ANNUAL REPORT 15

CENTRIC FINANCIAL CORPORATION

COMMUNITY MATTERS.

COMMUNITY MATTERS.

CENTRIC FINANCIAL CORPORATION
ANNUAL REPORT 2015

CENTRIC FINANCIAL CORPORATION: FINANCIAL REPORT 2015

TO OUR SHAREHOLDERS, CUSTOMERS, AND FRIENDS:

Every time we look at our ocean blue spherical logo, it's a pleasant reminder of "Community" and what really "Matters"—and that's our theme for 2015.

DONALD E. ENDERS, JR.
Chairman of the Board

PATRICIA A. HUSIC
President & CEO

We live, work, play, learn, and build together. This was a year of impressive growth, performance, partnerships, and platforms. We reached a new status with our ticker symbol—CFCX—and completed an oversubscribed common stock offering to support future growth. Staying keenly focused on our strategic loan portfolio goals and delivering shareholder value to you, our 322 investors, we captured new market share as big banks acquired small banks.

Headlines like "*Midstate banking M&A market will be hot in 2016*," and "*Two deals that affected the mid-state were among the country's seven largest deals of the year in terms of value*" heightened lending concerns among business owners. In this era of banking musical chairs, Centric Bank has developed the deepest and strongest ties to businesses and individuals in our communities. We live where we lend. Our client ambassadors, who share testimonies on these pages, know that fueling small business is the prescription for job creation. While other financial institutions balloon and bust, we pledge continued growth and long-term fidelity. Our total assets increased by 20% and grew to $373 million at year-end 2015.

As your *Community Bank of Choice,* we have privileged insight into Pennsylvania's small business engine. A powerful growth tool, SBA lending continued to be a strategic initiative. We originated and closed over $23 million in new SBA loans during 2015. Creating measurable economic impact, our lending strength and partnerships propelled us to the #1 position in SBA lending for our 5-county area as of SBA FYE 15.

Total loans originated in 2015 were $137 million, with an increase in loans outstanding of $60 million, or 24% growth over the prior year. As compared to Pennsylvania banks under $650 million, the median loan growth rate was 6.36% for the year. Once again, Centric Bank retained leadership in organic loan growth in our markets. Our yield on the loan portfolio was 4.64%, as compared to our peers at 4.52% for 2015.

Our asset quality remained pristine, and non-performing assets as a percentage of total assets were .65%, an improvement from .92% at the end of the prior year. The bank peer group reported a median of 1.06% for that same period. Centric Bank's asset quality is reflective of our high-caliber clients and prudent underwriting process delivered by the credit and risk management team.

Centric Bank's financial highlights as of December 31, 2015, are as follows:

- Net income after taxes was $1.84 million, an increase of 49%;
- Net interest margin grew to 3.48% from 3.44%;
- Cost of funds decreased from .77% to .73%;
- Loan-to-deposit ratio increased to 101.2% from 92.0%;
- Return on assets increased to .55% from .40%;
- Return on equity was 7.84%, compared to 7.87% in 2014, the decrease a result of the $12 million stock offering;
- Earnings-per-share increased to $0.42/share, up from $0.38/share, an increase of $0.04/share or 11%, even with the impact of the additional shares resulting from the stock offering;
- Tangible book value of the bank's stock increased to $5.37/share, an increase of $0.22/share or 4.3%. The year-end trade was $7.00/share.

A key strategic initiative was increasing non-interest bearing deposits as a percentage of total deposits. As seen with high-performing financial institutions, these numbers are in the range of 18-26%. At the end of 2014, non-interest bearing checking as a percentage of total deposits was 9%. We ended 2015 with this ratio at 17%, an increase of $28.7 million from the year prior. We are committed to increasing this ratio yearly.

Another strategic initiative was to increase non-interest income with a focus on SBA lending and mortgage loans. In 2015, we sold over $16.1 million in SBA loans with a resulting gross fee income of $1.7 million, up $1.66 million from the prior year. We also outlined goals to build infrastructure in our mortgage operations area to sell our mortgage loans directly to the secondary market. We added investors, implemented software, enhanced checks and balances, and are adding originators: 2016 is primed for significant impact to non-interest income.

In April 2015, a 5-person lending team established a loan production office in suburban Philadelphia, expanding the franchise value of the bank. This team brings over 75 years of experience in the commercial banking industry. The charge of the Doylestown-based team is commercial lending, with an emphasis on C&I lending, as well as SBA lending. During 2015, this team booked $20 million in commercial loans, $10 million in deposits, and contributed 59% of fee income from SBA loans. They achieved profitability in September 2015, three months ahead of the budgeted forecasts.

An additional goal was to increase operational efficiency through technology and increasing fee income. In 2015, our efficiency ratio improved to 72.6% from 76.1% the prior year. To improve customer profitability and evaluate prospects, we are implementing tools through a Relationship Profitability Management model. We introduced the RPM tools in January 2016 after set-up and testing during the fourth quarter.

In 2016, we plan to enhance the turnaround and efficiency of the credit area, so we can deliver quick results to our prospects and clients. Understanding the power of technology, we continue to evolve our mobile app user-experience and provide new tools for clients to be served on the screen of their choice. Our team has seized opportunities and taken smart advantage of the dislocation in our markets resulting from bank mergers. We have seen significant successes in new client acquisition, and we continue to discover additional ways to lead these businesses and individuals to Centric Bank.

Our Doctor Centric Bank division grew loans to $17.3 million and increased deposits by $850,000. We deepened customer relationships in 2015, and plan to double the loans outstanding in the medical industry for 2016. Doctor Centric Bank's concierge service has expanded measurably through personal referrals and word-of-mouth marketing. We are proud to be the start-up financier and second-stage growth partner for dentists, oncologists, cardiologists, dermatologists, and other health care specialists.

An exclamation point to 2015 was our issuance of $6 million in subordinated debt at one of the lowest rates issued in the U.S. by a financial institution. Set for a term of 10 years, it is fixed at 4.85% for the first 5 years. The proceeds were used to pay back the Small Business Lending Fund (SBLF) to the U.S. Treasury at year-end, prior to the reset of the rate in mid-January 2016. We also used $1.5 million of our common stock proceeds toward that payoff. These funds provided over $86 million in new commercial loans to small businesses.

With palpable momentum and a reputation as the lifeline for small business, we advance new strategic initiatives. We are working smarter, delivering quick turnarounds, and living our brand promise. We have the best team in place to execute the strategic plan and deliver returns to every stakeholder. We are honored to *Revolve Around You* and are grateful to be the stewards of your investment in Centric Financial Corporation.

Sincerely,

Donald E. Enders, Jr.
Chairman of the Board

Patricia A. Husic
President & CEO

COMMUNITY IS MUCH MORE THAN BELONGING TO SOMETHING. IT'S ABOUT DOING SOMETHING TOGETHER THAT MAKES BELONGING MATTER.

BRIAN SOLIS

Community Matters

Centric Bank celebrated a year of corporate growth, economic opportunities, and capital raise milestones in 2015. As our world becomes ever more connected, regulated, and geopolitical, our focus remains on prospering the community—it's our ballast. In every transaction, strategic initiative, and customer communication, *Community Matters*.

"Since our first conversations in 2007 about the exciting possibility of starting our own bank with the singular intention of powering small business, we redouble our clearly articulated goals both then and now: Be the difference maker. Be the rocket fuel for our economy. Be focused on growth, but never at the expense of relationships.

"Nine years later, we have stayed the course. What has changed is our bench strength: We have grown from $60 million to $373 million in assets. Meanwhile, the original inspiration to fuel small businesses and propel job creators remains preeminent," says Patti Husic, President & CEO.

The function of finance is one of the most critical elements for small business opportunities, and despite new technologies and data-driven insights, the human connection between community banker and small business owner is still the springboard for success. "Almost paradoxically, as more technology becomes available, human judgement and wisdom matter more," says University of Michigan professor Kentaro Toyama. Centric Bank's deep commitment to Main Street America has tapped into this desire to know your banker, to understand the principles of your bank, to share its goals, and to benefit from its business strategies.

