

Financing New Frontiers

A Decade of Distinction





We celebrated our
tenth year in 2017
with successes we
never dreamed of and in industries
that didn't exist in 2007. Our clients
are creating, designing, coding,
building, and enriching our
communities in extraordinary and
life-changing ways. Their passion
and drive brings life to banking.



Centric Financial Corporation

Annual Report 2017

Letter to Our Shareholders, Customers, and Friends	2
Financing New Frontiers	4
Banking beyond the Transaction	5
Community Might	6
Changemakers	7
Keeping Physicians, Practices, and Communities Financially Healthy	8
Connecting on New Frontiers	8
Omnichannel Service	9
The <i>Centric Bank Way</i> : 26 Fundamentals	10
A Decade of Distinction	12

CENTRIC FINANCIAL CORPORATION: FINANCIAL REPORT 2017

Independent Auditor's Report	13
Consolidated Balance Sheet	14
Consolidated Statement of Income	15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Changes in Stockholders' Equity	17
Consolidated Statement of Cash Flows	18
Notes to Consolidated Financial Statements	19
Centric Bank Board of Directors	48
Senior Leadership Team	49
Branch Management, Business Development, and Lending Teams	50
Doctor Centric Bank Advisory Board	50
Millennial Advisory Board	51
Centric Bank Financial Centers	52
Investor Relations	Inside Back Cover



A Decade of Distinction

Making no bold moves is probably the most dangerous strategy of all. You not only risk stagnation on the power curve but also miss out on the additional reward of growth capital, which mostly flows to the winners.

— MCKINSEY & COMPANY



DONALD E. ENDERS, JR.
Chairman of the Board



PATRICIA A. HUSIC
President & CEO

TO OUR SHAREHOLDERS, CUSTOMERS, AND FRIENDS:

2017 was a year of momentum, inspiration, vision, distinction, and winning. It was a year of bold moves and new territories. Bankers are hardwired to judge success by the numbers—the robust loan growth, the 23% increase in earnings, the 15% increase in assets. We measure everything. Proudly, Centric Bank outperformed and outperformed on nearly every strategic goal.

Our hearts are captured by the people we invest in and the stories they’re shaping. Truly the boldest thinkers, our customers are the entrepreneurs—a generation willing to abandon convenience, risk their financial future, and ignite their dreams.

The small business landscaper, the veteran-owned dental practice, and the mid-careerist embarking on a new adventure—this is our portfolio and our Centric Bank family. As we climb the stairs of high-rise growth, we never lose sight of that first step, the one we took on February 8, 2007. Nor have we lost sight of every single parent, family, young professional, business, organization, school, church, and municipality trusting us on this journey.

We celebrated our tenth year in 2017 with successes we never dreamed of and in industries that didn’t exist in 2007. Our clients are creating, designing, coding, building, and enriching our communities in extraordinary and life-changing ways. Their passion and drive brings life to banking.

Today, our team is 108 people strong and includes leaders in technology, talent acquisition, SBA lending, and digital

media. Celebrating a decade of service in February with our entire team was a springboard for new outperformance.

While some institutions were challenged with internal stagnation, blurred vision, and cyber weaknesses, we continued our long-run game with a bold new culture initiative, unmistakable clarity about who we serve, and a new Chief Information Officer who brings a fresh technologist’s lens to safer, more responsible banking.

Our growth is remarkable and palpable; the journey, at times inelegant and against unwieldy federal regulations, brings purpose well beyond the bottom line. We are immensely proud of our reputation as the community bank of choice; the personal relationships we have strengthened with our customers inspire our team. At every layer of the financial process and every touchpoint of in-person and online banking, we see the faces of friends and neighbors.

Successful communities have a champion, and we welcome that role along with its responsibilities and opportunities. We celebrated another year of shattering expectations.

Centric Financial Corporation reported annual results for 2017 of \$3.74 million in net income after taxes, a 23% increase over the \$3 million reported for the year 2016. On December 22, 2017, the Tax Cuts and Jobs Act was signed into law which reduced the base corporate tax rate from 34% to 21% in 2018. In connection with the reduction of the corporate tax rate, certain net deferred tax assets were revalued and included a tax expense

charge of \$800,000 in 2017. The results without the one-time tax deferred adjustment would have reflected net income after taxes of \$4.5 million, or an increase of 49% over the prior year-end, earnings per share of \$.71, and tangible book value per share of \$6.56; return on average assets would have been .88% without this one-time adjustment.

Net interest margin expanded from 3.71% to 3.99%; the efficiency ratio improved from 67% to 64%; return on average assets increased to .72% from .71%; and return on average equity increased from 8.50% to 9.44% over the same period last year, or an increase of 11%.

The provision for loan loss expense during 2017 totaled \$1.4 million and was a decrease of \$254,000 over 2016. According to our loan loss reserve calculation, our provision adequately reflects the risk inherent in our loan portfolio.

Non-interest income continues to supplement and add value to our core earnings. Small Business Administration (SBA) loan sales and mortgage income continued to be the most significant contributors to non-interest income. During 2017, non-interest income declined by \$595,000. This decline directly related to the decrease in the sale of SBA 7(a) loans during the year. In 2017, we increased the number of SBA 7(a) loans to small business customers, but due to the smaller sizes of these loans being sold, the net premiums were reduced accordingly.

Total assets at December 31, 2017 grew to \$556 million, a 15% increase from year-end 2016. Net loans grew \$69 million, or 16% to \$491 million at year-end 2017. This growth was driven by increases in commercial loans of \$30 million, or 30% and commercial real estate loans of \$41 million, or 15% over the prior year end.

Total deposits were \$485 million at December 31, 2017, an increase of \$65 million, or 15% over year-end

2016. Non-interest bearing deposits increased \$12 million from a year ago to \$71 million at December 31, 2017, comprising 15% of total deposits.

Asset quality in the form of non-performing assets as a percentage of total assets was 0.46% at December 31, 2017, an improvement from 0.48% from the same period end 2016. Asset quality remains pristine as supported in these financial ratios.

Inherent in Centric Bank's DNA since 2007 is robust lending, and we embrace the philosophy of "Smart Profitable Growth." The continuation of our double-digit loan growth, specifically commercial loans to small business and commercial real estate, is the result of our team's efforts in the markets we serve and a strong indication of small business optimism. Centric Bank ended 2017 as #1 in SBA 7(a) loan volume for U.S. banks under \$1 billion in assets and ranked #3 in Pennsylvania for SBA 7(a) approved loans.

We are grateful for a diverse and inclusive board that governs with market experience, community loyalty, and a futurist's optimism. In addition to a broad focus on small business owners, we are meeting the banking needs of two new target audiences—Millennials and women business owners. We have created initiatives to tap their real-time insights and deploy services where they need solutions.

Our high-potential workforce has pushed boundaries in self-improvement and service to others. We are honored to have ambassadors who have achieved milestones for deep, rich work:

- Named a Top Team in *American Banker's* Most Powerful Women in Banking 2017, second consecutive year;
- Patricia A. Husic named one of *American Banker's* 25 Most Powerful Women in Banking 2017, third consecutive year;

- New 23,000 SF Corporate, Executive, and Operations Center in Hampden Township with 24/7 Health and Fitness Center access;
- Approved 77 small business loans through the nationally ranked SBA 7(a) lending program, creating 2,500+ new jobs.

We were privileged to champion the financing needs of small businesses by adding our voice and leadership at policy tables in Washington, D.C. I joined community bank CEOs from across the country to meet senior U.S. Treasury officials to explore onerous and burdensome regulations that are hindering economic growth and making it difficult for us to serve our customers and communities.

The past ten years have taught us incredible lessons in perseverance, leadership, service, and shared vision. We have charted a path to community prosperity in spite of unimaginable economic disruptions. Armed with knowledge and aspiration, compassion and courage, we are well equipped to journey into the next decade.

Our commitment to a 2007 dream has led us to our own new frontier. And our success is bringing greater well-being to employees, neighbors, and shareholders. Thanks to you, we have the most engaged, talented, and diverse team to usher us into a new *Decade of Distinction*.


DONALD E. ENDERS, JR.


PATRICIA A. HUSIC



FINANCING NEW FRONTIERS

Small business owners have found a loyal, dependable, consultative partner in our dynamic team at Centric Bank. In 2017, total loans grew to \$496.6 million to fuel small businesses—the job creators. Lending increased 16% over 2016.

If our commercial portfolio was illuminated like the electric grid seen from a midnight flight, the visual would be arresting. Centric Bank’s boundaries and services are expanding to finance clusters of innovation, life and health sciences, and entrepreneurship from Philadelphia to Maryland to New Jersey.

“Our mission has always been to stay true to the small business owner—more than 80% of our customer base—and to create a foundation for financial health and vibrancy in every community we serve,” says Patricia A. Husic, President & CEO. “Decision-makers, lenders, and associates at all levels immerse themselves in understanding our customers’ business models, their economic cycles, growth goals, business processes, and networks of support. We consider ourselves a banking Blue Zone—an environment that undergirds entrepreneurship and fosters productivity, purpose, personal connections, and access to resources which touch every facet of community sustainability.”



When I was ready to open 717 Armory, I immediately started researching financial institutions. I wanted a bank I could trust, and in turn, would trust and respect me as a young professional. I could not be happier with Centric Bank as my community bank of choice. Cory Bishop’s knowledge, understanding, and attention to detail made the entire SBA process seamless. Thank you for giving me, a United States Marine Corps veteran, the opportunity to follow my passion and own my own business.

PATRICK CONNAGHAN, CEO | 717 ARMORY | HARRISBURG, PA

Last year, we financed 77 SBA 7(a) loans to support small businesses in their quest to start, expand, or acquire a business, which created more than 2,500 new jobs.

The suburban Philadelphia office led by Michele Light, SVP Market Leader, opened in 2015 and continues to be an SBA growth engine. In 2017, there were 20 SBA loans sold totaling \$11.9 million with a total net premium of \$926,000. Annual growth in the Bucks County commercial lending office was 66.6% or \$35.3 million, ending 2017 with \$88.3 million in loans outstanding. Deposit growth was 91.7% or \$11.1 million to end the year at \$23.2 million. “If we have access to resources and people who can help our customers succeed, then we want to be that liaison and advocate. We celebrate their successes long after the loan documents are signed,” says Michele.

As small business clients like 717 Armory, McGrath’s Pub, Meeka Fine Jewelry, and Duck Donuts open their own frontiers, Centric Bank leads the market in organic loan growth. Our dedicated SBA experts and enhanced services earned Centric Bank national recognition as a Top 100 SBA 7(a) lender in the U.S. The bank is also recognized as the #3 SBA 7(a) lender by volume in Pennsylvania and the #2 SBA 7(a) lender by volume in the Eastern Pennsylvania District, a region that serves 40 of the Commonwealth’s 67 counties.

[**BE RELENTLESS ABOUT IMPROVEMENT**] REGULARLY REEVALUATE EVERY ASPECT OF YOUR JOB TO FIND WAYS TO IMPROVE. DON'T BE SATISFIED WITH THE STATUS QUO. "BECAUSE WE'VE ALWAYS DONE IT THAT WAY" IS NOT A REASON. GUARD AGAINST COMPLACENCY. FIND WAYS TO GET THINGS DONE BETTER, FASTER, AND MORE EFFICIENTLY. — #17 of the *Centric Bank Way*

An integral part of Centric's SBA growth is a financing partnership with a national franchise corporation. "We pride ourselves on building an award-winning donut franchise company with strong partners—people who understand the DNA of an entrepreneur, who are passionate about investing in local communities, and who bring solutions and opportunities to our franchisees. As new franchise owners onboard, it's extremely helpful to connect them with an institution we know and trust. The SBA loan process has been a wonderful opportunity for our new franchisees and allows them to allocate their cash in the best areas possible while still being able to hire and grow their franchise," says Russ A. DiGilio, founder of Duck Donuts Franchising Company.

