

Shareholder Report

First Quarter || 2019



CENTRIC FINANCIAL CORPORATION

Q1



JUNE 20, 2019

Dear Shareholders and Friends:

We are pleased to report our financial results for the first quarter of 2019. For the three months ended March 31, 2019, Centric reported unaudited results of \$1.8 million in net income after taxes, a 9% increase over the same period 2018. Net interest income increased 24% to \$6.8 million for the same period. Net interest margin for the first quarter was 3.95%, and the efficiency ratio was 64.0%, a slight increase of 2.1% over the same period 2018.

Earnings per share for the first quarter 2019 was \$.21, down from \$.25 for the first quarter 2018, due to the increase in shares from the May 2018 capital raise. Return on average assets was 0.99%, a decrease of 0.15% from the same period prior year; and return on average equity decreased from 15.28% to 9.89%, also due to the increase in equity from the capital raise in the second quarter 2018.



Patricia A. Husic
President & CEO

Total assets at March 31, 2019 rose to \$734 million, reflecting an increase of \$123 million from the same period 2018. Total loans at March 31, 2019 were \$638 million, an increase of \$89 million, or 16%, over the same period last year and \$12 million over December 31, 2018. The increase in loans for both prior year and prior quarter are attributable to the growth in commercial and industrial loans of \$36 million and \$3 million, respectively, and commercial real estate loans of \$53 million and \$10 million, respectively. Total deposits expanded to \$614 million at March 31, 2019, an increase of \$91 million, or 17%, over the same period end 2017. Non-interest bearing deposits are 15% of total deposits at March 31, 2019, growing \$17 million from the same period last year.

Provision for loan losses totaled \$535,000 for the first three months of 2019, increasing \$100,000 from the same period last year. As loan growth continues to increase, asset quality remains strong with non-performing assets as a percentage of total assets at 0.76% for March 31, 2019, a slight increase over the 0.41% held at December 31, 2018. The allowance for loan loss remains strong at 1.14% of total loans for the first quarter 2019.

For the first three months of 2019 non-interest income totaled \$850,000, a decline of \$246,000 over the same period 2018 largely due to the decline in sold SBA and mortgage loans. This decrease was partially offset by swap fees of \$60,000, taken during the first quarter 2019.

Non-interest expense increased by \$776,000 to \$4,868,000 over the first quarter 2018. Salaries and benefit expense totaling \$2,788,000 for this period was the largest contributor to the increase, resulting from annual increases and additional employees. Increased expense in other non-interest expense from License and Software Fees of \$52,000, Directors Fees of \$61,000 and PA Shares Tax expense of \$34,000 contributed to this increase.

Our first quarter results reflect a positive earnings growth as well as the continuation of our organic growth of loans and deposits in the communities that we serve.

Regulatory approval has been obtained for our new branch in Devon, Pennsylvania and the construction process began on May 1 for this financial center. We are also moving forward with a branch facility by expanding our physical space at our Doylestown office. We expect that branch location will be open in late June.

Our team remains laser focused on executing the strategic plan and successfully growing our core banking business, profitability, and delivering performance returns to our shareholders.

We are deeply grateful for your trust and investment, and remain guided by our brand promise: *We Revolve Around You!*

Sincerely,

Patricia A. Husic
President & CEO

FINANCIAL HIGHLIGHTS (UNAUDITED)

Please visit the Investor Relations section on CentricBank.com for more detailed information in our earnings release.

Consolidated Balance Sheet

(Dollars in thousands)

	At Period End		
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2018
Assets			
Cash and cash equivalents	\$ 47,483	\$ 36,308	\$ 33,863
Other investments	27,541	28,544	14,890
Loans, net of allowance for loan and lease losses	630,362	618,814	541,974
Premises and equipment	12,308	6,439	6,650
Accrued interest receivable	2,279	1,993	1,496
Other assets	14,179	12,298	11,726
Total Assets	\$ 734,152	\$ 704,396	\$ 610,599
Liabilities			
Deposits – Noninterest-bearing	92,096	93,685	75,546
Deposits – Interest-bearing	521,825	492,500	447,847
Total deposits	613,921	586,185	523,393
Short-term borrowings	3,000	15,500	14,000
Long-term debt	43,102	30,500	27,607
Accrued interest payable	601	511	479
Other liabilities	1,809	1,927	1,876
Total Liabilities	662,433	634,623	567,355
Total Shareholders' Equity	71,719	69,773	43,244
Total Liabilities and Shareholders' Equity	\$ 734,152	\$ 704,396	\$ 610,599