Serving New Communities

New client recruitment and retention have opened several growing markets in our footprint—the Millennials who have come of age with an Internet-accessible device and who are defined by their big ideas and strong convictions; women business owners whose only barrier to lift off is access to resources and decision-making networks; and entrepreneurs who are investing in office infrastructure and commercial real estate.

Connecting with Millennials—now the largest generation in the U.S. workforce—is imperative for Centric Bank's long-term sustainability. "We are loyal. We want to bank with people we know, people we see volunteering in our communities, and people who give where they live. I expect the convenience of a Centric Bank app, but emphasize the value of an in-person relationship," says Andrew Enders, Esq., Enders Insurance Associates, and president of Harrisburg Young Professionals.

Using new technologies, Centric tracks trends in banking services and can use this data to meet clients' needs for more efficient business management, cash management, executive lines of credit, mobile and Internet banking, SBA loans, and office equipment purchases.

As first-time home buyers, we opted to take on a new construction loan. Centric Bank was one of the only institutions that even considered our initial proposal for financing—and we couldn't be happier that they did! We have had a steep learning curve to conquer, but Getty Wilson and her team at Centric Bank have been with us since day one. From answering questions on how construction loans function differently than typical mortgages, or taking extended meetings to build a game plan to maximize our rates, Centric Bank has provided us with the information, transparency, and support necessary for us to feel confident and happy with our home-building choice. Centric made our dream a reality!

KYLE COOK AND FIANCÉE BETH HOLT
New Cumberland, PA

Despite new technologies and data-driven insights, the human connection between community banker and small business owner is still the springboard for success.

Raising Capital, Raising Brand Equity, and Raising the Bar

In 2015, Centric Financial Corporation received its OTC ticker symbol and began trading as CFCX. Independence and innovation are in Centric Bank's DNA. This was particularly evident in this year's growth surges. "We relate to the entrepreneur who takes an idea to market and convinces an investor to fund a dream. This is the lifeblood of small business, and it's a story we live daily," says Husic. On November 20, Centric Bank exceeded its $8 million goal and completed a $12 million capital raise in 30 days, expanded twice to meet investor demand, and closed oversubscribed.

"The estimated $11.3 million in net proceeds from the transaction will be used to support operational growth, increase organic loan growth, accelerate SBA opportunities, and expand our service footprint in the suburban Philadelphia region and throughout Pennsylvania," says Husic. "Investor support for this highly successful offering was a vote of confidence for Centric's expansion and a clear signal to business builders that we are well capitalized and prepared to finance the future."

Finishing Strong

Centric Financial Corporation announced on December 30, 2015, plans to pay off the Small Business Lending Fund (SBLF) to the U.S. Department of the Treasury and entered into a subordinated note purchase agreement under which the Company issued a $6 million subordinated note to a Williamsport, Pennsylvania-based financial institution. "This was an exclamation point to a strong year, and we're excited about the momentum it provides us for 2016. We take our commitment to 'powering the GDP' very seriously. Community banks form the financial fabric of entire regions, and our positive capital growth trajectories are helping to create stronger, more prosperous communities," says Husic.

During the course of the SBLF Program, Centric Bank used the funds to lend an additional $86 million in loans to small businesses—an increase of approximately 160% in commercial loans. "The SBLF Program was very successful for Centric Bank and the communities we serve. We were able to provide significant access to capital for our small business owners to help them grow and create jobs," says Husic.

Centric Bank is well-positioned to continue its SBA growth in 2016 and beyond. Recognized as the #1 SBA lender in a 5-county area as of SBA FYE 15, Centric Bank surpassed 2 billion-dollar financial institutions that have repeatedly held the top 2 positions.

I was looking to partner with a progressive bank that would provide me with the highest level of industry knowledge, customer service, and ability to streamline the SBA process when buying my first business. The team at Centric Bank designed a flawless strategy that gave me an incredible experience from start to finish. The flexibility and proactive approach they took in understanding my business model and growth objectives allowed me to secure a loan, apply for additional working capital, and use Centric Bank as my personal bank for my new business.

It is rare to find a business that has the resources and outstanding attitude that I have witnessed firsthand at Centric Bank. Their concern for my professional and personal goals makes me feel like I am working with family. They have my best interests in mind and will encourage my continued growth for years to come.

KEVIN BAUER
Owner, R3Access Inc.
(Kevin Bauer, center, with the R3Access team)
Warminster, PA

Our commercial loan portfolios exceeded this year's goal of $50 million in new loans and have grown by 24%. This infused capital has unleashed innovation and job creation in the life sciences, chemical labs, farm-to-table restaurants, surgical centers, hotels, health care, and aviation. As regional banks were absorbed by outsiders, Centric Bank immediately captured new market share and developed new banking relationships.

Acquiring Top Talent and High-Potential Clients

To meet pent-up commercial lending demand, Centric expanded in suburban Philadelphia with a 5-person lending team on April 13, 2015. The Bucks County Centric Bank team opened a loan production office within 100 days and is exceeding Centric's commercial loan goals. They booked $20 million in loans in 2015. This high-octane team led by Michele E. Light, Senior Vice President and Market Leader, delivers an aggregate 75+ years of local financial expertise, as well as small business, SBA, and commercial real estate loan experience.

We turned to Centric Bank to provide us with the financial tools and resources to build our restaurant. Patti Husic understood our dream and has personally seen to providing everything we need for success. We highly recommend the entire Centric team. They provide the personalized banking service that small businesses thrive on.

SHELLY PAGE
Owner, Vrai Restaurant
Lemoyne, PA

"To provide relationship-banking services to our neighbors in southeastern Pennsylvania is an exciting opportunity for us," says Husic. "The rich history of the region, the business DNA, work ethic, and demographics of Bucks County and the surrounding counties that we do business in complement our customer and shareholder base."

"Blending the people skills and lending strengths of our teams was instinctive from our first meeting with the Centric Bank leadership," says Light. "This acquisition is an economic opportunity for our entrepreneurs and small business owners who depend on access to capital from their community banker."

The Centric Bank mission is clear: Our people will be the difference in establishing consistency in earnings and enhanced shareholder value. Hiring the best talent who innately demonstrate the bank's DNA of "people-first and community matters" has been the catalyst for 24% loan growth in central Pennsylvania and in becoming #1 among banks in Pennsylvania under $650 million in assets. And, for the fourth consecutive year, the *Central Penn Business Journal* named Centric Bank as one of the Top 50 Fastest Growing Companies in the region.

Adding 7 new employees in 2015, Centric Bank became 78 people strong with a goal to add 20 new positions in 2016. "We plan to expand our mortgage office by 9 employees and add additional commercial and retail sales staff to Harrisburg and Bucks County," says Husic. "We are very proud of our high-achieving teams. Their relationship banking rapport has attracted many new clients in suburban Philadelphia."

During more than 50 years in business, Carson has adapted its business model to reflect the ever-changing advancements and opportunities in the helicopter industry. Our longevity is based on being a step ahead of the competition, which takes vision as well as the monetary means to continually move forward. Carson has learned the importance of choosing a bank and a banker who understand innovation and loyalty. Almost 20 years ago, we met Chris McDermott who became not only our banker but a trusted friend. When Chris told us he was working for Centric Bank, we did not hesitate to follow him. We have been impressed with our new relationship with Centric Bank and look forward to a long and fruitful association.

FRANK CARSON & TERRIL ZIEGLER-CARSON
Owners, Carson Helicopters
Perkasie, PA

Investing in Community Matters

As the only community bank headquartered in Harrisburg, Centric Bank gives where they live. A simple Google Search of #CentricBank, #WeRevolveAroundYou, and #BeTheDifferenceMaker showcases the Centric family attending to *Community Matters*. Sponsoring the U.S. Marine Corps Reserve Toys for Tots Parade and marching with the entire staff; honoring our war heroes in the Memorial Day Parade; supporting the American Heart Association's Go Red campaign; serving the Salvation Army's WIN Women Involved; fighting pediatric cancer with the Four Diamonds Fund; investing in education through school foundations; and volunteering for the Central PA Food Bank are just a few of the ways we quietly show our neighbors how much we care.