BANKING BEYOND THE TRANSACTION

In 2007, four individuals decided to invest in a noble idea with no playbook on how to reinvent, brand, and scale a financial institution. We believed a strong community bank was integral to economic growth and that community banks could uniquely deliver local lending and local decision-making that would reach the far corners of the economy. Today, those founding principles are stronger than ever.

Our relationship banking model is one degree of separation from customer to decision-maker with immediate accessibility on the platform of your choice—Twitter, Facebook, Instagram, and LinkedIn. In its second year, the Millennial Advisory Board is adding real-time insights that are helping to shape new marketing initiatives and shorten customer response times. From these meetings, Centric enhanced our mobile banking app and we are digitizing our loan application process.

"I believe it is truly a representation of some of the great things about doing business in the Harrisburg area," says Derek Whitesel, Executive Director of Harrisburg Young Professionals, a 1,500-member organization. "We have great people at Centric Bank looking to help others grow their business for the benefit of Harrisburg. I look forward to the Millennial Advisory Board's continued conversations and feedback."

Last year, there were many mergers in the banking industry, and as a result we experienced a change in the relationship we had with our existing bank. We felt overlooked and disconnected.

As a small non-profit, we thrive on the close relationships we build in our community, not just with our participant families and volunteers, but also with our corporate supporters and service providers. We wanted convenience, but more importantly we wanted the comfort and security that comes from having a meaningful relationship with our bank. We were warmly welcomed at Centric.

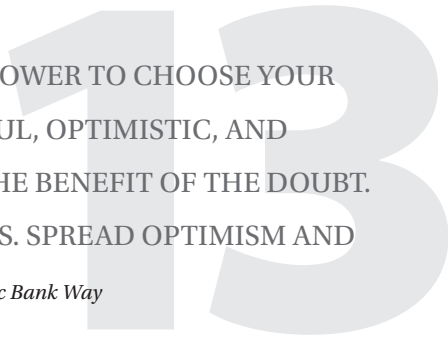
GILLIAN BYERLY, EXECUTIVE DIRECTOR
GIRLS ON THE RUN CAPITAL AREA
HARRISBURG, PA



The Centric Bank staff at the Derry Township office always makes me feel welcome. They provide me with the personalized service you only find at a community bank while offering the services of a big bank.

TODD PLUMMER, OWNER
DUCK DONUTS
HERSHEY, PA





[BE POSITIVE] YOU HAVE THE POWER TO CHOOSE YOUR ATTITUDE. CHOOSE TO BE JOYFUL, OPTIMISTIC, AND ENTHUSIASTIC. GIVE PEOPLE THE BENEFIT OF THE DOUBT. YOUR ATTITUDE IS CONTAGIOUS. SPREAD OPTIMISM AND POSITIVE ENERGY! — #13 of the *Centric Bank Way*



I have been doing business with Centric Bank for almost two years now. It was an excellent decision to join forces with them. They go out of their way to learn about your business and provide specialized help, exactly the way you need it. I could not be happier with the personalized service they provide, and I will stay with them for decades to come. Thank you, Centric Bank, for your service!

DR. ADRIENNE DENESE, M.D., PH.D
PRESIDENT AND FOUNDER
SKINSCIENCE LABS, INC.
RIDGEFIELD, NJ

It's not often that a bank is called inspiring, but for Gillian Byerly, Executive Director of Girls on the Run Capital Area, the service beyond the transaction mattered as much as the seamless loan process, the intuitive online banking, and the corporate advocacy. "One of the most compelling factors making Centric a great fit for us is the incredible leadership," says Gillian. "As an organization that teaches girls to dream big and connects them to their limitless potential, we were excited about the number of women in leadership roles at the bank. This ties Centric to our mission and the world we envision—a world where every girl is free to boldly pursue her dreams."

Recognized nationally for exemplary female leadership and impact in banking, Patti Husic was named one of *American Banker's* 25 Most Powerful Women in Banking in the U.S. for the third consecutive year. On a statewide level, Patti was honored with the PA Bankers Association inaugural Woman of Influence Award for her groundbreaking initiatives in the banking industry; the award is a legacy honor going forward. The leadership team, 67% of whom are women, led a record-breaking year of market success with double-digit commercial loan and earnings growth and service to the community.

COMMUNITY MIGHT

As leaders in shaping our communities, how we spend our time in service as an institution can be the biggest connection to a customer. Our team supported more than 20 charities and organizations in 2017. We served Thanksgiving meals at Downtown Daily Bread, collected food for pets at the Humane Society of Harrisburg, empowered women to eradicate domestic violence at the YWCA Bucks County, educated children in Junior Achievement classes, chaired the largest American Heart Association Go Red for Women event in attendance and donations, and presented The Salvation Army Harrisburg Capital City Region with \$50,000 for their new Worship and Service Center in Harrisburg. We're proud of the stewardship our charitable partners practice, and together we are building a brighter future.

Launched in October, our *Women Centric: Prepared to Lead™* events provide leadership growth, executive connections, and business inspiration to high-achieving women. Making 85% of consumer decisions and starting businesses at twice the rate of men, women business owners are a valued segment for Centric.

"Contribute to the Community" is the exclamation point to the *Centric Bank Way* 26-point culture initiative, and it's exemplified across the organization. Supporting Casual for a Cause days, the team dressed down to serve up donations and volunteer hours to charities they lead and support. They include the Central PA Food Bank, American Heart Association National Wear Red Day, the Boys & Girls Club, Career Wardrobe Philadelphia PA, AHA Heart Walk, Relay for Life, Healthy Steps Diaper Bank, The Salvation Army WIN Women Involved, Operation Backpack, Feel Your Boobies,

Humane Society of Harrisburg, Texas Bankers Association Hurricane Harvey Relief, Hershey Food Bank, New Hope Ministries, Hospice of Central PA, Greater Harrisburg Association of Realtors® Turkey Drive, The Salvation Army Harrisburg Capital City Region Red Kettle Battle of the Bells, Bethesda Mission, and Toys for Tots.

CHANGEMAKERS

To meet the needs of a growing institution, the bank consolidated teams from three locations into one spacious and newly renovated Corporate, Executive, and Operations Center at 1826 Good Hope Road in Enola. The financial center on Linglestown Road in Harrisburg remains the headquarters and also serves as the mortgage center. By bringing several teams together, we've increased efficiencies, strengthened services, and added a fitness and wellness center. During move-in week, our employees were reminded how important they are with welcome signs that read, "We're Glad You Are Here" and "Thank God It's Monday!"

Christine Pavlakovich, SVP Director of Human Resources, joined the Centric team in June 2017 and brings 25 years of talent acquisition expertise, leadership, and a passion for creating new potential through teamwork. Christy and her team are spearheading a bold culture campaign titled the *Centric Bank Way*. It's an internal commitment to each other, our customers, and the communities we serve. Grounded in 26 fundamentals that define our corporate DNA, the *Centric Bank Way* empowers each employee to be a changemaker. Listen generously, speak straight, honor commitments, and be relentless about improvement are some of our declarations.

In December 2017, Clair M. Finkenbinder III joined the team to drive bank-wide technology, cyberstrategy, and lead a digital transformation that meets the growth, convenience, and information needs of customers. "A technologist who differentiates our institution with a stronger digital client experience at every touchpoint is a business advantage," says Patti. "Our double-digit growth coupled with an intense regulatory environment, cybersecurity protections, and the pace at which we understand and attract a new generation of financial consumer requires the talents of a technical solutions expert, not a banker."

Centric Bank not only helped me finance my first house but now our second one, too. When I was buying my first house, I was a new doctor in the area. I looked into a lot of banks to see who would be willing to work with a new doctor right out of medical school. The only bank that was willing was Centric Bank. They were accommodating, able to meet all my needs, and gave me a great rate. When my husband and I got married, and we were looking for a new house to start a family, I knew there was no other bank I wanted to work with. I value customer service, and Centric Bank goes above and beyond. They have years of experience and knowledge to help us make the right financial decisions. We would highly recommend Centric Bank for both personal banking and practice financing.

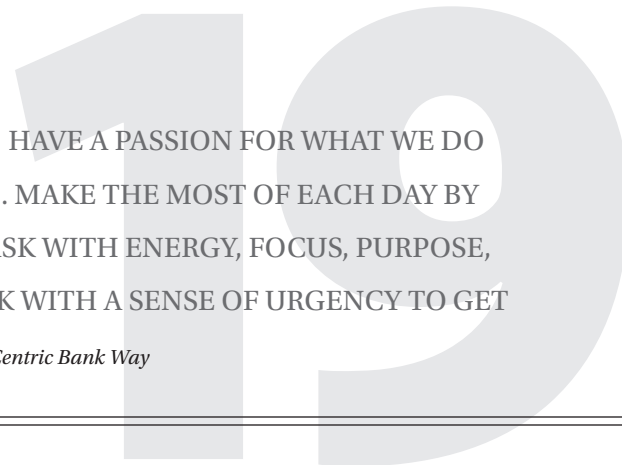
DR. KAYLA MADEIRA MILLER WITH CLARK MILLER
MADEIRA CHIROPRACTIC WELLNESS CENTER, INC.
HERSHEY, PA



Since I've been working with Dragan Dodik and Centric Bank, I have been very impressed with their ability to do what they say they're going to do. I appreciate the responsiveness that Dragan offers; he never lets anything go unanswered. And when I send one of my clients to Centric Bank, I know Dragan and his team will take good care of them.

CHAD A. STINE, PRESIDENT & CEO
BENNETT WILLIAMS COMMERCIAL
YORK, PA





[“BRING IT” EVERY DAY] HAVE A PASSION FOR WHAT WE DO AND BE FULLY ENGAGED. MAKE THE MOST OF EACH DAY BY APPROACHING EVERY TASK WITH ENERGY, FOCUS, PURPOSE, AND ENTHUSIASM. WORK WITH A SENSE OF URGENCY TO GET THINGS DONE. — #19 of the *Centric Bank Way*



Centric Bank aligns with the core values that drive our company. We enjoy the personal creativity, client dedication, and their willingness to manage all of our financial needs—big and small. We have already recommended the Doctor Centric Bank program to a number of colleagues and are currently in the process of refinancing our residential properties with Chris Conrad.

DR. BARRY MOSS AND KRUPAL DESAI
OWNERS, INDIJU INVESTORS
HUMMELSTOWN, PA

KEEPING PHYSICIANS, PRACTICES, AND COMMUNITIES FINANCIALLY HEALTHY

As health care professionals manage technology disruptions and complex regulations, Doctor Centric Bank remains a trusted concierge banking partner. Meeting the unique banking needs of the medical community, the Doctor Centric team provides turnkey services in practice expansion, equipment acquisition, facility purchase, technology upgrades, buy-ins and buy-outs, as well as highly personalized banking at the convenience of medical professionals.

