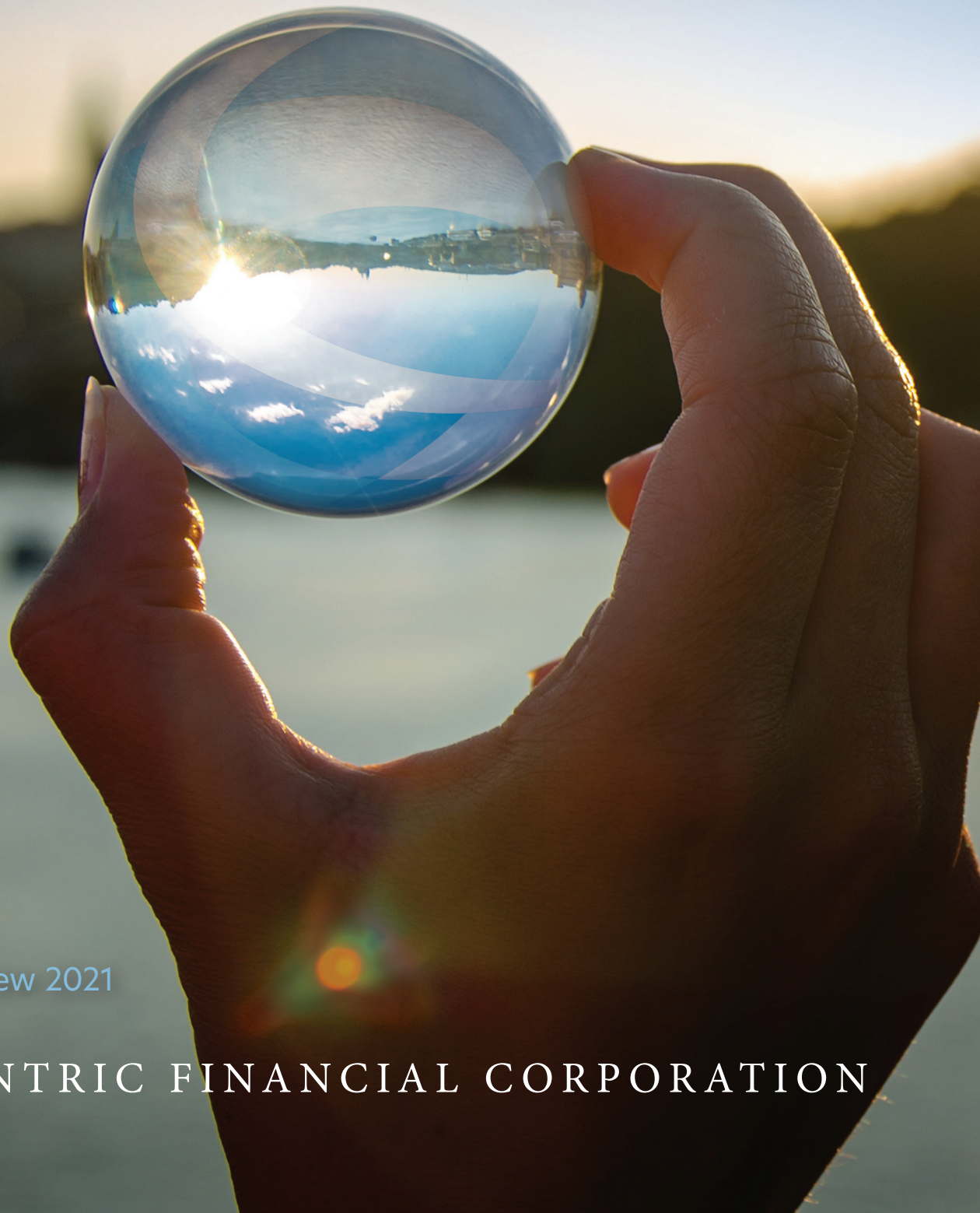


Financing A Brighter Future



Annual Review 2021



CENTRIC FINANCIAL CORPORATION

4X

American Banker
Best Banks
to Work For

4X

American Banker
Most Powerful
Women in Banking
Top Teams

3X

American Banker
Top 200
Community Banks

7X

American Banker
25 Most Powerful
Women in Banking—
CEO Patti Husic

\$111 million

COMBINED GROWTH
IN NON-INTEREST BEARING DEPOSIT
AND MONEY MARKET ACCOUNTS

DELIVERED
**9% ORGANIC
LOAN GROWTH**
IN COMMERCIAL AND
CRE LOAN PORTFOLIOS

15-YEAR Bank Anniversary
in 2022

\$131,297

DONATED TO
CHARITABLE ORGANIZATIONS

7 FINANCIAL CENTERS

\$28 million in loans to affordable housing buildings



Kimberly Swartz, President
Indian Echo Caverns
Hummelstown, PA

“Centric Bank has become our favorite place for banking. They have taken the time to get to know us and our business and helped us accomplish many things, especially during COVID and its challenges. Starting out with only one account with Centric, we have now moved most of our business needs and accounts to them, and they are our go-to bank. The team members are always professional and courteous, and they are genuinely interested in knowing our needs and helping us grow. We love doing business with Centric.”

A Message

TO OUR SHAREHOLDERS, CUSTOMERS, AND FRIENDS:

Centric Bank is anchored in our belief that our brightest future is ahead. We carry a deep passion for American enterprise, ingenuity, and especially for the communities we serve.

BECAUSE WE BELIEVE IN A BRIGHTER FUTURE, WE INVEST IN THE UNLIMITED POTENTIAL AND VALUE OF PEOPLE—OUR TEAM, OUR ENTREPRENEURS, AND OUR COMMUNITIES.

With anticipation, we celebrate 2022 and our 15-year anniversary, remembering the day we first declared our mission to be locally owned and loaned and relishing our years of subsequent growth and expansion. We have reached one billion dollars in assets; and our physical footprint spans five counties while funding loans and generating deposits in many more counties. All due to our incredible customers, team members, and faithful shareholders. We are grateful for the 136 “difference makers” on our team, as well as for every shareholder who has entrusted us with their investments and who believed in our vision from day one. Without all of you, our success and impact would not be possible.