We also connected and helped customers, friends, and community leaders in the following organizations:

- Ronald McDonald House of Central Pennsylvania
- Bishop McDevitt High School
- Norwood-Fontbonne Academy
- PA Breast Cancer Coalition
- American Cancer Society
- United Way of the Capital Region
- Central PA Blood Bank
- Susquehanna Township School District
- Central Dauphin School District
- Camp Hill High School Lion Foundation
- United Methodist Home for Children
- Holy Spirit Hospital
- Whitaker Center

Building our brand message with strategic marketing was evident in the headlines and hashtags we created and the media attention we garnered. Focused on a multi-channel marketing strategy of Earned, Owned, and Paid Media, we met our customers on the screen and channel of their choice: mobile, laptop, desktop, digital, outdoor, radio, print, blog, and in person. From the *Central Penn Business Journal* to *PennLive*, to the *Bucks County Courier Times*, to the *Philadelphia Business Journal*, to *PA Banker* and *American Banker*, WITF Smart Talk, Facebook, Instagram, LinkedIn, and

Rita's is a niche business and its reputation and great products speak for themselves. We became the owners of two Rita's locations this past July and have Centric Bank to thank for making this venture a reality.

Coming from the banking industry ourselves, we had a unique perspective when choosing a financial institution to fund our purchase. We sought an institution that could guide us through one of the biggest decisions in our lives. A partner who could provide a community-minded approach, local decision making, personal service, and a shared commitment to meet our closing deadline. Centric was also able to provide recommendations for other local professionals who aided in our start-up, as well as additional service partners and advisors.

KIM AND JOHN TAYLOR
Owners, Rita's Italian Ice
Harrisburg, PA

Twitter, the Centric Bank story energizes and inspires customers.

"On average, loyal customers are worth up to 10 times as much as their first purchase," states the White House Office of Consumer Affairs. Cultivating that loyalty and inviting our customers' user-generated content and stories builds a strong community bond.

Making national headlines in October 2015, CEO Patti Husic ascended to #19 on *American Banker*'s prestigious 25 Most Powerful Women in Banking recognition among hundreds of female executives.

Right from the start, I knew Centric Bank was a good match for me. Their personal attention and forward-thinking leadership fits with my business goals and allows me to continue to move my practice forward. Centric's ability to provide doctor-friendly solutions and make me feel like I'm a valued client means I have the confidence that I can count on them for my ongoing banking and borrowing needs.

ROBERT L. MYERS, DMD, MBA
Wood & Myers Oral & Maxillofacial Surgery
Camp Hill, PA

American Banker praised Patti's leadership in driving Centric Bank to "five consecutive annual profits" and for guiding an executive team that is 75% female with a clear focus on diversity, inclusiveness, and prosperity. "Husic's presence on the list is a welcome change to give women an executive banking voice where it certainly seems like that voice is muted, if not silenced altogether," says Mike Sadowski, reporter for the *Central Penn Business Journal.* Recognizing these strengths and benefits of diversity, the Harrisburg Regional Chamber/CREDC highlighted Patti Husic and Centric Bank as the 2015 Business Diversity Champion of the Year in their annual Catalyst Awards.

Understanding our position as a banking leader and economic lifeline for small business, Centric is honored to be the bank "powering the GDP" and "fueling the local economy" on a statewide and national platform. Our *Community Matters* principle extends to Centric's colleagues and those who look to us as professional role models in the community. On March 9, 2015, Patti led the second inaugural Pennsylvania Bankers Association Women in Banking Symposium where 280+ women from around the Commonwealth convened to advance their careers in banking. Centric Bank was integral in tweeting and posting the day's content for financial leaders, investors, banks, and those who aspire to a banking career.

Doctor Centric Bank

In its third year, Doctor Centric Bank continues to serve the highly specialized private banking needs of doctors and health care professionals.

Offering a full suite of financial services—equipment leasing, new construction, infrastructure financing, cash management, medical malpractice financing, leasehold improvement financing, private loan structures, revolving lines of credit, and practice mortgages—our *Powerful resources. Concierge care.*SM has direct bottom line benefits.

Trendlines

What can you expect in 2016? Banking that's pleasant and convenient, personalized and inspiring. If you can learn a lot about people by where they spend their money, you can certainly learn a lot about a Bank by whom they "bank" on. Our community investment in Main Street is easily discoverable—small businesses, entrepreneurs, innovators, makers, builders, and physicians.

As we build more prosperous communities together, you'll see rising trendlines in SBA loans, commercial and mortgage lending, fee income, and powerful omnichannel banking—one source for every service. When banking "for the long haul" matters, *We Revolve Around You*.

When we decided to build our building, we were repeatedly told it was not going to be possible. Centric Bank stepped in with its team of experienced and dedicated personnel and made the impossible possible. Their can-do attitude and experience led the way for an exciting new Ted's Bar & Grill, bigger, better, and built for the long haul. If it was not for Centric Bank, the dream may have eluded us. Now as we move forward with the growth and expansion of Ted's, we look to Centric for guidance well into the future.

JOHN SAAD, ROMEO LAMARCO, AND JESSE HAMILTON (L-R)
Co-Owners, Ted's Bar & Grill
Harrisburg, PA

A lifetime goal became a reality when I was offered a chance to purchase the business where I had worked for over nine years, but I was overwhelmed with concerns about how to handle the financing of such a large investment. I contacted Centric Bank and was immediately put at ease after a brief conversation with a lending officer.

My confidence in the financing process grew with each meeting. The Centric team took the time to ensure I was comfortable with the SBA lending process and clearly explained all my options. Their expert management of all aspects of the purchase allowed me to focus on running my business. It made a world of difference to me to be treated like more than just another client.

DUSTIN R. BAKER, FD
Supervisor/Owner
Myers-Harner Funeral & Cremation Services Inc.
Camp Hill, PA

PERFORMANCE MATTERS

#1	SBA lender in a 5-county area as of SBA FYE 15
24%	Organic loan growth
50	Top 50 Fastest Growing Companies for 4th consecutive year
#19	CEO Patti Husic recognized by *American Banker* as one of the 25 Most Powerful Women in U.S. Banking
#1	Harrisburg Regional Chamber/CREDC names Patti Husic and Centric Bank Business Diversity Champion at the Catalyst Awards
78	Total employees in 2015
23	New SBA loans to power small businesses
20	New employees to be added in 2016
$373	Million in assets
$12	Million capital raise
$17.3	Million Doctor Centric Bank loans

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, 2015 and 2014; the related consolidated statements of income, comprehensive income, 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, 2015 and 2014, 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.

S.R. Snodgrass, P.C.