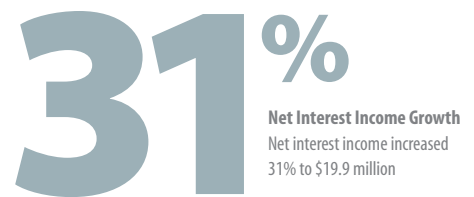
Our team of business lenders and banking leaders understands the economic challenges medical professionals and their practices face. When the complexity of the business of health care overshadows opportunities for practices to grow and expand services, Doctor Centric Bank provides capital and consultation.

We look forward to serving doctors, dentists, veterinarians, and health care professionals on the frontlines of Pennsylvania’s health and wellness. Working closely with medical associations such as the Pennsylvania Dental Association, Doctor Centric Bank brings a seamless integration of personal, office, and family financial care for every season of practice growth.

CONNECTING ON NEW FRONTIERS

How do we connect with customers in a world of continuous partial attention? With authentic conversation, banking services that offer real solutions, and personal relationships with our customers. Although the communication channels have changed, the *We Revolve Around You* message resonates as powerfully today as it did in 2007. Using media releases, sponsorships, video, Facebook, Twitter, Instagram, LinkedIn, print, and digital messaging, customers have always-on access to a family of banking friends.

Recognized nationally as a bank CEO who uses social media for brand storytelling and industry influence, Patti Husic demonstrates transparency for customers and shines a bright light on the communities we serve. Whether she and the team are marching in a Memorial Day parade, serving warm meals to people in need, or testifying on behalf of small business owners in Washington, D.C., Centric Bank continues to explore, forge, and finance new frontiers.



OMNICHANNEL SERVICE

Understanding our customers' financial needs is at the heart of who we are and developing personal connections with them is one of the most important components of our brand strategy. Saving for a bright financial future, investing in a startup, building a dream home, expanding an office, taking the ultimate family vacation, and celebrating a birth are milestones that our customers love to talk about. It's our privilege to support their dreams with a transparent banking experience.

"When your customers give a great Facebook review, share a post on LinkedIn, and live tweet your presentations, it's an incredible vote of confidence for the bank," says Frank Conte, board member.

Our social conversations create emotional connections with our customers and help build financially healthy communities. With a 17:6 ratio of customers who connect with us on mobile versus desktop, we see a growing trend of digital consumers not confined by a particular generation. "A community bank is at the epicenter of thriving neighborhoods and a quick Google search illustrates a powerful story of us, our team, and what we're passionate about," says Patti. "We listen generously and care deeply about our customers."

OUR SOCIAL CONVERSATIONS CREATE EMOTIONAL CONNECTIONS WITH OUR CUSTOMERS AND HELP BUILD FINANCIALLY HEALTHY COMMUNITIES.

Doctor Centric Bank added 2 new photos.
October 13, 2017 · 📍
The #CentricBank staff is gearing up for this Sunday's Capital Region Heart Walk! #CentricBank employees will be joining nearly 1 million Americans at 305 events across the country, to build healthier lives, free of cardiovascular disease and stroke. #BigHeartWalk #HealthyForgood

Centric Bank @CentricBank · 6 Oct 2017
We were honored to be among great movers and shakers of America's bar community last night at the @AmeriBanker #AMPWB Awards!

centric_bank · Facebook
centric_bank Congratulations successful investors on the grand opening of your new Camp Hill location this Saturday! We are proud to support local job creators and small businesses! #SBA #CommunityMatters #WeRevolveAroundYou #CentricBank

Centric Bank July 28, 2017 · 📍
Meet the #CentricBank Lancaster Lending Team! Dragan Dodik, David Nikoloff, Bruce Straub, Jeff Myers and Stephanie Perring are ready to listen to your business plan and keep your business moving forward! Ask about our current business loan and line of credit special rates at 717.614.6655.

Centric Bank January 20, 2017 · 📍
Congratulations to Bill Cromedy, Cromedy Const "Future 50" award from SmartCEO Magazine! #C http://www.smartceo.com/2017-philadelphia-fut

SMARTCEO.COM
Cromedy Construct 2017 Philadelphia S Award Winner
Cromedy Construction Corpor top company in Philadelphia S

Patricia Husio @PatHusioCEO
So proud of @CentricBank ranked #4 for fastest growing co's @CPBJ and delivering on our tagline, "We Revolve Around You" #DifferenceMakers

Fast-growing Dauphin comp:
Ranked by revenue growth

Rank	Firm Name	Address	2016 REVENUE (\$ mil)	% Change	Top Exec
1	H.K. MCDERMOTT CO.	200 S. 7th St., P.O. Box 1194 Harrisburg, PA 17103-1194	\$40.2 million	+6.9%	Robert J. Wozniak President and CEO
2	PHILLIPS OFFICE PRODUCTS INC. SBA	PHILLIPS OFFICE SOLUTIONS 101 Fulton St. Suite Harrisburg, PA 17101	\$32.0 million	+4.5%	Steve A. Perring President
3	WELLS-BRANNEN RUSLEY HENNINGER PCL	4230 Alexander Blvd., Suite 1 Harrisburg, PA 17112-2006	\$27.2 million	+7.0%	Scott J. Perring President and CEO
4	CENTRIC FINANCIAL COMP.	4233 Lancaster Road Harrisburg, PA 17112	\$21.3 million	+13.0%	Patricia A. Husio President and CEO

9:58 AM - 1 Aug 2017



The Centric Bank Way

FROM THE VERY BEGINNING,

WE'VE BEEN AN INNOVATOR IN CREATING SOLUTIONS TO MEET AND REVOLVE AROUND OUR CUSTOMERS' NEEDS. THE KEY TO OUR ABILITY TO DO THIS RESTS SQUARELY WITH OUR PEOPLE, AND OUR EXTRAORDINARY CULTURE IS THE BACKBONE OF OUR TEAM. THE 26 FUNDAMENTALS THAT FOLLOW DESCRIBE THE PRINCIPLES AND PRACTICES THAT DEFINE OUR CULTURE. IT'S WHO WE ARE, AND WHAT DRIVES OUR EXTRAORDINARY SUCCESS. THEY'RE WHAT MAKE US LEADERS IN OUR FIELD, AND WE CALL IT THE **CENTRIC BANK WAY**.

[**BE A BRAND AMBASSADOR**] We're all responsible for, and benefit from, the Centric Bank image and reputation. Maintain and protect the Centric Bank Brand by considering how your actions affect our collective reputation, and be a proud ambassador for the company. Be proud and wear Centric Blue!

[**DO THE RIGHT THING, ALWAYS**] Demonstrate an unwavering commitment to doing the right thing in every action you take and in every decision you make, especially when no one's looking. Always tell the truth, no matter the consequences. If you make a mistake, own up to it, apologize, and make it right. There's no greater way to build a reputation than to earn the trust of those we serve.

[**DELIVER LEGENDARY SERVICE**] It's all about the experience. With every experience, do the little things, as well as the big things, that surprise people. Make every interaction stand out for its helpfulness. Demonstrate the *We Revolve Around You* spirit by creating amazing experiences that our clients will tell others about. This includes both internal and external clients.

[**DO WHATEVER IT TAKES**] Take personal responsibility for making things happen. Respond to every situation by looking for how we can do it, rather than explaining why it can't be done. Be resourceful and show initiative. Find a way to "yes," and see issues through to their completion.

[**LISTEN GENEROUSLY**] Listening is more than simply "not speaking." Give others your undivided attention. Be present and engaged. Minimize the distractions and let go of the need to agree or disagree. Offer your undivided attention. Above all, listen to understand.

[**SPEAK STRAIGHT**] Speak honestly in a way that helps to make progress. Say what you mean, and be willing to ask questions, share ideas, or raise issues that may cause conflict when it's necessary for team success. Be courageous enough to say what needs to be said. Address issues directly with those who are involved or affected, and eliminate gossip from our environment.

[**BE A FANATIC ABOUT RESPONSE TIME**] Respond to questions and concerns quickly, whether it's in person, on the phone, or by e-mail. This includes simply acknowledging that we got the question and we're "on it," as well as keeping those involved continuously updated on the status of outstanding issues.

[**HONOR COMMITMENTS**] Do what you say you're going to do, when you say you're going to do it. This includes being on time for all phone calls, appointments, meetings, and promises. If a commitment can't be fulfilled, notify others immediately and agree on a new deliverable to be honored.

[**SHOW GRIT**] Persevere and be passionate about the long-term goal! Don't be afraid to make mistakes. Be courageous—act despite the risk of failure; be conscientious in your work; be tenacious in the face of challenges; and go for excellence over perfection!

[INVEST IN RELATIONSHIPS] Our business is built on trust and trust is built on relationships. Make smart decisions that enhance long-term relationships. Strong relationships enable us to more successfully work through difficult issues and challenging times.

[FOCUS ON SOLUTIONS] We'll always face challenges in our business. Be resourceful and show initiative by coming to the table with solutions. Be optimistic and use your creativity, spirit, and enthusiasm to see the possibilities.

[MAKE QUALITY PERSONAL] Demonstrate a passion for excellence and take pride in the quality of everything you touch and everything you do. Have a healthy disdain for mediocrity. Good is not good enough. Always ask yourself, "Is this my best work?"

[BE POSITIVE] You have the power to choose your attitude. Choose to be joyful, optimistic, and enthusiastic. Give people the benefit of the doubt. Your attitude is contagious. Spread optimism and positive energy!

[PAY ATTENTION TO THE DETAILS] Missing just one detail can have an enormous impact. Be a fanatic about accuracy and precision. The goal is to get things right, not simply to get them done. Double-check your work.

[CREATE A GREAT IMPRESSION] Every communication, whether it's face-to-face, a phone call, e-mail, letter, or even a voicemail, makes an impression. Pay attention to every interaction to make sure that you're displaying a tone of friendliness, warmth, helpfulness, and professionalism. Be friendly, but not overly familiar.

[DO WHAT'S BEST FOR THE CLIENT] In all situations, do what's best for the client, even if it's to our own short-term detriment. Put their needs ahead of our own. There's no greater way to build a reputation than to steadfastly do what's right for others. Every day.

[BE RELENTLESS ABOUT IMPROVEMENT] Regularly reevaluate every aspect of your job to find ways to improve. Don't be satisfied with the status quo. "Because we've always done it that way" is not a reason. Guard against complacency. Find ways to get things done better, faster, and more efficiently.

[COLLABORATE] Collaboration generates better ideas than working alone. Be inclusive of your teammates and open to different perspectives that may challenge your way of thinking.

["BRING IT" EVERY DAY] Have a passion for what we do and be fully engaged. Make the most of each day by approaching every task with energy, focus, purpose, and enthusiasm. Work with a sense of urgency to get things done.

[MAKE HEALTHY CHOICES] Take care of yourself at home and at the office. Eat well, exercise, and get adequate sleep. Support each other in making healthy choices. The healthier you are, the more you'll thrive personally and professionally.

[SHOW MEANINGFUL APPRECIATION] Recognizing people doing things right is more effective than pointing out when they do things wrong. Regularly extend meaningful acknowledgment and appreciation—in all directions throughout our organization.

[FIX THE PROBLEM - NOT THE BLAME] Demonstrate a relentless solution focus, rather than pointing fingers or dwelling on problems. Identify lessons learned and use those lessons to improve ourselves and our processes so we don't make the same mistake twice. Get smarter with every mistake. Learn from every experience.

[ASSUME POSITIVE INTENT] Work from the assumption that people are good, fair, and honest, and that the intent behind their actions is positive. Set aside your own judgments and preconceived notions. Give people the benefit of the doubt.