Focused on a prosperity of opportunity, our executive team earned its fourth *American Banker* recognition as one of five Most Powerful Women in Banking Top Teams. This honor highlights our 60 percent female leadership, a greater percentage than at any peer bank. We also celebrated another recognition as one of *American Banker's* Best Banks to Work For and were named #39 for banks under \$3 billion in assets. In the greater Philadelphia region, despite pandemic disruptions, our team continues to add market share. These new relationship gains are due to our people, response time, and the ability to fast track and close our loans expediently.

FINANCIAL PERFORMANCE

Centric Financial Corporation reported annual net income of \$10.3 million, an increase of \$1.3 million, or 14% over the prior year end results. Earnings per share was \$1.23 per basic share which represents an increase of \$0.18 per share, or 17% over last year's results. Return on average assets and return on average equity ended the year at 0.96% and 11.39%, respectively. Tangible book value per share increased 12% year over year and ended at \$11.17. Paycheck Protection Program (PPP) income had a strong impact on our overall net interest margin reaching 4.11% for the year. This placed us at the top of our peer group of banks in central Pennsylvania and the Philadelphia region.



Centric participated in the second round of PPP lending during the year to support our communities and customers, generating an additional \$91 million in loans during 2021 to 1,100 small businesses, helping to save over 10,000 jobs. Our team was the financial lifeline for the small businesses in our communities, and with both rounds combined, we provided \$310 million of PPP loans to 3,000 businesses, helping to save over 35,000 jobs. As one customer said, “Your team is the superhero to all of us small business owners.” Core loans outstanding grew by \$66 million during the year; however, with the strong PPP forgiveness, subsequent release of wholesale funding, and a temporary strategic shift in our deposits, we ended the year with total assets at \$983 million, a decrease of \$135 million, or 12% from December 31, 2020.

The core loan growth of 9% was comprised of primarily commercial real estate loans totaling \$58 million with C&I loans of \$18 million in our markets. We continue to focus on strategic and intentional loan growth and discipline in the pricing of our loans which yielded 4.86% for the year.