Wexford, Pennsylvania
February 26, 2016

CONSOLIDATED BALANCE SHEET

(in thousands, except share data)	December 31, 2015	December 31, 2014
ASSETS		
Cash and due from banks	$ 3,855	$ 4,669
Interest-bearing deposits in other banks	1,064	920
Federal funds sold	15,394	8,006
Cash and cash equivalents	20,313	13,595
Investments in certificates of deposits	2,999	4,495
Securities available for sale	15,715	24,301
Securities held to maturity, fair value of $7,301 and $3,583	6,419	3,458
Loans	314,244	253,898
Less: allowance for loan losses	3,274	2,990
Net loans	310,970	250,908
Loans held for sale	896	529
Accrued interest receivable	842	641
Premises and equipment, net	7,114	7,194
Regulatory stock	1,162	639
Cash surrender value life insurance	3,141	3,042
Goodwill	492	492
Other assets	3,169	2,477
TOTAL ASSETS	**$ 373,232**	**$ 311,771**
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 53,628	$ 24,961
Interest-bearing	257,290	251,044
Total deposits	310,918	276,005
Short-term borrowings	15,500	-
Long-term debt	11,202	7,929
Accrued interest payable	105	68
Other liabilities	1,148	776
Total Liabilities	**338,873**	**284,778**
STOCKHOLDERS' EQUITY		
Preferred stock series C, $1.00 par; 7,492 shares issued and outstanding in 2014 (liquidation preference $1,000 per share)	-	7,492
Common stock, $1.00 par; 12,000,000 shares authorized; 6,306,262 and 3,687,713 shares issued and outstanding in 2015 and 2014, respectively	6,306	3,688
Additional paid-in capital	27,947	17,631
Retained earnings (deficit)	393	(1,369)
Accumulated other comprehensive loss	(287)	(449)
Total Stockholders' Equity	**34,359**	**26,993**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 373,232**	**$ 311,771**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(in thousands, except share data)	Year Ended December 31, 2015	2014
INTEREST INCOME		
Interest and fees on loans	$ 12,861	$ 11,608
Interest and dividends on securities	519	625
Interest-bearing deposits in other banks	26	32
Federal funds sold	45	40
Total interest income	13,451	12,305
INTEREST EXPENSE		
Interest on deposits	2,089	2,052
Interest on borrowings	158	149
Total interest expense	2,247	2,201
Net interest income	11,204	10,104
Provision for loan losses	676	401
Net interest income after provision for loan losses	10,528	9,703
NONINTEREST INCOME		
Service charges on deposit accounts	176	105
Other loan fees and servicing income	273	186
Net gain on sale of loans	1,495	178
Loss on sale of other real estate owned	(62)	(139)
Net gain on sale of securities	(1)	3
Other income	353	292
Total noninterest income	2,234	625
NONINTEREST EXPENSE		
Salaries and employee benefits	5,643	4,326
Occupancy and equipment	1,303	1,198
Legal and professional fees	392	344
Data processing	600	526
Advertising and marketing	327	263
Shares and capital stock tax	237	193
Directors expense	106	139
Federal deposit insurance	324	321
Other expenses	1,171	1,260
Total noninterest expense	10,103	8,570
Income before income tax expense	2,659	1,758
Income tax expense	822	528
NET INCOME	**1,837**	**1,230**
Preferred stock dividends	(75)	(75)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	**$ 1,762**	**$ 1,155**
PER SHARE DATA		
Basic earnings per share	$ 0.42	$ 0.38
Diluted earnings per share	$ 0.42	$ 0.37
Average shares outstanding (basic)	4,232,733	3,072,502
Average shares outstanding (diluted)	4,244,155	3,084,936

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands)	December 31, 2015	December 31, 2014
NET INCOME	$ 1,837	$ 1,230
Other comprehensive income:		
Unrealized holding gains on available-for-sale securities	188	1,074
Tax effect	(64)	(365)
Reclassification adjustment for (gains) losses recognized in income	1	(3)
Tax effect	-	1
Accretion of discount on securities transferred to held to maturity	37	31
Tax Effect	(13)	(11)
Accretion of non-credit other-than-temporary impairment on held-to-maturity securities	20	20
Tax effect	(7)	(7)
Total other comprehensive income	162	740
COMPREHENSIVE INCOME	**$ 1,999**	**$ 1,970**

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 Earnings	Accumulated Other Comprehensive Loss	Total
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
Net income				1,837		1,837
Other comprehensive income					162	162
Stock-based compensation plans:						
Vesting of restricted stock (2,300 shares)		2	(2)			-
Restricted stock - compensation expense			8			8
Stock options - compensation expense			4			4
Issuance of Employee Stock Purchase Plan (4,117 shares)		4	17			21
Redemption of preferred stock	(7,492)					(7,492)
Preferred stock dividend				(75)		(75)
Issuance of common stock (2,612,132 shares)		2,612	10,289			12,901
Balance, December 31, 2015	**$ -**	**$ 6,306**	**$ 27,947**	**$ 393**	**$ (287)**	**$ 34,359**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Years Ended December 31, 2015	2014
Cash flows from operating activities		
Net income	$ 1,837	$ 1,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	676	401
Depreciation and amortization	556	543
Stock-based compensation	12	17
Deferred income tax	(227)	(144)
Loans originated for sale	(28,818)	(11,651)
Proceeds from sale of loans	29,946	11,300
Net gain on sale of loans	(1,495)	(178)
Increase in accrued interest receivable	(201)	(43)
Increase in accrued interest payable	37	4
Net (gain) loss on sale of securities	1	(3)
Net loss on sale of assets	62	139
Other, net	(198)	82
Net cash provided by operating activities	2,188	1,697
Cash flows from investing activities		
Net decrease of investment certificates of deposits	1,496	1,500
Sales of available-for-sale securities	3,492	6,728
Maturities and principal pay downs of available-for-sale securities	5,243	2,222
Maturities and principal pay downs of held-to-maturity securities	90	84
Purchases of held-to-maturity securities	(3,000)	-
Purchases of regulatory stock	(2,104)	(937)
Redemption of regulatory stock	1,582	1,379
Net increase in loans	(60,971)	(24,065)
Purchases of bank premises and equipment	(381)	(159)
Proceeds from disposal of other real estate owned	42	688
Net cash used by investing activities	(54,511)	(12,560)
Cash flows from financing activities		
Net increase in deposits	34,913	8,211
Net increase (decrease) in short-term borrowings	15,500	(10,000)
Proceeds from long-term debt	6,000	7,500
Payments on long-term debt	(2,727)	(3,778)
Dividends paid - preferred stock	(75)	(75)
Net proceeds from issuance of common stock	12,922	3,378
Net payments from redemption of preferred stock	(7,492)	-
Net cash provided by financing activities	59,041	5,236
Net increase (decrease) in cash and cash equivalents	6,718	(5,627)
Cash and cash equivalents at beginning of period	13,595	19,222
Cash and cash equivalents at end of period	**$ 20,313**	**$ 13,595**
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 2,210	$ 2,197
Income taxes	825	525
Supplemental schedule of noncash investing and financing activities:		
Other real estate acquired in settlement of loans	212	204
Transfer of securities to 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 full service offices in south central Pennsylvania, a loan production office in Bucks County, as well as online banking channels. The Bank's principal source of revenue is interest income generated 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 intercompany 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 impaired loans, 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 for regulatory reporting only. 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 $268,000 and $222,000 at December 31, 2015 and 2014, 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. During April 2015 the Bank expanded into suburban Philadelphia, Pennsylvania with a new loan production office.

Note 1 | Significant Accounting Policies (*continued*)

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 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 engages in 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 using 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.

Regulatory Stock

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

Note 1 | Significant Accounting Policies (*continued*)

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, 2015 or 2014.

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 $4,000 and $6,000 was recognized in 2015 and 2014, respectively. The unamortized balance was $2,000 and $7,000 at December 31, 2015 and 2014, respectively. Amortization expense will be $2,000 for 2016.

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. These assets were amortized based upon portfolio activity and subject to ongoing evaluation for any permanent impairment.

MPF portfolio fees earned amounted to $13,000 and $18,000 during 2015 and 2014. The MPF portfolio balance was $2,948,000 and $4,452,000 at December 31, 2015 and 2014, respectively. The FHLB maintains a first-loss position for the MPF portfolio that totals $310,000. Should the FHLB exhaust its first-loss position, recourse to the Bank's credit enhancement would be up to the next $21,000 of losses. The Bank has not experienced any losses for the MPF portfolio. There were no credit enhancement fees receivable, net of an estimated liability, at December 31, 2015 or 2014.

The Bank sells the guaranteed portion of Small Business Administration (SBA) approved loans. The loans are serviced by the Bank and generate corresponding mortgage servicing rights. The portfolio balance of loans generating mortgage servicing rights was $15,717,000 at December 31, 2015. The value of the mortgage servicing rights was $391,000 at December 31, 2015.

Note 1 | **Significant Accounting Policies** (*continued*)

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.

Options and warrants to purchase 72,335 and 65,053 shares of common stock, at a weighted-average price of $5.70 and $5.71, outstanding at December 31, 2015 and 2014, respectively; and unvested restricted shares of 556 and 127 at December 31, 2015 and 2014, respectively, at a price of $6.00 for each period disclosed, were not included in dilutive earnings per share because the result would be anti-dilutive.

(in thousands, except per share data)		2015		2014
Net income	$	1,837	$	1,230
Preferred stock dividends		(75)		(75)
Net income available to common shareholders	$	1,762	$	1,155
Weighted average number of shares outstanding (basic)		4,232,733		3,072,502
Effect of dilutive securities		11,422		12,434
Weighted average number of shares outstanding (diluted)		4,244,155		3,084,936
Per share information:				
Basic earnings per share	$	0.42	$	0.38
Diluted earnings per share	$	0.42	$	0.37

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) as financing cash flows. During 2015 and 2014, no stock options were exercised.