[EMBRACE CHANGE] What got us here is not always the same as what will take us to the next level. Be inspired by the opportunities that change brings, rather than stubbornly holding onto the old way of doing things.

[KEEP THINGS FUN] While our passion for excellence is real, remember that the world has bigger problems than the daily challenges that make up our work. Stuff happens. Keep perspective. Don't take things personally or take yourself too seriously. Laugh every day.

[CONTRIBUTE TO THE COMMUNITY] We're fortunate to be a local bank. We live, work, and play in the same communities as our clients. Be an active part of your community, and contribute your time, effort, and where appropriate, your resources, to make your community better. Make a difference.

2007-2017

A D E C A D E O F

Distinction

108	Centric Bank employees
50	Fastest Growing Companies in PA
#17	Patti Husic was honored by <i>American Banker</i> as one of the 25 Most Powerful Women in Banking in the U.S.
5	One of five Top Teams recognized by <i>American Banker's</i> Most Powerful Women in Banking
10	A Decade of Distinction
125	Original shareholders in 2007
\$83	Million in assets in 2007
\$556	Million in assets in 2017
26	Principles in the <i>Centric Bank Way</i>
77	SBA 7(a) loans approved for small businesses
2,500+	Number of jobs created by Centric Bank's SBA lending success
1,328	Facebook Likes
2,900	Video views of Women in Entrepreneurship with Patti Husic and WITF Smart Talk radio host Scott LaMar
7	Locations for Centric Bank to serve its customers
#1	SBA 7(a) lender by volume in U.S. for banks under \$1 billion in assets
#3	SBA 7(a) lender in Pennsylvania

INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS
CENTRIC FINANCIAL CORPORATION
HARRISBURG, PENNSYLVANIA

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Centric Financial Corporation and subsidiaries which comprise the consolidated balance sheet as of December 31, 2017 and 2016; 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 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 subsidiaries as of December 31, 2017 and 2016, 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.



Cranberry Township, Pennsylvania
February 27, 2018

CONSOLIDATED BALANCE SHEET

(in thousands, except share data)	December 31,	
	2017	2016
ASSETS		
Cash and due from banks	\$ 4,697	\$ 19,927
Interest-bearing deposits in other banks	1,697	1,979
Federal funds sold	24,929	2,821
Cash and cash equivalents	31,323	24,727
Investments in certificates of deposits	749	999
Securities available for sale	7,918	9,615
Securities held to maturity, fair value of \$7,264 and \$6,774	6,536	6,039
Loans	496,594	426,545
Less: allowance for loan losses	5,888	4,512
Net loans	490,706	422,033
Loans held for sale	285	693
Accrued interest receivable	1,506	1,152
Premises and equipment, net	6,738	6,806
Regulatory stock	1,154	1,230
Cash surrender value life insurance	3,973	3,856
Goodwill	492	492
Other assets	4,406	4,221
TOTAL ASSETS	\$ 555,786	\$ 481,863
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 71,238	\$ 59,277
Interest-bearing	413,596	360,731
Total deposits	484,834	420,008
Short-term borrowings	5,500	13,000
Long-term debt	21,670	9,373
Accrued interest payable	233	138
Other liabilities	1,984	1,673
Total Liabilities	514,221	444,192
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par; 12,000,000 shares authorized; 6,380,653 and 6,338,490 shares issued and outstanding in 2017 and 2016, respectively	6,381	6,338
Additional paid-in capital	28,186	28,104
Retained earnings	7,179	3,435
Accumulated other comprehensive loss	(181)	(206)
Total Stockholders' Equity	41,565	37,671
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 555,786	\$ 481,863

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(in thousands, except share and per share data)	Year Ended December 31,	
	2017	2016
INTEREST INCOME		
Interest and fees on loans	\$ 23,042	\$ 17,382
Interest and dividends on securities	524	581
Interest-bearing deposits in other banks	28	28
Federal funds sold	204	88
Total interest income	23,798	18,079
INTEREST EXPENSE		
Interest on deposits	3,014	2,285
Interest on borrowings	825	563
Total interest expense	3,839	2,848
Net interest income	19,959	15,231
Provision for loan losses	1,396	1,650
Net interest income after provision for loan losses	18,563	13,581
NONINTEREST INCOME		
Service charges on deposit accounts	241	203
Other loan fees and servicing income	612	408
Net gain on sale of loans	1,931	2,825
Earnings on cash surrender value of life insurance	117	115
Loss on sale of other real estate owned	(59)	(52)
Loss on disposal of other assets	(41)	-
Total other-than-temporary impairment ("OTTI") losses	-	(95)
Non-credit portion of OTTI recognized in other comprehensive income	-	56
Net OTTI losses recognized in earnings	-	(39)
Other income	378	314
Total noninterest income	3,179	3,774
NONINTEREST EXPENSE		
Salaries and employee benefits	8,663	7,561
Occupancy and equipment	1,483	1,462
Legal and professional fees	494	295
Data processing	895	745
Advertising and marketing	516	362
Shares and capital stock tax	411	345
Directors expense	170	149
Federal deposit insurance	346	274
Other expenses	2,025	1,729
Total noninterest expense	15,003	12,922
Income before income tax expense	6,739	4,433
Income tax expense	2,995	1,391
NET INCOME	\$ 3,744	\$ 3,042
PER SHARE DATA		
Basic earnings per share	\$ 0.59	\$ 0.48
Diluted earnings per share	\$ 0.59	\$ 0.48
Average shares outstanding (basic)	6,354,664	6,300,705
Average shares outstanding (diluted)	6,369,686	6,331,316

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands)	December 31,	
	2017	2016
NET INCOME	\$ 3,744	\$ 3,042
Other comprehensive income:		
Unrealized holding gains on available-for-sale securities	-	62
Tax effect	-	(21)
Accretion of discount on securities transferred to held to maturity	29	38
Tax Effect	(10)	(13)
Accretion of non-credit OTTI on held-to-maturity securities	10	(16)
Tax effect	(4)	5
OTTI losses recognized in earnings	-	39
Tax effect	-	(13)
Total other comprehensive income	25	81
COMPREHENSIVE INCOME	\$ 3,769	\$ 3,123

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2015	\$ 6,306	\$ 27,947	\$ 393	\$ (287)	\$ 34,359
Net income			3,042		3,042
Other comprehensive income				81	81
Stock-based compensation plans:					
Vesting of restricted stock (2,000 shares)	2	(2)			-
Restricted stock - compensation expense		31			31
Stock options - compensation expense		7			7
Stock options exercised (2,648 shares)	3	13			16
Warrants exercised (26,580 shares)	26	104			130
Issuance of common stock (30,228 shares)	1	4			5
Balance, December 31, 2016	6,338	28,104	3,435	(206)	37,671
Net income			3,744		3,744
Other comprehensive income				25	25
Stock-based compensation plans:					
Issuance of restricted stock (30,424 shares)	31	(31)			-
Restricted stock - compensation expense		48			48
Stock options - compensation expense		8			8
Stock options exercised (7,444 shares)	8	33			41
Issuance of Employee Stock Purchase Plan (4,295 shares)	4	24			28
Balance, December 31, 2017	\$ 6,381	\$ 28,186	\$ 7,179	\$ (181)	\$ 41,565

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Years Ended December 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 3,744	\$ 3,042
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,396	1,650
Depreciation and amortization	1,198	782
Stock-based compensation	56	38
Deferred income tax expense (benefit)	199	(468)
Loans originated for sale	(43,779)	(55,756)
Proceeds from sale of loans	46,118	58,784
Net gain on sale of loans	(1,931)	(2,825)
Increase in accrued interest receivable	(354)	(310)
Increase in accrued interest payable	95	33
Earnings on cash surrender value of life insurance	(117)	(115)
Net OTTI losses recognized in earnings	-	39
Net loss on sale of other real estate owned	59	52
Other, net	79	(545)
Net cash provided by operating activities	6,763	4,401
Cash flows from investing activities		
Net decrease of investment certificates of deposits	250	2,000
Maturities and principal pay downs of available-for-sale securities	1,668	6,125
Maturities and principal pay downs of held-to-maturity securities	538	396
Purchases of held-to-maturity securities	(1,000)	-
Purchases of regulatory stock	(3,079)	(2,208)
Redemption of regulatory stock	3,155	2,140
Net increase in loans	(71,118)	(112,989)
Purchases of bank premises and equipment	(459)	(172)
Proceeds from disposal of other real estate owned	186	409
Purchase of bank-owned life insurance	-	(600)
Net cash used for investing activities	(69,859)	(104,899)
Cash flows from financing activities		
Net increase in deposits	64,826	109,090
Net decrease in short-term borrowings	(7,500)	(2,500)
Proceeds from long-term debt	15,500	-
Payments on long-term debt	(3,203)	(1,829)
Stock options and warrants exercised	41	146
Net proceeds from issuance of common stock	28	5
Net cash provided by financing activities	69,692	104,912
Net increase in cash and cash equivalents	6,596	4,414
Cash and cash equivalents at beginning of period	24,727	20,313
Cash and cash equivalents at end of period	\$ 31,323	\$ 24,727
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 3,744	\$ 2,815
Income taxes	2,950	1,680
Supplemental schedule of noncash investing and financing activities:		
Other real estate acquired in settlement of loans	568	100
Other real estate transferred to other assets	-	635

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 comprises most 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, and two loan production offices in Bucks and Lancaster Counties, as well as online banking channels. The Bank’s principal sources of revenue are interest income generated from the portfolio of commercial and residential real estate loans, commercial loans and consumer loans, income from the generation and subsequent sale of loans, as well as interest income generated from the 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 significant 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 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 is 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 \$907,000 and \$508,000 at December 31, 2017 and 2016, 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, Cumberland, Lancaster, and Bucks counties. Because of the Bank’s concentration of business in these market areas, the Company’s financial condition and results of operations, depend on the general economic conditions in the aforementioned immediate geographic regions.

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 by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

Purchased loans with evidence of credit quality deterioration for which it is probable at purchase that all contractually required payments will not be collected are acquired with deteriorated credit quality. Centric accounts for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans acquired in a transfer if those differences are attributable, at least in part, to credit quality. Centric records impaired loans at fair value and did not carry over a valuation allowance 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 letters 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 stock 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 and letters of credit 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. The Company utilizes a two-step process for testing the impairment of goodwill on at least an annual basis. For federal tax purposes, goodwill is amortized on a straightline basis over 15 years. There was no impairment of goodwill as of December 31, 2017 or 2016.

Mortgage Servicing Rights and Credit Enhancement Fees

The Bank previously 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 continues to service 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. Servicing rights for the MPF loans were fully amortized in 2014. MPF portfolio fees earned amounted to \$7,000 and \$9,000 during 2017 and 2016. The MPF portfolio balance was \$1,553,000 and \$2,115,000 at December 31, 2017 and 2016, respectively. The FHLB maintains a first-loss position for the MPF portfolio that totals \$315,000. Should the FHLB exhaust its first-loss position, recourse to the Bank’s credit enhancement would cover the next \$8,000 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, 2017 or 2016.

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 SBA loans generating mortgage servicing rights was \$57,617,000 and \$43,249,000 at December 31, 2017 and 2016, respectively. Additionally, they are subject to an impairment analysis based on their fair value in future periods. The Bank did not record any impairment of the mortgage servicing assets in 2017 or 2016. The mortgage servicing rights balance at December 31, 2017 and 2016 and the activity that occurred during the year consisted of the following:

(in thousands)	2017	2016
Beginning balance	\$ 995	\$ 391
New mortgage servicing rights	463	667
Amortization of mortgage servicing rights	(194)	(63)
Ending balance	<u>\$ 1,264</u>	<u>\$ 995</u>

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 incurred.