Deposits ended 2021 at \$815 million, a decrease of \$111 million, or 12% from the prior year end. This decrease was the result of a \$232 million reduction in wholesale deposits which supported PPP lending, while core deposit growth increased \$121 million or 13%. Non-interest bearing deposits increased \$33 million and totaled \$230 million at year end and comprises 28% of total deposits at year end. The growth in non-interest bearing deposits is related to onboarding new business customers during the year and navigating the full relationships of approximately 55% of the PPP non-customers to Centric Bank. Our largest growth segment was money markets which grew 49%, or \$76 million from the prior year end, demonstrating retention and expansion of our core deposits and overall customer base.

Our Philadelphia region continues to have robust loan growth and comprises 47% of loans outstanding at year end 2021, totaling \$412 million after PPP forgiveness. Total deposits for the region increased by \$26 million, of which \$15 million were non-interest bearing deposits, reflecting 29% in annual growth and ending the year at \$115 million.

As our loan portfolio continues to season and businesses are experiencing further pandemic-related financial impacts—including reduced revenue and elevated labor and supply costs—we are experiencing some increases to non-performing assets (NPAs). Non-performing assets totaled \$12.9 million at the end of 2021 as compared to \$12.4 million at prior year end, an increase of \$500 thousand. While the conventional loan portfolio remains solid, a larger portion of NPAs is related to the SBA loan portfolio performance. At December 31, 2021, our coverage ratio was 1.42%, and management believes that the allowance for the loan loss reserve adequately reflects the risk inherent in our loan portfolio. The increased provision expense totaled \$4.5 million over the prior year, which was the result of charge-offs taken in the third quarter and the related replenishment of the allowance for loan losses. Centric Financial remains strong, secure, and well-capitalized. In 2022, reducing the non-performing assets will be a top priority for our team.

Overall, non-interest income was consistent with the prior year; however, the respective components changed significantly in 2021. The largest drivers of non-interest income in the year were related to increase of service charges of \$111 thousand related to increased cash management fees, gains on sales of SBA 7a loans of \$427 thousand, an increase of \$322 thousand over 2020, and gains on sales of residential mortgages in the secondary market in excess of \$1 million.

Residential mortgage experienced another strong year with more than 150 mortgages representing \$41 million in closed loans. The related gain on sales of residential mortgages increased by \$322 thousand over 2020.

Non-interest expense totaled the year at \$25 million, an increase of \$2 million, or 10%, as compared to the prior year. The primary drivers to the increase were salary and benefits, regulatory assessment, and loan and collection expenses. Salary expense increased \$852 thousand or 5%, as a result of higher levels of staffing due to PPP loans and forgiveness, and increased mortgage and SBA incentive compensation related to higher loan volumes. Employee benefits increased \$309 thousand, or 13% due to elevated health care premiums during the year. Regulatory assessment fees totaled \$926 thousand and grew by \$338 thousand, or 58% in 2021, due to the increases in customer base and total deposits related to PPP activity in the year. As a result of the elevated non-performing assets, loan and collection expenses increased by \$362 thousand, or 60%, from 2020 totals.

Delivering smart, profitable growth to our shareholders is our greatest responsibility. *We Revolve Around You* remains our brand promise and is evidenced in every service channel. As we finance a brighter future, we're excited to develop even more personalized services, support an ambitious, skilled workforce, and meet the evolving business needs of our customers. Thank you for your trust and investment in Centric Financial Corporation.

Gratefully,


Donald E. Enders, Jr.
Chairman of the Board


Patricia A. Husic
President & CEO



People TO BE PROUD OF

Financing a brighter future begins with our award-winning team. "Centric Bank is our people. We take everything about our customer experience personally. We are team-focused, challenge-accepted people. We inspire, cheer, show up, stand in, help out, and innovate. We proudly finance brighter futures!" says Patti Husic, president and CEO.

EVERY COMPANY NEEDS A DIFFERENTIATOR. FOR US, THAT'S OUR 136-PERSON TEAM. OUR PEOPLE DISTINGUISH US FROM OUR COMPETITORS, AND THEIR PERSONAL TOUCH IS FELT ACROSS EVERY LEVEL OF SERVICE.