Note 1 | Significant Accounting Policies (*continued*)

Accumulated Other Comprehensive 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 loss, as follows, net of taxes:

(in thousands)	2015			2014		
	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	$ (269)	$ (180)	$ (449)	$ (1,111)	$ (78)	$ (1,189)
Other comprehensive income (loss) before reclassifications	124	37	161	844	(102)	742
Amounts reclassified from accumulated other comprehensive loss	1	-	1	(2)	-	(2)
Net current-period other comprehensive income (loss)	125	37	162	842	(102)	740
Ending balance	$ (144)	$ (143)	$ (287)	$ (269)	$ (180)	$ (449)

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

(in thousands) Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Loss 2015	2014	Affected Line Item in the Consolidated Statement of Income
Sale of available for sale securities	$ (1)	$ 3	Net gain on sale of securities
Tax effect	-	(1)	Income tax expense
Total reclassification for the period	$ (1)	$ 2	

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.

Note 2 | Investment 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, 2015			
U.S. government agency securities	$ 7,671	$ -	$ (90)	$ 7,581
Government sponsored mortgage-backed securities	8,263	14	(143)	8,134
Total	$ 15,934	$ 14	$ (233)	$ 15,715
	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

A summary of securities held to maturity is as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2015			
Municipal securities	$ 2,755	$ 113	$ -	$ 2,868
Other debt securities	3,000	781	-	3,781
Private collateralized mortgage obligations	664	4	(16)	652
	$ 6,419	$ 898	$ (16)	$ 7,301
	December 31, 2014			
Municipal securities	$ 2,724	$ 115	$ -	$ 2,839
Private collateralized mortgage obligations	734	10	-	744
	$ 3,458	$ 125	$ -	$ 3,583

Securities with a fair value of $15,711,000 and $24,296,000 were pledged to collateralize bank deposits by Pennsylvania local governments, FHLB advances, and the discount window as of December 31, 2015 and 2014, respectively.

During 2015, the Bank sold seven securities totaling $3,492,000 resulting in gross gains of $3,000 and gross losses of $4,000. For the twelve months ended December 31, 2014, the Bank sold twenty five securities totaling $6,728,000 resulting in gross gains of $78,000 and gross losses of $75,000.

The amortized cost and fair value of debt securities owned at December 31, 2015, by contractual maturity, are shown below:

(in thousands)	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ -	$ -	$ -	$ -
Due after one year through five years	6,172	6,107	-	-
Due after five years through ten years	5,724	5,646	4,849	5,685
Due after ten years	4,038	3,962	1,570	1,616
Total investment securities	$ 15,934	$ 15,715	$ 6,419	$ 7,301

Note 2 | Investment Securities (*continued*)

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	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
			December 31, 2015			
U.S. government agency securities	$ 2,160	$ (12)	$ 5,421	$ (78)	$ 7,581	$ (90)
Government sponsored mortgage-backed securities	2,286	(24)	4,706	(119)	6,992	(143)
Private collateralized mortgage obligations	-	-	358	(16)	358	(16)
Total temporarily impaired securities	$ 4,446	$ (36)	$ 10,485	$ (213)	$ 14,931	$ (249)
			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)

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. For the years ended December 31, 2015 and 2014, Centric did not record any credit-related impairment. There were 40 securities that were temporarily impaired at December 31, 2015.

There were no changes in credit losses for the year ended December 31, 2015 and 2014 associated with investment securities for which other-than-temporary impairment losses have been previously recognized in both earnings and other comprehensive income.

Note 3 | Loans

The composition of loans, net of unamortized loan origination fees of $642,000 and $139,000 at December 31, 2015 and 2014, respectively, are as follows:

(in thousands)	December 31, 2015	December 31, 2014
Commercial	$ 78,913	$ 39,964
Real estate - construction	13,938	13,263
Real estate - residential owner occupied	41,433	39,266
Real estate - residential non-owner occupied	26,087	23,825
Real estate - commercial	153,110	136,994
Consumer	763	586
Total loans	314,244	253,898
Allowance for loan losses	(3,274)	(2,990)
Net loans	$ 310,970	$ 250,908

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

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 of approximately $3,274,000 adequate to cover loan losses inherent in the loan portfolio, as of and for the year ending December 31, 2015.

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

Allowance for loan losses activity during 2015 is as follows:

(in thousands)	Balance at December 31, 2014	Charged-off Loans	Recoveries	Provision	Balance at December 31, 2015
Commercial	$ 734	$ -	$ -	$ 282	$ 1,016
Real estate - construction	133	-	-	3	136
Real estate - residential owner occupied	366	-	-	121	487
Real estate - residential non-owner occupied	540	(399)	5	249	395
Real estate - commercial	1,069	-	-	124	1,193
Consumer	8	-	2	(5)	5
Unallocated	140	-	-	(98)	42
Total	$ 2,990	$ (399)	$ 7	$ 676	$ 3,274

The changes in the allowance for loan losses over the prior period related to the commercial portfolio increased due to the significant increase in portfolio balances, a decrease in the loss history that influences the allocation of provision and a significant decrease in adversely classified assets. The allowance for loan loss related to real estate - owner occupied and real estate – commercial both increased over prior period due to the increase in their respective portfolio balances. The change in allowance for loan losses related to real estate – non-owner occupied decreased due to the decrease in loss history influencing provision and a decrease in adversely classified assets.

Allowance for loan losses activity during 2014 is as follows:

(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.

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

The following tables present, by portfolio segment, the allowance for loan losses broken down between loans individually evaluated for impairment and loans collectively evaluated for impairment, as well as the recorded investment in those loans:

(in thousands)	December 31, 2015		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for loan losses:			
Commercial	$ 380	$ 636	$ 1,016
Real estate - construction	-	136	136
Real estate - residential owner occupied	106	381	487
Real estate - residential non-owner occupied	105	290	395
Real estate - commercial	-	1,193	1,193
Consumer	1	4	5
Unallocated	-	42	42
Total	$ 592	$ 2,682	$ 3,274
Loans, ending balance:			
Commercial	$ 428	$ 78,485	$ 78,913
Real estate - construction	-	13,938	13,938
Real estate - residential owner occupied	808	40,625	41,433
Real estate - residential non-owner occupied	604	25,483	26,087
Real estate - commercial	88	153,022	153,110
Consumer	17	746	763
Total	$ 1,945	$ 312,299	$ 314,244

(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	$ 700	$ 2,290	$ 2,990
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	$ 1,671	$ 252,227	$ 253,898

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, 2015 and 2014. 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, 2015				
	Commercial	Real Estate - Construction	Real Estate - Residential Non-owner Occupied	Real Estate - Commercial	Total
Pass	$ 76,169	$ 13,938	$ 25,236	$ 151,976	$ 267,319
Special mention	2,315	-	61	1,035	3,411
Substandard	408	-	765	99	1,272
Doubtful	21	-	25	-	46
Loss	-	-	-	-	-
Total	$ 78,913	$ 13,938	$ 26,087	$ 153,110	$ 272,048

(in thousands)	December 31, 2014				
	Commercial	Real Estate - Construction	Real Estate - Residential Non-owner Occupied	Real Estate - Commercial	Total
Pass	$ 37,021	$ 12,930	$ 22,418	$ 136,290	$ 208,659
Special mention	326	-	98	499	923
Substandard	2,595	333	1,309	205	4,442
Doubtful	22	-	-	-	22
Loss	-	-	-	-	-
Total	$ 39,964	$ 13,263	$ 23,825	$ 136,994	$ 214,046

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

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.