Consolidated Statement of Income

(Dollars in thousands)

	Three months ended		
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2018
Interest income			
Interest and dividends on securities	\$ 269	\$ 231	\$ 134
Interest and fees on loans	8,752	8,667	6,545
Other	209	291	85
Total interest income	9,230	9,189	6,764
Interest expense			
Interest on deposits	2,105	1,911	1,037
Interest on borrowings	372	394	265
Total interest expense	2,477	2,305	1,302
Net interest income	6,753	6,884	5,462
Provision for loan losses	535	125	435
Net interest income after provision expense	6,218	6,759	5,027
Noninterest income	850	1,186	1,096
Noninterest expense	4,868	5,340	4,092
Income before taxes	2,200	2,605	2,031
Income tax expense	443	517	412
Net income available to common shareholders	\$ 1,757	\$ 2,088	\$ 1,619

Earnings and Per Share Data

Basic earnings per common share	\$ 0.21	\$ 0.24	\$ 0.25
Book value (at period end)	\$ 8.20	\$ 8.01	\$ 6.76
Tangible book value (at period end)	\$ 8.15	\$ 7.95	\$ 6.68
Close price (at period end)	\$ 10.70	\$ 9.74	\$ 9.10
Common shares outstanding	8,742,290	8,714,975	6,397,161
Average shares outstanding – basic (period to date)	8,706,540	8,696,391	6,376,017

Performance Ratios

Return on average assets (period to date)	0.99%	1.16%	1.14%
Return on average equity (period to date)	9.89%	12.15%	15.28%
Shareholders' equity/asset ratio (at period end)	9.77%	9.91%	7.08%
Net charge-offs/average loans (period to date)	0.13%	-0.01%	0.06%
Nonperforming assets/total assets (at period end)	0.76%	0.41%	0.41%
Allowance for loan & lease losses as a percentage of loans	1.14%	1.10%	1.14%
Allowance for loan & lease losses/nonaccrual loans	159.73%	644.11%	444.54%

MARKET MAKERS

Centric Financial Corporation common stock is traded as OTC Pink: CFCX.

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

**Raymond James
& Associates, Inc.**
222 South Riverside Plaza
Seventh Floor
Chicago, IL 60606

FIG Partners
1475 Peachtree St. NE,
Suite 800
Atlanta, GA 30309

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

Keefe, Bruyette & Woods
787 Seventh Avenue
New York, NY 10019

TRANSFER AGENT

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

BOARD OF DIRECTORS

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

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

Patricia A. Husic
President & Chief Executive Officer, Centric Financial Corporation
and Centric Bank

Kerry A. Pae
Secretary of the Board, President & Owner, Kerry Pae Auctioneers, Inc.

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

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

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

Nicole S. Kaylor
Of Counsel, McNeese Wallace & Nurick LLC

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

Fred M. Essis
Director Emeritus, President & Chief Executive Officer,
Essis & Sons Carpet One

EXECUTIVE OFFICERS

Patricia A. Husic
President & Chief Executive Officer

Jeffrey W. Myers
Senior Executive Vice President & Chief Lending Officer,
Asst. Secretary

Sandra J. Schultz
Executive Vice President & Chief Financial Officer, Treasurer

Terrence M. Monteverde
Executive Vice President & Chief Credit Officer

Clair M. Finkenbinder III
Executive Vice President, Chief Information Officer & Director of
Operations

Leslie A. Meck
Senior Vice President & Chief Retail Officer

Kimberly L. Turner
Senior Vice President, Chief Risk Officer

SENIOR LEADERSHIP TEAM

Christopher J. Bickel
Senior Vice President, Main Line Market Leader

Donald J. Bonafede
Senior Vice President, Senior Commercial Lender

Michele E. Light
Senior Vice President, Market Leader, Suburban Philadelphia

Shane E. McNaughton
Senior Vice President, Management Information Systems

Timothy J. Merrell
Senior Vice President, Director of Cash Management and
Treasury Services

Christine Pavlakovich, SHRM-SCP
Senior Vice President, Director of Human Resources

Michael J. Watson
Senior Vice President, Senior Commercial Lender

Paul B. Zwally
Senior Vice President, Director of Mortgage Services
& Commercial Lender