The banking system is inorganic and not designed to withstand the stress, strain, and pressure that the global pandemic inflicted—the kind of pressure that shut down small businesses and entire swaths of the economy. Despite this crippling pressure, at Centric Bank, *no door was closed*. People—our human capital—were the answer to COVID's economic shock. Solutions came from our team, not algorithms or data.

When other banks were closing accounts and working only with existing customers, Centric said "Yes," even to non-customers.

Company cultures are created by design, but they succeed by choice. We can't simply decree the 26 principles of The Centric Way. Everyone in the bank must believe in them and choose to live by them for us to serve at our highest potential. And we do! When the Great Resignation began to impact organizations, our culture proved to be a talent driver. In 2020, we had 11% turnover. In 2021, despite the backlash of a global pandemic and the



Prity Patel, President
PA Distribution
New Columbia, PA

"I have been with Centric Bank since May 2020 when my business was in its startup phase. With the support of the trusted and knowledgeable account managers, I have been able to grow my wholesale/cash-and-carry business by 58 percent. I appreciate all the support we have received from Centric Bank. Thank you!"

disruptions in work-life balance, Centric Bank stayed consistent at 11% turnover, well below the banking pre-pandemic level of 23.6%.

"We redoubled on our purpose during this season and served our customers in ways we and they never could have imagined," says Husic. "In a time when people are thinking twice about their place of employment—an average of 3.9 million workers quit their jobs each month in 2021—we remained responsive to employee needs, workplace changes, and in return did not experience significant turnover. Purposeful work leads to happy, loyal employees."

Responding to the new needs of moms, dads, and families as they adjusted to changing school guidance, caregiving, and lingering COVID concerns was a priority. And we laid groundwork for our 2022 initiative to turn our workforce into the *best in banking*. The HR team is focused on giving our teams tools for success, career guidance, a succession plan, and retention support—all to ensure we remain an employer of choice.

Answering to changes in customer banking behaviors and a shift toward digital banking, Centric Bank enhanced technical capacity and established Digital Banking Subject Matter Experts to assist customers with digital banking logins, mobile banking, mobile deposit set up, troubleshooting, and demonstrations.

Employee engagement is a key performance indicator and when the full team returned to the office in October 2021, the Hoopla Committee—our internal spirit team—presented a series of employee events to sustain camaraderie and connectedness. These included No Shave November to benefit cancer charities, Be a Santa to a Senior, Toys for Tots collection, Hot Chocolate and Cookie Day for employees, an employee Secret Santa exchange, an Ugly Sweater Party and Contest, and a Gingerbread House Competition. Laughing together builds bonds in the workplace.

The Yes YOU DESERVE

Centric Bank is committed to achieving the YES you deserve in all your banking needs. “If we can’t move your loan request forward, we will help you reach your business goals. Many times, our first loan consultation reveals gaps in readiness. Once these are filled, the client returns with a stronger financial foothold to launch,” says Husic.

In a concerted effort to diversify our lending portfolio and lower risk, the Doylestown Financial Center originated almost 80 new small and medium-sized loans totaling over \$54 million in 2021. We have seen tremendous regional growth that included a student housing project over \$4 million, a medical office plaza over \$4 million, a \$3 million acquisition of a second location for an existing customer, and assisting with the purchase of a trucking company and trucks worth \$3.6 million. “We are financing brighter futures every day,” says Husic.

“We had a dream to open PepperPot Jamaican Restaurant to share Caribbean food and our culture with our central PA neighbors, and the pandemic inspired us to make a change. Centric went above and beyond with our SBA loan and gave us a life-changing opportunity. Their customer service was fantastic, professional, and respectful. We would recommend Centric Bank to the world!”

Linton and Shemeila Green, Owners
PepperPot Jamaican Restaurant
Harrisburg, PA



Community TO CARE ABOUT

Hope comes naturally when you live and work in the neighborhoods where you serve. It's impossible not to get excited about a brighter future when you see people working and serving together for a greater good.

COMMUNITY IS MORE THAN A CONCEPT FOR CENTRIC BANK. OUR HANDS AND FEET ARE MOVING. WE LIVE HERE, AND WE GIVE HERE.