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

(in thousands)	At December 31, 2015		At December 31, 2014	
	Real Estate - Residential Owner Occupied	Consumer	Real Estate - Residential Owner Occupied	Consumer
Performing	$ 41,364	$ 746	$ 39,266	$ 571
Nonperforming	69	17	-	15
	$ 41,433	$ 763	$ 39,266	$ 586

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, 2015 and 2014. 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, 2015					
	30-89 Days Past Due	90 + Days Past Due	Total Past Due	Current	Total Loans	Non-Accrual
Commercial	$ 234	$ 20	$ 254	$ 78,659	$ 78,913	$ 194
Real estate - construction	-	-	-	13,938	13,938	-
Real estate - residential owner occupied	588	69	657	40,776	41,433	64
Real estate - residential non-owner occupied	50	164	214	25,873	26,087	164
Real estate - commercial	585	88	673	152,437	153,110	-
Consumer	45	17	62	701	763	17
Total	$ 1,502	$ 358	$ 1,860	$ 312,384	$ 314,244	$ 439

(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	$ 1,275	$ 526	$ 1,801	$ 252,097	$ 253,898	$ 727

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

At December 31, 2015, there were $93,000 of loans 90 days past due or greater still accruing interest. There were no loans 90 days past due or greater still accruing interest at December 31, 2014.

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 $76,000 and $75,000 and carrying amounts of $41,000 and $40,000 as of December 31, 2015 and 2014, 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, 2015 and 2014.

(in thousands)	December 31, 2015				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	702	702	-	569	36
Real estate - residential non-owner occupied	316	406	-	499	15
Real estate - commercial	88	88	-	91	5
Consumer	-	-	-	-	-
With an allowance recorded:					
Commercial	428	428	380	438	11
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	106	106	106	86	9
Real estate - residential non-owner occupied	288	288	105	275	10
Real estate - commercial	-	-	-	-	-
Consumer	17	17	1	3	-
Total	$ 1,945	$ 2,035	$ 592	$ 1,961	$ 86

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

(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	94	-	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	$ 1,910	$ 700	$ 1,936	$ 88

Loan Modifications

Situations may arise that would cause the Bank to grant a concession for other-than-temporary purpose to a borrower experiencing financial difficulty 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 periods ended December 31, 2015 and 2014, are as follows:

(in thousands)	December 31, 2015			December 31, 2014		
	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
Real estate - construction	-	-	-	-	-	-
Real estate - residential owner occupied	-	-	-	2	74	75
Real estate - residential non-owner occupied	1	62	61	1	181	280
Real estate - commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Total troubled debt restructurings	1	$ 62	$ 61	4	$ 520	$ 605

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

Amounts within the allowance for loan losses allocated to TDR's are $352,000 and $349,000 at December 31, 2015 and 2014, respectively. No loans modified and considered TDRs that were made during the 12 month period previous to December 31, 2015 or 2014, have defaulted in the current reporting period.

Foreclosed Assets

Foreclosed assets acquired in settlement of loans are carried at fair value, less estimated costs to sell, and are included in other assets on the Consolidated Balance Sheet. As of December 31, 2015 and 2014, included with other assets are $1,179,000 and $1,071,000, respectively, of foreclosed assets. As of December 31, 2015 and 2014, included within the foreclosed assets, is $302,000 and $132,000 of consumer residential mortgages that were foreclosed on, or received via a deed in lieu transaction prior to the period end. As of December 31, 2015, the Company has initiated formal foreclosure proceedings on $278,000 of consumer residential mortgages, which have not yet been transferred into foreclosed assets.

Note 5 | Premises and Equipment

Ongoing additions to premises and equipment are recorded at cost. Occupancy and equipment expense includes depreciation expense of $461,000 and $438,000 for the years ended December 31, 2015 and 2014, 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)	2015	2014
Land	$ 3,256	$ 3,252
Buildings and improvements	2,676	2,697
Leasehold improvements	1,574	1,551
Furniture, fixtures, and equipment	2,336	1,964
Subtotal	9,842	9,464
Less: accumulated depreciation	(2,728)	(2,270)
Premises and equipment - net	$ 7,114	$ 7,194

Note 5 | Premises and Equipment (*continued*)

Lease expense amounted to $327,000 and $278,000 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments as of December 31, 2015 are as follows:

(in thousands)		
2016	$	435
2017		365
2018		126
2019		75
2020		51
Thereafter		-
	$	1,052

Note 6 | Deposits

Centric's deposits were comprised of the following:

(in thousands)		2015		2014
Demand, non-interest-bearing	$	53,628	$	24,961
Demand, interest-bearing		109,615		122,128
Savings		6,980		6,468
Money market		30,600		33,005
Time deposits		110,095		89,443
Total deposits	$	310,918	$	276,005

Scheduled maturities of time deposits are as follows:

(in thousands)		2015
2016	$	67,809
2017		30,236
2018		6,561
2019		5,487
2020		2
Total time deposits	$	110,095

Time deposits in denominations of $250,000 or greater totaled $18,371,000 and $14,570,000 for December 31, 2015 and 2014, 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, 2015	2014
Balance	$ 15,500	$ -
Maximum indebtedness at any month end	15,500	2,615
Average balance during year	48	89
Average rate paid for the year	0.68%	0.29%
Interest rate on year-end balance	0.67%	0.00%

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 89 days for the year ended December 31, 2015. The average maturity was two days for the year ended December 31, 2014.

Note 8 | Long-Term Debt

As one avenue for funding growth, the Bank is approved by the FHLB for borrowings of up to $145,755,000 at December 31, 2015. At year end, $18,202,000 was outstanding and $36,060,000 was held as letters of credit to secure specific deposit balances, resulting in a remaining borrowing capacity for FHLB borrowings of $91,494,000.
On December 28, 2015, the Company issued $6,000,000 principal amount junior subordinated debenture due December 28, 2025, to another financial institution. The debt bears interest at a fixed rate of 4.85 percent until December 28, 2020, at which time the interest rate converts to a floating rate equal to Prime Rate plus one percent with a floor of 4.25 percent. The Company maintains the ability to redeem the debenture on or after December 28, 2020.

The Company also has borrowings at another institution totaling $2,500,000, at a rate of 4.50 percent at December 31, 2015 and December 31, 2014, respectively.

The following table presents borrowings that mature at various dates through 2025 with weighted-average rates as follows:

	Principal Amount		Weighted Average Rate	
(in thousands)	2015	2014	2015	2014
FHLB advances - amortizing	$ 2,702	$ 5,429	1.08%	0.96%
Subordinated debt	6,000	-	4.85%	-
Other borrowings	2,500	2,500	4.50%	4.50%
Total Long-term debt	$ 11,202	$ 7,929	3.86%	2.08%

The aggregate amount of future principal payments required on these borrowing at December 31, 2015, is as follows:

(in thousands)	
2016	$ 1,829
2017	3,203
2018	170
2019	-
2020	-
Thereafter	6,000
	$ 11,202

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, 2015 and 2014, expense attributable to the plan amounted to $50,000 and $45,000, 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, 2015 was 64,497.

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.

Options and warrants of the Plan outstanding at December 31, 2015, and the activity that occurred during the year consisted of the following:

	Options and Warrants	Weighted-Average Exercise Price
Outstanding at the beginning of the year	148,450	$ 5.45
Granted	5,958	5.00
Exercised	-	-
Forfeited	-	-
Outstanding at the end of the year	154,408	$ 5.43
Exercisable at December 31, 2015	154,408	$ 5.43

At December 31, 2015, the aggregate intrinsic value of all options and warrants, both outstanding and exercisable was approximately $0. The weighted-average remaining life of both the outstanding and exercisable options and warrants at December 31, 2015 is 4.12. No options were exercised during 2015 or 2014.

For the years ended December 31, 2015 and 2014, stock option compensation expense of $4,000 and $3,000 was recognized in connection with the option plan, respectively. A tax benefit of $1,000 was recognized relative to these stock options at both December 31, 2015 and 2014. As of December 31, 2015, there is no related future compensation expense as all options are fully vested.

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, 2015, 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 2015 or 2014.

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

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 the right to purchase 31,500 shares for a total of 315,000 shares at December 31, 2015. These warrants would 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 and Chief Executive Officer 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 2015 and 2014, no warrants vested and the Company recorded no compensation expense associated with these grants.

The fair value of the options granted for the years ended December 31, 2015 and 2014, 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						
2015	**$5.00**	**0.00%**	**9.00%**	**5**	**1.54%**	**$0.60**
2014	4.88	0.00%	9.03%	5	1.67%	0.60

No employee stock options were granted during 2015 or 2014.