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 23,074 and 5,958 shares of common stock, at a weighted-average price of \$7.02 and \$9.00, outstanding at December 31, 2017 and 2016, respectively; and unvested restricted shares of 8,154 and 3,688 at December 31, 2017 and 2016, at a weighted-average price of \$6.11 and \$7.61, respectively, were not included in diluted earnings per share because the result would be anti-dilutive.

(in thousands, except per share data)	2017	2016
Net income	\$ 3,744	\$ 3,042
Weighted average number of shares outstanding (basic)	6,354,664	6,300,705
Effect of dilutive securities	15,022	30,611
Weighted average number of shares outstanding (diluted)	6,369,686	6,331,316
Per share information:		
Basic earnings per share	\$ 0.59	\$ 0.48
Diluted earnings per share	\$ 0.59	\$ 0.48

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 an increase or deduction from income tax expense. During 2017, \$41,000 in stock options were exercised with a tax benefit of \$2,000 and no warrants were exercised in 2017. During 2016, \$16,000 in stock options with a tax benefit of \$5,000, and \$130,000 in warrants with a \$3,000 tax benefit, were exercised, respectively.

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 other comprehensive loss, as follows, net of taxes:

(in thousands)	2017			2016		
	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	\$ (103)	\$ (103)	\$ (206)	\$ (144)	\$ (143)	\$ (287)
Other comprehensive income before reclassifications	-	25	25	41	14	55
Amounts reclassified from accumulated other comprehensive loss	-	-	-	-	26	26
Net current-period other comprehensive income	-	25	25	41	40	81
Ending balance	<u>\$ (103)</u>	<u>\$ (78)</u>	<u>\$ (181)</u>	<u>\$ (103)</u>	<u>\$ (103)</u>	<u>\$ (206)</u>

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

(in thousands)	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Consolidated Statement of Income
Details about Accumulated Other Comprehensive Loss Components	2017	2016	
Other-than-temporary impairment losses on held to maturity securities	-	(39)	Net OTTI losses recognized in earnings
Tax effect	-	13	Income tax expense
	<u>-</u>	<u>(26)</u>	
Total reclassification for the period	<u>\$ -</u>	<u>\$ (26)</u>	

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.

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, 2017				
U.S. government agency securities	\$ 2,500	\$ -	\$ (26)	\$ 2,474
Government sponsored mortgage-backed securities	5,575	5	(136)	5,444
Total	\$ 8,075	\$ 5	\$ (162)	\$ 7,918
December 31, 2016				
U.S. government agency securities	\$ 3,000	\$ 1	\$ (15)	\$ 2,986
Government sponsored mortgage-backed securities	6,772	8	(151)	6,629
Total	\$ 9,772	\$ 9	\$ (166)	\$ 9,615

A summary of securities held to maturity is as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2017				
Municipal securities	\$ 2,082	\$ 75	\$ -	\$ 2,157
Other debt securities	4,000	611	-	4,611
Private collateralized mortgage obligations	454	42	-	496
Total	\$ 6,536	\$ 728	\$ -	\$ 7,264
December 31, 2016				
Municipal securities	\$ 2,487	\$ 94	\$ (6)	\$ 2,581
Other debt securities	3,000	641	-	3,641
Private collateralized mortgage obligations	552	-	-	552
Total	\$ 6,039	\$ 735	\$ (6)	\$ 6,774

Securities with a fair value of \$7,914,000 and \$9,596,000 were pledged to collateralize bank deposits by Pennsylvania local governments, FHLB advances, and the discount window as of December 31, 2017 and 2016, respectively. No securities were sold during 2017 or 2016. The amortized cost and fair value of debt securities owned at December 31, 2017, 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	\$ 500	\$ 498	\$ -	\$ -
Due after one year through five years	2,132	2,106	240	240
Due after five years through ten years	655	643	4,735	5,360
Due after ten years	4,788	4,671	1,561	1,664
Total investment securities	\$ 8,075	\$ 7,918	\$ 6,536	\$ 7,264

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, 2017						
U.S. government agency securities	\$ 495	\$ (5)	\$ 1,979	\$ (21)	\$ 2,474	\$ (26)
Government sponsored mortgage-backed securities	223	(1)	4,606	(135)	4,829	(136)
Total temporarily impaired securities	<u>\$ 718</u>	<u>\$ (6)</u>	<u>\$ 6,585</u>	<u>\$ (156)</u>	<u>\$ 7,303</u>	<u>\$ (162)</u>
December 31, 2016						
U.S. government agency securities	\$ 2,485	\$ (15)	\$ -	\$ -	\$ 2,485	\$ (15)
Government sponsored mortgage-backed securities	4,731	(111)	1,121	(40)	5,852	(151)
Municipal securities	413	(6)	-	-	413	(6)
Total temporarily impaired securities	<u>\$ 7,629</u>	<u>\$ (132)</u>	<u>\$ 1,121</u>	<u>\$ (40)</u>	<u>\$ 8,750</u>	<u>\$ (172)</u>

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 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 year ended December 31, 2017, Centric did not record any credit-related impairment. Centric recorded credit-related impairment of \$39,000 on two private collateralized mortgage obligations through earnings as of December 31, 2016. There were 30 securities that were temporarily impaired at December 31, 2017.

Note 2 | Investment Securities (Continued)

Changes in credit losses during 2017 and 2016 associated with investment securities for which other-than-temporary impairment losses have been previously recognized in both earnings and other comprehensive income follows:

(in thousands)	Year Ended December 31,	
	2017	2016
Estimated credit losses - beginning balance	\$ 452	\$ 413
Additions for credit losses not previously recognized	-	39
Reductions for increases in cash flows	-	-
Reductions for realized losses	-	-
Estimated credit losses - ending balance	\$ 452	\$ 452

Note 3 | Loans

The composition of loans, net of unamortized loan origination fees of \$2,459,000 and \$1,722,000 at December 31, 2017 and 2016, respectively, are as follows:

(in thousands)	December 31,	
	2017	2016
Commercial	\$ 149,236	\$ 127,374
Real estate - construction	38,643	26,389
Real estate - residential owner occupied	46,405	45,512
Real estate - residential non-owner occupied	31,476	30,341
Real estate - commercial	230,333	196,384
Consumer	501	545
Total loans	496,594	426,545
Allowance for loan losses	(5,888)	(4,512)
Net loans	\$ 490,706	\$ 422,033

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 nonclassified loans. The following qualitative factors are analyzed for each portfolio segment:

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

Note 4 | Allowance for Loan Losses (Continued)

The total allowance reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date.

The Bank considers the allowance for loan losses of approximately \$5,888,000 adequate to cover loan losses inherent in the loan portfolio, as of and for the year ending December 31, 2017.

Allowance for loan losses activity during 2017 is as follows:

(in thousands)	Balance at December 31, 2016	Charged- off Loans	Recoveries	Provision	Balance at December 31, 2017
Commercial	\$ 1,414	\$ -	\$ -	\$ 825	\$ 2,239
Real estate - construction	245	-	-	128	373
Real estate - residential owner occupied	455	(69)	3	73	462
Real estate - residential non-owner occupied	485	(1)	60	7	551
Real estate - commercial	1,627	-	-	352	1,979
Consumer	25	(13)	-	8	20
Unallocated	261	-	-	3	264
Total	\$ 4,512	\$ (83)	\$ 63	\$ 1,396	\$ 5,888

During 2017 the allowance for commercial loans increased due to increased volume of loans, an increase in the historical loss factor as recoveries decreased, as well as an increase in classified loans, and specific reserves for impaired loans. Real estate - construction reserves increased primarily due to an increase in the volume and terms of loans. The increase in reserves for real estate - commercial were driven largely by an increase in loan volume and also by a slight increase in loss adjustments, and off set slightly by a decline in the historical loss factor in multifamily loans. The changes in the reserve for the remaining portfolio segments were primarily due to changes in volume.

Allowance for loan losses activity during 2016 is as follows:

(in thousands)	Balance at December 31, 2015	Charged-off Loans	Recoveries	Provision	Balance at December 31, 2016
Commercial	\$ 1,016	\$ (195)	\$ -	\$ 593	\$ 1,414
Real estate - construction	136	-	-	109	245
Real estate - residential owner occupied	487	(149)	-	117	455
Real estate - residential non-owner occupied	395	(78)	4	164	485
Real estate - commercial	1,193	-	-	434	1,627
Consumer	5	-	6	14	25
Unallocated	42	-	-	219	261
Total	\$ 3,274	\$ (422)	\$ 10	\$ 1,650	\$ 4,512

During 2016 the allowance for commercial loans was increased due to an increase in the factors for trends in volume and terms of loans and concentrations of credit; however, this increase was offset by a decrease in the level of reserves for impaired loans.

The reserves for real estate - residential owner occupied was decreased during the year for both decreases in the amount of specific reserves for impaired loans as well as declines in the historical loss rate on that portfolio segment and a slight decrease in the qualitative factor for concentrations of credit. The reserves for real estate - commercial increased primarily due to an increase in the qualitative factor for trends in volume and terms of loans. The changes in the reserve for the remaining portfolio segments were primarily due to changes in the volume of loans within that portfolio segment.

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, 2017

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for loan losses:			
Commercial	\$ 670	\$ 1,569	\$ 2,239
Real estate - construction	-	373	373
Real estate - residential owner occupied	-	462	462
Real estate - residential non-owner occupied	97	454	551
Real estate - commercial	-	1,979	1,979
Consumer	19	1	20
Unallocated	-	264	264
Total	<u>\$ 786</u>	<u>\$ 5,102</u>	<u>\$ 5,888</u>
Loans, ending balance:			
Commercial	\$ 967	\$ 148,269	\$ 149,236
Real estate - construction	-	38,643	38,643
Real estate - residential owner occupied	484	45,921	46,405
Real estate - residential non-owner occupied	408	31,068	31,476
Real estate - commercial	54	230,279	230,333
Consumer	21	480	501
Total	<u>\$ 1,934</u>	<u>\$ 494,660</u>	<u>\$ 496,594</u>

(in thousands)

December 31, 2016

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for loan losses:			
Commercial	\$ 228	\$ 1,186	\$ 1,414
Real estate - construction	-	245	245
Real estate - residential owner occupied	50	405	455
Real estate - residential non-owner occupied	98	387	485
Real estate - commercial	-	1,627	1,627
Consumer	25	-	25
Unallocated	-	261	261
Total	<u>\$ 401</u>	<u>\$ 4,111</u>	<u>\$ 4,512</u>
Loans, ending balance:			
Commercial	\$ 228	\$ 127,146	\$ 127,374
Real estate - construction	-	26,389	26,389
Real estate - residential owner occupied	1,219	44,293	45,512
Real estate - residential non-owner occupied	464	29,877	30,341
Real estate - commercial	54	196,330	196,384
Consumer	35	510	545
Total	<u>\$ 2,000</u>	<u>\$ 424,545</u>	<u>\$ 426,545</u>

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

The following tables represent credit exposures for the Bank's commercial loan classes by internally assigned grades for the periods ended December 31, 2017 and 2016. 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 amore 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, 2017				
	Commercial	Real Estate - Construction	Real Estate - Residential Non-owner Occupied	Real Estate - Commercial	Total
Pass	\$ 146,294	\$ 38,643	\$ 30,966	\$ 228,038	\$ 443,941
Special mention	1,814	-	47	2,167	4,028
Substandard	1,128	-	463	128	1,719
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total	\$ 149,236	\$ 38,643	\$ 31,476	\$ 230,333	\$ 449,688

(in thousands)

	December 31, 2016				
	Commercial	Real Estate - Construction	Real Estate - Residential Non-owner Occupied	Real Estate - Commercial	Total
Pass	\$ 125,973	\$ 26,389	\$ 29,787	\$ 194,713	\$ 376,862
Special mention	1,128	-	31	1,537	2,696
Substandard	273	-	523	134	930
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total	\$ 127,374	\$ 26,389	\$ 30,341	\$ 196,384	\$ 380,488

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, 2017		At December 31, 2016	
	Real Estate - Residential Owner Occupied	Consumer	Real Estate - Residential Owner Occupied	Consumer
Performing	\$ 45,920	\$ 480	\$ 44,352	\$ 510
Nonperforming	485	21	1,160	35
	<u>\$ 46,405</u>	<u>\$ 501</u>	<u>\$ 45,512</u>	<u>\$ 545</u>

Past-Due and Nonaccrual Loans

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

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, 2017 and 2016.

