, employ more people, and create better products and services. To Pennsylvania's 1 million small businesses who represent 98.3% of all employers, our shareholders and banking team believe that investing in *You* is our greatest Return on Investment. We welcome you to a world of *Smart banking. Smarter business growth!*



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