Restricted Stock

At December 31, 2015, over the life of the Plan, the Company has awarded 25,688 of restricted shares to non-employee directors and executive officers subject to vesting and other provisions. Shares granted to the Plan participants of 2,300 and 2,251 had vested and been distributed during December 31, 2015 and 2014, respectively.
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	4,300	$ 6.00
Granted	2,350	5.00
Vested	(2,300)	6.00
Forfeited	-	-
Non-vested shares at the end of the year	4,350	$ 5.46

For the years ended December 31, 2015 and 2014, compensation expense of $8,000 and $14,000 was recognized in connection with the vesting of restricted stock, respectively. Tax benefits of $3,000 and $5,000 were recognized relative to these shares at December 31, 2015 and 2014, respectively. Future compensation expense related to non-vested restricted stock at December 31, 2015 is $7,000, $4,000 and $1,000 in 2016, 2017 and 2018, respectively.

As of January 1, 2015 the Company approved and implemented an Employee Stock Purchase Plan. This plan is intended to provide employees of Centric Financial Corporation and its subsidiary with an opportunity to acquire an interest in the Company through the purchase of common stock. Under the plan, eligible employees may purchase shares at fair market value, with no restrictions on the amount of shares they can purchase, up to a 5% ownership of combined voting power or value of all classes of stock of the Company. The Company reserved 200,000 shares of its common stock subject to adjustment of shares and price due to any recapitalization, reorganization, reclassification, stock dividends, combination of shares, or similar event in which the number or kind of shares is changed. As of December 31, 2015, 4,117 shares have been issued under this plan.

Note 10 | Federal Income Taxes

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

(in thousands)	2015	2014
Currently payable	$ 1,049	$ 672
Deferred taxes	(227)	(144)
Total income tax expense	$ 822	$ 528

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

(in thousands)	2015	2014
Deferred tax assets:		
Allowance for loan losses	$ 1,113	$ 1,017
Impairment losses on securities	12	27
Stock incentive expense	29	30
Uncollected interest	18	12
Unrealized losses on securities available-for-sale	75	138
Unrealized losses on securities held-to-maturity	73	93
Other	134	70
Total deferred tax assets	1,454	1,387
Deferred tax liabilities:		
Goodwill and core deposit intangible	85	73
Prepaid expenses	80	76
Loan origination costs	156	165
Premises and equipment	46	129
Other	8	9
Total deferred tax liabilities	375	452
Net deferred tax assets	$ 1,079	$ 935

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)	2015	2014
Computed statutory tax expense	$ 904	$ 598
Other, net	(82)	(70)
	$ 822	$ 528

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 2012.

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, 2015, loans to related parties were $13,165,000 and deposits by related parties totaled $5,409,000. At December 31, 2014, loans to related parties were $18,051,000 and deposits by related parties totaled $6,861,000.

Related-party loan activity is summarized as follows:

(in thousands)	2015	2014
Balance at the beginning of the period	$ 18,051	$ 16,174
Additions	8,360	5,096
Reductions	13,246	3,219
Balance at the end of the period	$ 13,165	$ 18,051

All of Centric's directors are customers of the Bank. As of December 31, 2015, Centric's shareholders number approximately 322 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. For the years ended December 31, 2015 and 2014, related-party transactions include $52,000 and $128,000 of purchases, respectively.

There was no revenue generated on related-party transactions for any of the periods listed.
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)	2015	2014
Commitment to grant loans	$ 3,775	$ 10,145
Unfunded commitments under lines of credit	49,903	42,754
Standby letters of credit	2,662	2,454
Total unfunded lending commitments	$ 56,340	$ 55,353

Note 12 | Unfunded Credit Commitments (*continued*)

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.

Note 13 | Regulatory Matters

Effective January 1, 2015, the Company and the Bank became subject to the final rules issued by the Federal Reserve and the OCC and subsequently adopted by the FDIC, establishing a new comprehensive capital frame work for banking organizations. The new capital framework substantially revised the risk-based capital requirements in comparison to the prior rules, which were in effect through December 31, 2014. The Basel III Capital Rules introduced a new capital measure, "Common Equity Tier 1;" increased the minimum requirements for Tier 1 Capital ratio as well as the minimum to be considered well capitalized under prompt corrective action; and introduce the "capital conservation buffer," which will be phased in over a four-year period. Failure to meet minimum capital requirements can initiate certain mandatory—and possibly additional discretionary—actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements, and regulatory capital standards. The Bank'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 regulatory capital standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital to risk-weighted assets, common equity Tier 1 capital to total risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2015 and December 31, 2014, that the Bank met all capital adequacy requirements to which it was subject.

As of December 31, 2015, the most recent notification from Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based capital, Tier 1 risk-based capital, common equity Tier 1 risk-based capital, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

Note 13 | Regulatory Matters (*continued*)

The Company and the Bank's capital ratios as of December 31, 2015, under the new Basel III Capital Rules, and December 31, 2014 under the previous U.S. risk based capital rules, are presented below:

(in thousands)	December 31, 2015					
	Actual		For Capital Adequacy Purposes		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Company	$ 37,598	11.77%	$ 25,555	8.00%	$ N/A	N/A
Bank	44,036	13.78%	25,565	8.00%	31,956	10.00%
Tier 1 capital (to risk-weighted assets)						
Company	34,251	10.72%	19,170	6.00%	N/A	N/A
Bank	40,689	12.73%	19,178	6.00%	25,570	8.00%
Common equity tier 1 capital (to risk-weighted assets)						
Company	34,251	10.72%	14,378	4.50%	N/A	N/A
Bank	40,689	12.73%	14,383	4.50%	20,776	6.50%
Tier 1 capital (to average assets)						
Company	34,251	9.61%	14,256	4.00%	N/A	N/A
Bank	40,689	11.43%	14,239	4.00%	17,799	5.00%

(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%

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, 2015 and 2014, 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, 2015			
	Level I	Level II	Level III	Total
Assets:				
Fair value measured on a recurring basis:				
U.S. government agency securities	$ -	$ 7,581	$ -	$ 7,581
Government sponsored mortgage-backed securities	-	8,134	-	8,134
Fair value measured on a non-recurring basis:				
Other real estate owned	-	-	635	635
Impaired loans	-	-	222	222

(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	-	-	305	305
Impaired loans	-	-	243	243

Impaired Loans

The Company has measured impairment on impaired loans generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties. In some cases, management may adjust the appraised value due to the age of the appraisal, changes in market conditions, or observable deterioration of the property since the appraisal was completed. Additionally, management makes estimates about expected costs to sell the property which are also included in the net realizable value. If the fair value of the collateral dependent loan is less than the carrying amount of the loan a specific reserve for the loan is made in

Note 14 | Fair Value Measurements (*continued*)

the allowance for loan losses or a charge-off is taken to reduce the loan to the fair value of the collateral (less estimated selling costs) and the loan is included in the table above as a level III measurement. If the fair value of the collateral exceeds the carrying amount of the loan, then the loan is not included in the table above as it is not currently being carried at its fair value. At December 31, 2015 and 2014, the fair values shown above exclude estimated selling costs of $25,000 and $20,000.

Other Real Estate Owned

OREO is carried at the lower of cost or fair value, which is measured at the date foreclosure. If the fair value of the collateral exceeds the carrying amount of the loan, no charge-off or adjustment is necessary, the loan is not considered to be carried at fair value, and is therefore not included in the table above. If the fair value of the collateral is less than the carrying amount of the loan, management will charge the loan down to its estimated realizable value. The fair value of OREO is based on the appraised value of the property, which is generally unadjusted by management and is based on comparable sales for similar properties in the same geographic region as the subject property, and is included in the above table as a Level II measurement. In some cases, management may adjust the appraised value due to the age of the appraisal, changes in market conditions, or observable deterioration of the property since the appraisal was completed. In these cases, the loans are categorized in the above table as level III measurement since these adjustments are considered to be unobservable inputs. Income and expenses from operations and further declines in the fair value of the collateral subsequent to foreclosure are included in net expenses from OREO. For the years ended December 31, 2015 and 2014, write-downs of two and five OREO properties, respectively, were required and therefore are considered to be carried at fair value.