(in thousands)	December 31, 2017					
	30-89 Days Past Due	90 + Days Past Due	Total Past Due	Current	Total Loans	Non- Accrual
Commercial	\$ 183	\$ 42	\$ 225	\$ 149,011	\$ 149,236	\$ 747
Real estate - construction	-	-	-	38,643	38,643	-
Real estate - residential owner occupied	69	-	69	46,336	46,405	485
Real estate - residential non-owner occupied	267	40	307	31,169	31,476	40
Real estate - commercial	150	74	224	230,109	230,333	74
Consumer	-	21	21	480	501	21
Total	<u>\$ 669</u>	<u>\$ 177</u>	<u>\$ 846</u>	<u>\$ 495,748</u>	<u>\$ 496,594</u>	<u>\$ 1,367</u>

(in thousands)	December 31, 2016					
	30-89 Days Past Due	90 + Days Past Due	Total Past Due	Current	Total Loans	Non- Accrual
Commercial	\$ -	\$ -	\$ -	\$ 127,374	\$ 127,374	\$ -
Real estate - construction	-	-	-	26,389	26,389	-
Real estate - residential owner occupied	24	637	661	44,851	45,512	1,160
Real estate - residential non-owner occupied	20	56	76	30,265	30,341	56
Real estate - commercial	80	-	80	196,304	196,384	80
Consumer	-	35	35	510	545	35
Total	<u>\$ 124</u>	<u>\$ 728</u>	<u>\$ 852</u>	<u>\$ 425,693</u>	<u>\$ 426,545</u>	<u>\$ 1,331</u>

There were no loans 90 days past due or greater still accruing interest at December 31, 2017 or 2016.

Note 4 | Allowance for Loan Losses (Continued)
Impaired Loans

Management analyzes commercial and commercial real estate 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. Additionally, any loan modified in a troubled debt restructuring is impaired regardless of the loan class. 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.

No loans acquired with deteriorated credit quality remained as of December 31, 2017. At December 31, 2016, one loan acquired with deteriorated credit quality had an outstanding contractual balance of \$91,000 and a carrying amount of \$56,000.

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, 2017 and 2016.

(in thousands)	December 31, 2017				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	\$ 71	\$ 71	\$ -	\$ 14	\$ -
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	484	484	-	643	1
Real estate - residential non-owner occupied	252	252	-	272	12
Real estate - commercial	54	54	-	54	3
Consumer	2	2	-	14	-
With an allowance recorded:					
Commercial	896	896	670	359	11
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	-	-	-	-	-
Real estate - residential non-owner occupied	156	156	97	144	6
Real estate - commercial	-	-	-	-	-
Consumer	19	19	19	22	-
Total	\$ 1,934	\$ 1,934	\$ 786	\$ 1,522	\$ 33

Note 4 | Allowance for Loan Losses (Continued)

(in thousands)	December 31, 2016				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	\$ -	\$ -	\$ -	\$ 82	\$ -
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	612	612	-	404	35
Real estate - residential non-owner occupied	321	411	-	396	14
Real estate - commercial	54	54	-	28	1
Consumer	10	10	-	13	-
With an allowance recorded:					
Commercial	228	228	228	231	13
Real estate - construction	-	-	-	-	-
Real estate - residential owner occupied	607	607	50	607	-
Real estate - residential non-owner occupied	143	143	98	169	7
Real estate - commercial	-	-	-	-	-
Consumer	25	25	25	20	-
Total	\$ 2,000	\$ 2,090	\$ 401	\$ 1,950	\$ 70

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 recorded investment in the loan at the measurement date. 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)

No loan modifications considered TDRs were completed during the period ended December 31, 2017. Loan modifications that were considered TDRs completed during the period ended December 31, 2016, are as follows:

(in thousands)	December 31, 2016		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial	-	\$ -	\$ -
Real estate - construction	-	-	-
Real estate - residential owner occupied	-	-	-
Real estate - residential non-owner occupied	-	-	-
Real estate - commercial	1	54	54
Consumer	2	40	42
Total troubled debt restructurings	3	\$ 94	\$ 96

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

Amounts within the allowance for loan losses allocated to TDRs are \$330,000 and \$351,000 at December 31, 2017 and 2016, respectively. One loan previously modified and considered a TDR made during the 12 month period previous to December 31, 2016 defaulted and was subsequently charged off during 2017 in the amount of \$14,000.

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, 2017 and 2016, included with other assets are \$506,000 and \$183,000, respectively, of foreclosed assets, which are comprised of consumer residential mortgages that were foreclosed, or received via a deed in lieu transaction, prior to the period end. As of December 31, 2017, the Company has initiated formal foreclosure proceedings on \$40,000 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 \$486,000 and \$480,000 for the years ended December 31, 2017 and 2016, 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. Disposals relating to the move from three locations into one operations center during 2017 amounted to \$81,000, and resulted in a loss on disposal of \$41,000.

Premises and equipment were comprised of the following:

(in thousands)	2017	2016
Land	\$ 3,256	\$ 3,256
Buildings and improvements	2,700	2,713
Leasehold improvements	1,634	1,592
Furniture, fixtures, and equipment	2,541	2,233
Subtotal	10,131	9,794
Less: accumulated depreciation	(3,393)	(2,988)
Premises and equipment - net	\$ 6,738	\$ 6,806

Note 5 | Premises and Equipment (Continued)

Lease expense amounted to \$423,000 and \$429,000 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments as of December 31, 2017 are as follows:

(in thousands)	
2018	\$ 723
2019	719
2020	707
2021	665
2022	683
Thereafter	1,012
	<u>\$ 4,509</u>

Note 6 | Deposits

Centric's deposits were comprised of the following:

(in thousands)	2017	2016
Demand, non-interest-bearing	\$ 71,238	\$ 59,277
Demand, interest-bearing	139,898	149,870
Savings	7,763	7,519
Money market	61,993	49,335
Time deposits	203,942	154,007
Total deposits	<u>\$ 484,834</u>	<u>\$ 420,008</u>

Scheduled maturities of time deposits are as follows:

(in thousands)	2017
2018	\$ 160,847
2019	41,720
2020	1,321
2021	53
2022	1
Total time deposits	<u>\$ 203,942</u>

Time deposits in denominations greater than \$250,000 totaled \$51,350,000 and \$35,206,000 for December 31, 2017 and 2016, 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,	
	2017	2016
Balance	\$ 5,500	\$ 13,000
Maximum indebtedness at any month end	25,000	29,000
Average balance during year	9,984	20,955
Average rate paid for the year	1.01%	0.66%
Interest rate on year-end balance	1.28%	0.73%

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 58 days for the year ended December 31, 2017. The average maturity was 70 days for the year ended December 31, 2016.

Note 8 | Long-Term Debt

As one avenue for funding growth, the Bank is approved by the FHLB for borrowings of up to \$222,141,000 at December 31, 2017. At year end, \$11,170,000, which includes \$5,500,000 of short-term borrowings, was outstanding and \$66,745,000 was held as letters of credit to secure specific deposit balances, resulting in a remaining borrowing capacity for FHLB borrowings of \$144,226,000.

For the years ended December 31, 2017 and 2016, the Company had \$6,000,000 in junior subordinated debentures outstanding held by a financial institution. The debt bears interest at a fixed rate of 4.85 percent until December 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 2020. During 2017, the Company issued \$4,000,000 in additional subordinated debentures to four institutions all at the same terms: fixed rate of 5.50 percent for five years, then to a floating rate of WSJ prime + 1.00 percent, each maturing in June 2027. The Company maintains the ability to redeem these debentures on or after June 2022.

A borrowing held by the Company at December 31, 2016, totaling \$2,500,000 at a rate of 4.50 percent, matured in March 2017 and was subsequently replaced by the same institution for \$6,000,000 at a rate of 4.85 percent, maturing in April 2022.

The following table presents borrowings that mature at various dates through 2027 with weighted-average rates as follows:

(in thousands)	Principal Amount		Weighted Average Rate	
	2017	2016	2017	2016
FHLB advances - fixed	\$ 5,500	\$ -	1.58%	0.00%
FHLB advances - amortizing	\$ 170	\$ 873	1.30%	1.15%
Subordinated debt	10,000	6,000	5.11%	4.85%
Other borrowings	6,000	2,500	4.85%	4.50%
Total Long-term debt	\$ 21,670	\$ 9,373	4.11%	4.41%

Note 8 | Long-Term Debt (Continued)

The aggregate amount of future principal payments required on these borrowings at December 31, 2017, is as follows:

(in thousands)	
2018	\$ 170
2019	5,500
2020	-
2021	-
2022	6,000
Thereafter	10,000
	<u>\$ 21,670</u>

Note 9 | Stock Plans and 401(K)**401(k) Plan**

The Bank has a 401(k) plan whereby all employees are eligible to participate after 90 days of employment. Employees may make contributions to the plan, subject to certain limitations based on federal tax laws. From January 2016 through June 2016, the Bank made matching contributions of 50 percent of employees' contributions, subject to a maximum contribution of 4 percent of an employee's compensation. Starting on July 1, 2016, the Bank increased the maximum contribution to match 6 percent of an employee's compensation, while continuing the 50 percent matching of employees' contributions. Matching contributions vest to the employee on a graded percentage and are fully vested in five years. For the years ended December 31, 2017 and 2016, expense attributable to the plan amounted to \$116,000 and \$71,000, respectively. These expenses are included in salaries and employee benefits on the Consolidated Statement of Income.

Stock Options and Warrants

The Company's Stock Incentive Plan of 2007 (the "2007 Plan") enables the Company to grant stock options, warrants, or restricted stock to directors and other designated employees. The 2007 Plan ran for ten years and expired during 2017. At the 2017 Annual Meeting a new Stock Incentive Plan of 2017 (the "2017 Plan") was approved by shareholder vote and will be in effect for the next ten years. The 2017 Plan covers 250,000 shares of common stock. The number of shares available for grant at December 31, 2017 was 237,306.

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.