Outside the four walls of our offices (and written on our walls in the office!), we are dedicated to #26 of The Centric Bank Way: *Contribute to the Community*. In 2021, Centric donated \$131,297 to local charities in addition to volunteering with organizations that are dedicated to improving the neighborhoods we call home. We rolled up our sleeves and brought solutions to shifting needs and changing demographics. Leslie Meck, EVP, Chief Retail and Customer Experience Officer, presented financial literacy education in the Salvation Army Harrisburg Capital City Region's youth program.

Between 2020 and 2021, Centric Bank donated \$70,000 to the Central Pennsylvania Food Bank's Neighborhood Assistance Program (NAP) to strengthen food security. "The foundation of a healthy community is a healthy economy and helping to meet nutrition needs and increase access to fresh, local foods for communities has been even more important to me during the pandemic," says Husic. "Food insecurity remains one of our Commonwealth's highest concerns. I'm proud to carry the mission of the Central Pennsylvania Food Bank forward."

"Our Community Reinvestment Act focus is on helping people with basic needs such as housing, food, and jobs," says Kimberly Turner, EVP, Chief Risk Officer. "Centric pursued a relationship with HDC MidAtlantic because we support their goal of providing affordable rental housing in Pennsylvania, Delaware, and Maryland. In addition, Centric originated \$28 million in loans to affordable housing buildings in central and eastern Pennsylvania."



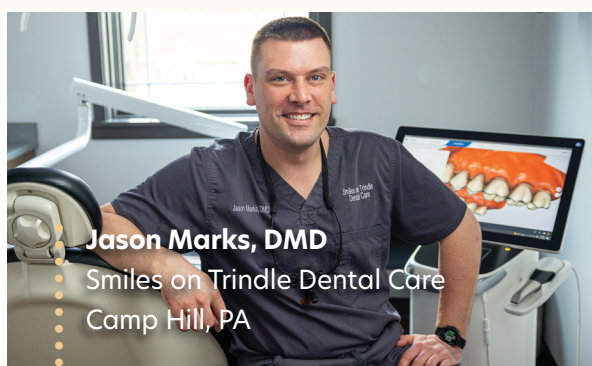
“Centric Bank has been a critical partner to HDC MidAtlantic in assisting our residents on their path to homeownership. We believe that having a safe, affordable place to call home is the cornerstone of possibility in people’s lives. We appreciate having an ally in Centric Bank who shares our values and is committed to helping build generational wealth through homeownership.”

●●●●●●●● **Sharlene Woodruff, CFO & Senior Vice President**
HDC MidAtlantic
Lancaster, PA

Left to right: Dana Hanchin, President and CEO, HDC MidAtlantic; Kielsy Rivera, Homeowner; and Sharlene Woodruff.

DOCTOR CENTRIC BANK: *Vitality* OF HEALTH

While the pandemic sent wave after wave of citizens into medical offices and hospitals seeking treatment, no sector has worked harder and sacrificed more boldly than our health care professionals. "You kept our minds and bodies healthy and gave us hope. Recognizing the intense demands on health care professionals, we founded Doctor Centric Bank in 2011 with the promise to keep our medical champions and support teams financially healthy. Whether you're investing in new technologies and medical data services, equipment financing, or streamlining cash management flows, we remain a concierge service to keep health care healthy," says Husic.



"I reached out to Centric Bank when I started the process of buying into my dental practice. Having gone through the loan process before, I expected a long and drawn-out affair. However, I was pleasantly surprised with Centric. The process was smooth, prompt, and easy. My loan director was easy to contact within minutes and receptive to how I wanted to structure my loan. Centric facilitated my buy-in with my practice and nearly immediately afterward helped finance top-of-the-line equipment to help us expand the practice. I would highly recommend Centric Bank to other business owners looking for financing options."


"Community health remains a top concern as doctors deploy telehealth systems to continue to care for patients, as well as keep people safe and respond to backlogs of patients. The Doctor Centric team provided PPP assistance, merger and acquisition support, and a safe and secure financial lifeline," says Jeffrey W. Myers, SEVP, Chief Lending Officer.

Financing

A BRIGHTER FUTURE...