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, 2015 and 2014.

December 31, 2015
Quantitative Information about Level 3 Fair Value Measurements

(in thousands)

	Fair Value Estimate	Valuation Technique	Unobservable Input	Range	Weighted Average
Impaired loans	$ 222	Appraisal of collateral	Appraisal adjustments	0% - 50%	19.47%
			Liquidation expenses	0% - 15%	6.37%
			Holding period	0 - 12 months	
Other real estate owned	635	Appraisal of collateral	Appraisal adjustments	0% - 20%	15.00%
			Liquidation expenses	0% - 15%	7.00%

December 31, 2014
Quantitative Information about Level 3 Fair Value Measurements

(in thousands)

	Fair Value Estimate	Valuation Technique	Unobservable Input	Range	Weighted Average
Impaired loans	$ 243	Appraisal of collateral	Appraisal adjustments	0% - 30%	21.98%
			Liquidation expenses	0% - 15%	7.00%
			Holding period	0 - 12 months	
Other real estate owned	305	Appraisal of collateral	Appraisal adjustments	0% - 20%	15.00%
			Liquidation expenses	0% - 15%	7.00%

Note 15 | Fair Value of Financial Instruments

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

(in thousands)	December 31, 2015				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	$ 20,313	$ 20,313	$ 20,313	$ -	$ -
Investments in certificates of deposits	2,999	2,999	2,999	-	-
Securities available for sale	15,715	15,715	-	15,715	-
Securities held to maturity	6,419	7,301	-	6,649	652
Net loans	310,970	309,703	-	-	309,703
Loans held for sale	896	896	896	-	-
Regulatory stock	1,162	1,162	1,162	-	-
Cash surrender value life insurance	3,141	3,141	3,141	-	-
Mortgage servicing rights and credit enhancement fees	391	492	-	-	492
Accrued interest receivable	842	842	842	-	-
Financial liabilities:					
Non-maturity deposits	$ 200,823	$ 200,823	$ 200,823	$ -	$ -
Time deposits	110,095	110,500	-	-	110,500
Short-term borrowings	15,500	15,500	-	-	-
Long-term borrowings	11,202	10,193	-	-	10,193
Accrued interest payable	105	105	105	-	-

(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	-	-

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.

These financial instruments are generally not subject to sale and estimated fair values are not readily available. The carrying value is represented by the net deferred fees arising from the unrecognized commitment or letter of credit. The fair value is determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar agreements with similar credit risk. Neither the carrying value nor the fair value is considered material for disclosure. The contractual amounts of unfunded commitments and letters of credit are presented in Note 12.

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. Divided 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 2015 and 2014, 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. Centric, with approval from its regulators, repaid the U.S. Treasury for the full amount of SBLF funds and final dividend on December 31, 2015.

Note 17 | Stock Offerings

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 1922, 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. For the duration of the offering, the Company issued a total of 1,009,191 shares and received total proceeds of $5,046,000. Total direct expenses of the offering were $81,000, which were netted against the proceeds.

Note 17 | Stock Offerings (*continued*)

On October 9, 2015, the Company commenced a private placement offering to "accredited investors" (as defined in Regulation D promulgated under the Securities Act of 1922, as amended) offering up to $10,000,000 worth of common stock at a purchase price of $5.25 per share. Authorization was given by the Board to sell an additional $2,000,000 of common stock at the same price of $5.25 per share. The private placement offering for 2015 was fully subscribed at 2,285,715 shares at the offering price of $5.25 per share, resulting in total proceeds of $12,000,000 at the close of the offering on November 20, 2015. The direct costs of the offering through December 31, 2015 totaled $685,000, resulting in net proceeds of $11,315,000.

Note 18 | Subsequent Events

Management has reviewed events occurring through February 26, 2016, the date the financial statements were issued, and no subsequent events have occurred requiring accrual or disclosure.

BOARD OF DIRECTORS

Donald E. Enders, Jr.
Chairman of the Board
President, Colonial Park Realty Company
Enders Insurance Associates

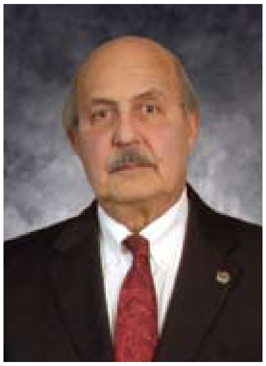
John A. Maher, CPA
Vice Chairman of the Board
Member, Pennsylvania House of Representatives

Patricia A. Husic
President & CEO
Centric Financial Corporation and Centric Bank

Kerry A. Pae
Secretary for Centric Financial Corporation
President & Owner
Kerry Pae Auctioneers, Inc.

Frank A. Conte, CLU, ChFC
Managing Partner
Conte Wealth Advisors, LLC

Steven P. Dayton
Business Development
RVG Management & Development Company



Fred M. Essis
President & CEO
Essis & Sons Carpet One

Thomas H. Flowers, CPA
Flowers & Flowers, CPAs

Ambrish K. Gupta, MD, FACP
President
Medical Associates of Northern Virginia

Jeffrey W. Keiser, DDS
Partner & President
Forest Hills Dental Associates

***Not pictured*:**

Robert V. Gothier, Sr.
Director Emeritus
CEO, RVG Management & Development Company

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

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

Paul B. Zwally, SVP
Senior Commercial Lending Officer

Donald J. Bonafede, SVP
Senior Commercial Lending Officer

Michele E. Light, SVP
Market Leader

BRANCH MANAGEMENT AND LENDING TEAMS

BRANCH MANAGEMENT TEAM

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

COMMERCIAL LENDING TEAM

TEAM LEADERS

- Donald J. Bonafede, SVP
  Senior Commercial Lending Officer
- Michele E. Light, SVP
  Market Leader
- Paul B. Zwally, SVP
  Senior Commercial Lending Officer

COMMERCIAL LENDERS

- Tania J. Fleming, SVP
  Commercial Lending Officer
- Christopher E. McDermott, SVP
  Commercial Lending Officer
- Michael J. Watson, SVP
  Commercial Lending Officer
- Andrea R. Ahern, VP
  Commercial Lending Officer
- Cheryl C. Sakalosky, VP
  Commercial Lending Officer
- Cory G. Bishop, AVP
  SBA and Commercial Lending Officer
- Gary M. Kline, AVP
  Government Services Banking

MORTGAGE LENDING TEAM

- Gethan K. Wilson, VP
  Mortgage Department Team Leader
- Jody L. Hatt
  Mortgage Lending Officer

INVESTOR RELATIONS

Common Stock Transactions

Centric Financial Corporation's Common Stock is traded for investors as OTC Pink: CFCX. Centric Financial Corporation uses the following registered market makers for their Common Stock.

- Boenning & Scattergood, Inc.
  4 Tower Bridge
  200 Barr Harbor Drive, Suite 300
  West Conshohocken, PA 19428

- Wedbush Securities, Inc.
  One SW Columbia Street, Suite 1000
  Portland, OR 97258

- Monroe Financial Partners, Inc.
  100 North Riverside Plaza, Suite 1620
  Chicago, IL 60606

REGISTRAR AND TRANSFER AGENT

Centric Bank
4320 Linglestown Road
Harrisburg, PA 17112
(717) 657-7727

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

SUBURBAN PHILADELPHIA OFFICE

2003 S. Easton Road, Suite 205 Doylestown, PA 18901 (267) 880-4250 Fax (215) 489-2705	**Office Hours** **M-F** 8:30 a.m. to 5:00 p.m.

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*.

CENTRIC BANK

We Revolve Around You.

To have audience with a financial institution, to develop personal relationships with the people who are guiding small business owners through the lending process, to be greeted by name when you connect with us—this is what *Community Matters* means to Centric Bank.

Celebrating a significant growth year, our balance sheets reveal a story of health and well-being for small businesses. Equally important to financial sustainability and critical to shareholder ROI are the intangible assets—a sterling reputation, loyal customers, dedicated employees, a spirit of volunteerism, and a passion for social media engagement. The stories of 2015 made our bank stronger and more competitive. Let's continue growing our communities together!

CENTRIC BANK
We Revolve Around You.

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