Options and warrants of the Plans outstanding at December 31, 2017, 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	133,800	5.70
Granted	37,720	6.12
Exercised	(7,444)	5.35
Forfeited	(4,302)	5.57
Outstanding at the end of the year	<u>159,774</u>	<u>\$ 5.82</u>
Exercisable at December 31, 2017	<u>127,341</u>	<u>\$ 5.75</u>

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

At December 31, 2017, the aggregate intrinsic value of all options and warrants was \$445,000 and \$363,000 outstanding and exercisable, respectively. The weighted-average remaining life of both the outstanding and exercisable options and warrants at December 31, 2017 is 4.63 years. Non-employee director stock options of 7,444 and 2,648 were exercised at a weighted average price of \$5.35 and \$5.79 during 2017 and 2016, respectively.

For the years ended December 31, 2017 and 2016, stock option compensation expense of \$8,000 and \$7,000 was recognized in connection with the option plan, respectively. A tax benefit of \$3,000 and \$2,000 was recognized relative to these stock options at December 31, 2017 and 2016, respectively. As of December 31, 2017, related future compensation expense is \$10,000, \$10,000 and \$3,000 for 2018, 2019, and 2020, respectively.

Common stock warrants were issued under the 2007 Plan to certain directors to purchase an aggregate share of common stock pursuant to the warrant grant. During 2016, the remaining 26,580 shares related to these warrants were exercised at a weighted-average exercise price of \$4.91. No warrants remain from the 2007 Plan. No new warrants have been granted from the 2017 Plan through December 31, 2017.

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, 2017 and 2016. 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 2017 and 2016, 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, 2017 and 2016, 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						
2017	\$6.12	0.00%	9.27%	5	1.91%	\$0.81
2016	8.90	0.00%	9.31%	5	1.19%	1.00
Employee stock options						
2017	\$6.12	0.00%	8.79%	6.5	2.10%	\$0.99
2016	5.13	0.00%	9.20%	6.5	1.45%	\$0.72

Restricted Stock

At December 31, 2017, over the life of the Plans, the Company has awarded 55,762 of restricted shares to nonemployee directors and officers subject to vesting and other provisions. There were no shares vested or distributed to Plan participants during 2017. Shares granted to the Plan participants of 2,000 had vested and been distributed during 2016.

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	15,850	5.94
Granted	14,574	6.21
Vested	-	-
Forfeited	-	-
Non-vested shares at the end of the year	30,424	\$ 6.07

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

For the years ended December 31, 2017 and 2016, compensation expense of \$48,000 and \$31,000 was recognized in connection with the vesting of restricted stock, respectively. Tax benefits of \$16,000 and \$11,000 were recognized relative to these shares at December 31, 2017 and 2016, respectively. Future compensation expense related to nonvested restricted stock at December 31, 2017 is \$59,000, \$34,000 and \$13,000 in 2018, 2019 and 2020, respectively.

Employee Stock Purchase Plan

The Company approved and implemented an Employee Stock Purchase Plan (ESPP) in 2015. 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. Over the life of the plan, 8,412 shares have been issued. The number of shares issued during 2017 was 4,295, no shares related to ESPP were issued in 2016.

Note 10 | Federal Income Taxes

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

(in thousands)	2017	2016
Currently payable	\$ 2,796	\$ 1,859
Deferred taxes	(601)	(468)
Change in corporate tax rate	800	-
Total income tax expense	<u>\$ 2,995</u>	<u>\$ 1,391</u>

The December 22, 2017 passage of the Tax Cuts and Jobs Act reduced the base corporate tax rate from 35% to 21%. GAAP requires corporations with net deferred tax assets or liabilities to account for the adjustment in the period enacted. Centric's write down for its net deferred tax assets amounted to an \$800,000 reduction to net income.

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

(in thousands)	2017	2016
Deferred tax assets:		
Allowance for loan losses	\$ 1,236	\$ 1,534
Impairment losses on securities	1	12
Stock incentive expense	32	37
Uncollected interest	2	10
Unrealized losses on securities available-for-sale	33	53
Unrealized losses on securities held-to-maturity	25	53
Loan origination fees, net	65	-
Other	92	140
Total deferred tax assets	<u>1,486</u>	<u>1,839</u>
Deferred tax liabilities:		
Goodwill and core deposit intangible	69	98
Prepaid expenses	57	125
Loan origination costs, net	-	23
Premises and equipment	62	80
Other	5	8
Total deferred tax liabilities	<u>193</u>	<u>334</u>
Net deferred tax assets	<u>\$ 1,293</u>	<u>\$ 1,505</u>

Note 10 | Federal Income Taxes (Continued)

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)	2017	2016
Computed statutory tax expense	\$ 2,291	\$ 1,507
Adjustment for change in corporate tax rate	800	-
Other, net	(96)	(116)
	\$ 2,995	\$ 1,391

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 2014.

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, 2017, loans to related parties were \$5,431,000 and deposits by related parties totaled \$7,181,000. At December 31, 2016, loans to related parties were \$13,661,000 and deposits by related parties totaled \$6,684,000.

Related-party loan activity is summarized as follows:

(in thousands)	December 31,	
	2017	2016
Balance at the beginning of the period	\$ 13,661	\$ 13,165
Additions	383	1,716
Reductions	4,871	1,220
Changes in related parties	3,742	-
Balance at the end of the period	\$ 5,431	\$ 13,661

All of Centric's directors are customers of the Bank. As of December 31, 2017, Centric's shareholders number 319, many of which 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, 2017 and 2016, related-party transactions include \$9,000 and \$192,000 of purchases, respectively. There was no revenue generated on related-party transactions for any of the periods listed.

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)	2017	2016
Commitment to grant loans	\$ 35,709	\$ 1,935
Unfunded commitments under lines of credit	80,696	65,940
Standby letters of credit	6,832	7,804
Total unfunded lending commitments	<u>\$ 123,237</u>	<u>\$ 75,679</u>

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

The Company and the Bank are subject to the Basel III Capital Rules that were effective at the beginning of 2015. These rules introduced the "capital conservation buffer", which will be phased in over a four-year period. 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. 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. 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, 2017 and 2016, that the Bank met all capital adequacy requirements to which it was subject.

Note 13 | Regulatory Matters (Continued)

As of December 31, 2017, the Bank is categorized 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.

The Company and the Bank's capital ratios as of December 31, 2017 and 2016, are presented below:

	(in thousands)					
	December 31, 2017					
	Actual		For Capital Adequacy Purposes		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Company	\$ 57,408	11.22%	\$ 40,933	8.00%	\$ N/A	N/A
Bank	61,690	12.05%	40,956	8.00%	51,195	10.00%
Tier 1 capital (to risk-weighted assets)						
Company	41,375	8.08%	30,724	6.00%	N/A	N/A
Bank	55,657	10.88%	30,693	6.00%	40,924	8.00%
Common equity tier 1 capital (to risk-weighted assets)						
Company	41,375	8.08%	23,043	4.50%	N/A	N/A
Bank	55,657	10.88%	23,020	4.50%	33,251	6.50%
Tier 1 capital (to average assets)						
Company	41,375	7.70%	21,494	4.00%	N/A	N/A
Bank	55,657	10.38%	21,448	4.00%	26,810	5.00%

	(in thousands)					
	December 31, 2016					
	Actual		For Capital Adequacy Purposes		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Company	\$ 48,096	10.99%	\$ 35,011	8.00%	\$ N/A	N/A
Bank	49,326	11.26%	35,045	8.00%	43,806	10.00%
Tier 1 capital (to risk-weighted assets)						
Company	37,495	8.56%	26,282	6.00%	N/A	N/A
Bank	44,725	10.21%	26,283	6.00%	35,044	8.00%
Common equity tier 1 capital (to risk-weighted assets)						
Company	37,495	8.56%	19,711	4.50%	N/A	N/A
Bank	44,725	10.21%	19,712	4.50%	28,473	6.50%
Tier 1 capital (to average assets)						
Company	37,495	7.86%	19,081	4.00%	N/A	N/A
Bank	44,725	9.40%	19,032	4.00%	23,790	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, 2017 and 2016, 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, 2017			
	Level I	Level II	Level III	Total
Assets:				
Fair value measured on a recurring basis:				
U.S. government agency securities	\$ -	\$ 2,474	\$ -	\$ 2,474
Government sponsored mortgage-backed securities	-	5,444	-	5,444
Fair value measured on a non-recurring basis:				
Other real estate owned	-	-	506	506
Impaired loans	-	-	277	277

(in thousands)	December 31, 2016			
	Level I	Level II	Level III	Total
Assets:				
Fair value measured on a recurring basis:				
U.S. government agency securities	\$ -	\$ 2,986	\$ -	\$ 2,986
Government sponsored mortgage-backed securities	-	6,629	-	6,629
Fair value measured on a non-recurring basis:				
Other real estate owned	-	-	19	19
Impaired loans	-	-	543	543
Securities held to maturity	-	-	552	552

Impaired Loans

The Company has measured impairment on 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 the allowance for loan losses, or a charge-off is taken to reduce the loan to the fair value of

Note 14 | Fair Value Measurements (Continued)

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, 2017 and 2016, the fair values shown above exclude estimated selling costs of \$8,000 and \$60,000.

Other Real Estate Owned

OREO is carried at the lower of cost or fair value measured at the date of 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 this case, the property is categorized in the above table as Level III measurement, because the adjustment is considered to be an “unobservable” input. 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, 2017 and 2016, write-downs of one and four properties, respectively, were required and therefore are considered to be carried at fair value.

Securities Held to Maturity

Securities held to maturity were evaluated for impairment at December 31, 2017 and no credit impairment was determined. Securities held to maturity as of December 31, 2016, were written down to fair market value as a result of impairment determined to be OTTI. Management separates OTTI into two categories: (a) the amount of total OTTI related to a decrease in expected cash flows to be collected (credit loss) which is recognized in earnings; and (b) the amount of OTTI related to all other factors, which is recognized, net of income taxes, as a component of other comprehensive income. There was no impairment on securities held to maturity during 2017. During 2016, the Bank recorded credit related impairment of \$39,000 on two private label mortgage-backed securities through earnings. The remaining difference between the fair value and amortized cost of \$56,000 (the difference defined as the noncredit portion) was recognized in other comprehensive income, net of applicable taxes.

The following tables present quantitative information about the Level III significant unobservable inputs for assets and liabilities measured at fair value on a non-recurring basis at December 31, 2017 and 2016.