It's what every community hopes for, and it's the heart of Centric Bank's mission. To realize this passion, our team pushes to stay outfront with new technologies, lending expertise, and a relentless pursuit for customer trust. Every day, we are lifting up ideas, regarding the unlikely, and launching the "no way!"

From restaurateurs to landscapers to medical practices, the Centric team stepped up to educate, advise, support, and finance the men and women rebuilding Main Street. Our Paycheck Protection Program lending sustained 35,000+ jobs and many new customers were onboarded.

As we continue to protect our customers, respond to new business opportunities, and prepare our teams to thrive, we believe our brightest future is on the horizon. 

Board OF DIRECTORS



Donald E. Enders, Jr.
Board Chair; Chairman & CEO, Colonial Park Realty Company t/a Enders Insurance & Cocoa Associates Ltd t/a KHB Insurance



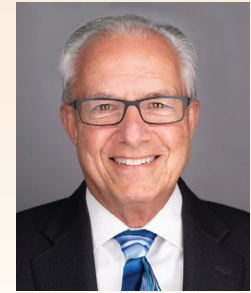
John A. Maher, CPA
Board Vice Chair; Advisor, Cambridge University, Judge Business School; former member, PA House of Representatives



Kerry A. Pae
Board Secretary; Retired President & Owner, Kerry Pae Auctioneers, Inc.



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



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



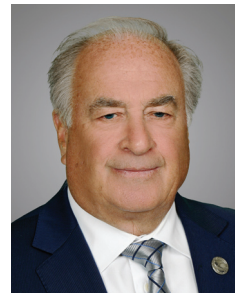
Steven P. Dayton
Business Development, RVG Management & Development Company, P.C.



Thomas H. Flowers, CPA
Managing Partner, Flowers & Flowers CPAs



Nicole S. Kaylor
Member, Co-Chair of Corporate & Tax Practice Group, McNeese, Wallace & Nurick



Jeffrey W. Keiser, DDS
Dental Consultant



Jessica E. Meyers
Founder and CEO, JEM Group LLC

EXECUTIVE LEADERSHIP TEAM



Patricia A. Husic
President & CEO



Jeffrey W. Myers
SEVP, Chief Lending Officer



Sandra J. Schultz
SEVP, Chief Financial Officer



Terrence Monteverde
EVP, Chief Credit Officer



Leslie A. Meck
EVP, Chief Retail and Customer Experience Officer



Kimberly L. Turner
EVP, Chief Risk Officer



Christine Pavlakovich
EVP, Chief Human Resources Officer

Common Stock Transactions:
Centric Financial Corporation's Common Stock Traded OTC Pink: CFCX

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

Visit Investors.centricbank.com

INVESTOR
RELATIONS



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-sized businesses, professionals, and individuals in 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*.

Financial Centers

AND COMMERCIAL LENDING OFFICES

Corporate Headquarters and Lower Paxton Financial Center

4320 Linglestown Road
Harrisburg, PA 17112
717-657-7727
717-657-7748 Fax
ATM Open 24/7

Corporate, Executive, Operations, and Mortgage Center

1826 Good Hope Road
Enola, PA 17025
717-657-7727

Camp Hill Financial Center

1625 Market Street
Camp Hill, PA 17011
717-730-2816
ATM Open 24/7

Derry Township Financial Center

1201 West Governor Road
Hummelstown, PA 17036
717-533-7626
ATM Open 24/7

Silver Spring Financial Center

6480 Carlisle Pike
Mechanicsburg, PA 17050
717-591-1360
ATM Open 24/7

Lancaster Commercial Lending Office and Concierge Financial Center

22 E. Roseville Road, Unit D
Lancaster, PA 17601
717-614-6855

Doylestown Commercial Lending Office and Concierge Financial Center

2003 S. Easton Road, Suite 205
Doylestown, PA 18901
267-880-4333

Devon Financial Center

105 Lancaster Avenue
Devon, PA 19333
610-710-4222
ATM Open 24/7

Devon Commercial Lending Office

80 W. Lancaster Avenue, Suite 200
Devon, PA 19333
610-710-4800

www.CentricBank.com

www.DrCentricBank.com

888-274-2033

CFCX



CENTRIC FINANCIAL CORPORATION