		December 31, 2017			
(in thousands)		Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value Estimate	Valuation Technique	Unobservable Input	Range	Weighted Average
Impaired loans	\$ 277	Appraisal of collateral	Appraisal adjustments	0% - 20%	7.50%
			Liquidation expenses	0% - 10%	2.83%
			Holding period	0 - 24 months	
Other real estate owned	506	Appraisal of collateral	Appraisal adjustments	0% - 20%	10.00%
			Liquidation expenses	0% - 15%	7.00%

Note 14 | Fair Value Measurements (Continued)

December 31, 2016						
(in thousands)	Quantitative Information about Level 3 Fair Value Measurements					
	Fair Value Estimate	Valuation Technique	Unobservable Input	Range	Weighted Average	
Impaired loans	\$ 543	Appraisal of collateral	Appraisal adjustments	0% - 20%	17.00%	
			Liquidation expenses	0% - 25%	7.40%	
			Holding period	0 - 12 months		
Other real estate owned	19	Appraisal of collateral	Appraisal adjustments	0% - 20%	15.00%	
			Liquidation expenses	0% - 15%	7.00%	
Securities held to maturity	552	Discounted cash flow	Constant prepayment rate (CPR)	8.00% - 9.00%	8.50%	
			Constant default rate (CDR)	2.30% - 2.70%	2.50%	
			Discount rate	4.69% - 4.71%	4.70%	

Note 15 | Fair Value of Financial Instruments

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

December 31, 2017						
(in thousands)	Carrying Value	Fair Value	Level I	Level II	Level III	
Financial assets:						
Cash and cash equivalents	\$ 31,323	\$ 31,323	\$ 31,323	\$ -	\$ -	
Investments in certificates of deposits	749	749	749	-	-	
Securities available for sale	7,918	7,918	-	7,918	-	
Securities held to maturity	6,536	7,264	-	6,768	496	
Net loans	490,706	496,092	-	-	496,092	
Loans held for sale	285	285	285	-	-	
Regulatory stock	1,154	1,154	1,154	-	-	
Cash surrender value life insurance	3,973	3,973	3,973	-	-	
Mortgage servicing rights and credit enhancement fees	1,264	1,412	-	-	1,412	
Accrued interest receivable	1,506	1,506	1,506	-	-	
Financial liabilities:						
Non-maturity deposits	\$ 280,892	\$ 280,892	\$ 280,892	\$ -	\$ -	
Time deposits	203,942	203,570	-	-	203,570	
Short-term borrowings	5,500	5,500	5,500	-	-	
Long-term borrowings	21,670	23,860	-	-	23,860	
Accrued interest payable	233	233	233	-	-	

Note 15 | Fair Value of Financial Instruments (Continued)

(in thousands)	December 31, 2016				
	Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:					
Cash and cash equivalents	\$ 24,727	\$ 24,727	\$ 24,727	\$ -	\$ -
Investments in certificates of deposits	999	999	999	-	-
Securities available for sale	9,615	9,615	-	9,615	-
Securities held to maturity	6,039	6,774	-	6,222	552
Net loans	422,033	420,866	-	-	420,866
Loans held for sale	693	693	693	-	-
Regulatory stock	1,230	1,230	1,230	-	-
Cash surrender value life insurance	3,856	3,856	3,856	-	-
Mortgage servicing rights and credit enhancement fees	995	1,207	-	-	1,207
Accrued interest receivable	1,152	1,152	1,152	-	-
Financial liabilities:					
Non-maturity deposits	\$ 266,001	\$ 266,001	\$ 266,001	\$ -	\$ -
Time deposits	154,007	154,255	-	-	154,255
Short-term borrowings	13,000	13,000	13,000	-	-
Long-term borrowings	9,373	10,247	-	-	10,247
Accrued interest payable	138	138	138	-	-

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.

Note 15 | Fair Value of Financial Instruments *(Continued)***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 future prepay speeds. Discount rates are based upon rates generally charged for such loans with similar characteristics.

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.

Commitments to Extend Credit

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 | Subsequent Events

Management has reviewed events occurring through February 23, 2018, the date the financial statements were issued, and no subsequent events have occurred requiring accrual or disclosure.

BOARD OF DIRECTORS



Front row (*left to right*): Jeffrey W. Keiser, DDS, Partner & President, Forest Hills Dental Associates, PC; Donald E. Enders, Jr., Chairman of the Board, President & CEO, Colonial Park Realty Company, t/a Enders Insurance Associates; Patricia A. Husic, President & CEO, Centric Financial Corporation and Centric Bank; and Frank A. Conte, CLU, ChFC, Founding Partner, Conte Wealth Advisors, LLC.

Back row (*left to right*): Ambrish K. Gupta, MD, FACP, President, Medical Associates of Northern Virginia; Nicole S. Kaylor, Of Counsel, McNees Wallace & Nurick LLC; Thomas H. Flowers, CPA, Managing Partner, Flowers & Flowers CPAs; John A. Maher, CPA, Vice Chairman of the Board, Member, Pennsylvania House of Representatives; Kerry A. Pae, Secretary for Centric Financial Corporation, President & Owner, Kerry Pae Auctioneers, Inc.; Steven P. Dayton, Business Development, RVG Management & Development Company; and Fred M. Essis, Director Emeritus, President & CEO, Essis & Sons Carpet One.

Not pictured: Robert V. Gothier, Sr., Director Emeritus, CEO, RVG Management & Development Company.

SENIOR LEADERSHIP TEAM



*Patricia A. Husic
President & CEO*



*Jeffrey W. Myers, SEVP
Chief Lending Officer*



*Sandra J. Schultz, EVP
Chief Financial Officer*



*Clair M. Finkenbinder, III, EVP
Chief Information Officer &
Director of Operations*



*Terrence M. Monteverde, EVP
Chief Credit Officer*



*Leslie A. Meck, SVP
Chief Retail Officer*



*Christine Pavlakovich, SVP
Director of Human Resources*



*Paul B. Zwally, SVP
Director of Mortgage Services
and Commercial Lender*



*Shane E. McNaughton, SVP
Management Information
Systems*



SENIOR LENDING TEAM

Left to right: Donald J. Bonafede, SVP Senior Commercial Lending Officer; Michael J. Watson, SVP Senior Commercial Lending Officer; Michele E. Light, SVP Market Leader; and Dragan Dodik, SVP Market Leader.

BRANCH MANAGEMENT, BUSINESS DEVELOPMENT, AND LENDING TEAMS

BRANCH MANAGEMENT TEAM

- Joseph M. Rebarchak, VP
Lower Paxton Financial Center Mgr.
Derry Township Financial Center Mgr.
- Mary Anne E. Bayer, VP
Silver Spring Financial Center Mgr.
- Vickie L. Broughton, VP
Camp Hill Financial Center Mgr.
- Wendy S. Durenleau
Lower Paxton Assistant Mgr.
- Shelley A. George
Derry Township Assistant Mgr.
- Lori L. Moyer
Camp Hill Assistant Mgr.

COMMERCIAL LENDING TEAM

■ TEAM LEADERS

- Donald J. Bonafede, SVP
Senior Commercial Lending Officer
- Dragan Dodik, SVP
Lancaster Market Leader
- Michele E. Light, SVP
Suburban Philadelphia
Market Leader
- Michael J. Watson, SVP
Senior Commercial Lending Officer

■ COMMERCIAL LENDERS

- Christopher J. Bickel, SVP
Commercial Lending Officer
- Tania J. Fleming, SVP
Commercial Lending Officer
- Christopher E. McDermott, SVP
Commercial Lending Officer
- Andrea R. Ahern, VP
Commercial Lending Officer
- John H. Dean, VP
Commercial Lending Officer
- Cheryl C. Sakalosky, VP
Commercial Lending Officer
- Cory G. Bishop, VP
Commercial Lending Officer
- Sean P. Burns, AVP
Commercial Lending Officer

MORTGAGE LENDING TEAM

- Paul B. Zwally, SVP
Director of Mortgage Services &
Commercial Lender
- Gethan K. Wilson, VP
Mortgage Department Team Leader
- Nina K. Bickel
Mortgage Lending Officer
- Chris Conrad
Mortgage Lending Officer

BUSINESS DEVELOPMENT TEAM

- Timothy C. Mayersky, VP
Corporate Services Officer
- Terence J. McGlinchey, VP
Business Development Officer
- Molly R. O'Keefe, AVP
Business Development Officer
- David K. Nikoloff
Client Relationship Manager
- Bruce E. Straub
Business Development Officer

DOCTOR CENTRIC BANK ADVISORY BOARD MEMBERS

- Ram S. Trehan, MD
Hematology & Oncology
Managing Partner, Greater Washington
Oncology Associates, Chairman of
Doctor Centric Advisory Board
- Nitin Jaluria, MD, FACC, FASNC, FASE
Cardiology/Cardiovascular Disease,
PinnacleHealth, Vice Chairman of
Doctor Centric Advisory Board
- Donald E. Enders, Jr.
President & CEO, Colonial Park Realty
Company, t/a Enders Insurance
Associates
- Mark Guise, VMD
Lockwillow Avenue Animal Clinic
- Ambrish Gupta, MD, FACP
President, Medical Associates of
Northern Virginia
- Jeffrey W. Keiser, DDS
Partner & President, Forest Hills
Dental Associates, PC

2017 MILLENNIAL ADVISORY BOARD



Harrisburg Young Professionals Members: Ariel Jones, Director of Development, The Children's Home of York; Ruth Ritchie, Operations & Leasing Associate, WCI Partners, LP; Trevin Shirey, Senior Business Development Manager, WebpageFX (co-chair); Heather Thomas, Happiness Manager, WebpageFX; Gabriella Vreeland, Project Coordinator & Marketing Assistant, JEM Group; Cody Wanner, Partner/Owner, Cap Collective; Derek Whitesel, Executive Director, HYP.

Centric Bank Members: Cory Bishop, VP Commercial Lending Officer; Sean Burns, AVP Commercial Lending Officer; Annie Clementoni, Loan Documentation Specialist; Nicole Cooper, Teller Manager (co-chair); Nicole Fitting, Commercial Lending Assistant; Flow Lynch, AVP, Branch Operations Manager & Security Officer; Mike St. Hilaire, Credit Analyst; Kristin Takoeh, Mortgage Loan Processor.

CENTRIC BANK FINANCIAL CENTERS AND COMMERCIAL LENDING OFFICES

HEADQUARTERS, MORTGAGE CENTER, AND 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

CORPORATE, EXECUTIVE, AND OPERATIONS CENTER

1826 Good Hope Road
Enola, PA 17025
(717) 657-7727
Fax (717) 657-7748

Office Hours
M-F 8:30 a.m. to 5:00 p.m.

SUBURBAN PHILADELPHIA LENDING 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.

LANCASTER LENDING OFFICE

350 Highland Drive, Suite 170
Mountville, PA 17554
(717) 614-6855
Fax (717) 522-5287

Office Hours
M-F 8:30 a.m. to 5:00 p.m.

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

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



1826 GOOD HOPE ROAD

Centric Bank's Corporate, Executive, and Operations Center at 1826 Good Hope Road, Enola, Pennsylvania, opened on November 13, 2017 and is home to more than 60 employees. The team occupies 23,000 SF of the building's total 30,000 SF, and the facility includes a health and wellness training room. Centric Bank has combined operations, accounting and finance, executive management and administration, the commercial lending group, and the bank's boardroom at the new location. This move marks the seventh Centric Bank location to open in the Commonwealth.

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*.

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 Dr., Suite 300
West Conshohocken, PA 19428
- Wedbush Securities, Inc.
One SW Columbia St., Suite 1000
Portland, OR 97258
- Monroe Financial Partners, Inc.
100 N. Riverside Plaza, Suite 1620
Chicago, IL 60606

Registrar & Transfer Agent

AST Financial
ATTN: Centric Financial Corporation
6201 15th Ave., Brooklyn, NY 11219
(800) 937-5449 | info@amstock.com

CFCX

A decade of distinction. The financial landscape has changed dramatically since we opened our doors in 2007, but our founding principle of *We Revolve Around You* has held firm. Our faith in people, potential, American ingenuity, and enterprise is the secret to our staying power. Thanks to our extraordinary team, we continue to outperform for our customers and shareholders in response times, access to capital, and SBA solutions.

Centric Financial Corporation remains the trusted steward of your resources. As a community champion and a dynamic partner, Centric Bank's deeply held conviction is to build a stronger and safer environment for small business to thrive. We are proudly financing new frontiers.

Centric Financial Corporation



4320 Linglestown Road, Harrisburg, PA 17112

T (717) 657-7727 | F (717) 657-7748

www.centricbank.com

