

2021 ANNUAL REPORT



Centre 1 Bancorp, Inc.

Our Mission & Vision



We treat our customers, employees, shareholders and communities like family by delivering an exceptional experience.

We will help all of our families succeed.

Dear Shareholder,

Thank you for your continued support and confidence in Centre 1 Bancorp, Inc., First National Bank and Trust of Beloit, our Board, management team and all our employees.

We are pleased to report year end assets of \$1.5 billion and net income of \$9.2 million, an increase of 6.7% from 2020. There are several key highlights contributing to our net income: mortgage lending, wealth management, debit card income, fee income from forgiveness of the Paycheck Protection Program (PPP) loans, and overall technology related expenses, all of which were significant contributors to our successful 2021. However, without the dedication and effort of every single employee, we could not have successfully achieved these results.

We have performed well through the pandemic and prolonged low interest rate cycle. As we look forward to a post-pandemic era and a more stabilized interest rate environment, we are well positioned to handle both.

We pride ourselves in continuing to be a strong, well-capitalized bank, and remain focused on serving you, our shareholders, our customers, and our communities where we live and work. Your continued support and trust is appreciated. Our focus remains to consistently pay exceptionally strong dividends and improve earnings for each and every shareholder.



A handwritten signature in black ink, appearing to read "Steven Eldred".

Steven M. Eldred
Chairman & CEO
Centre 1 Bancorp, Inc.



A handwritten signature in black ink, appearing to read "David N. McCoy".

David N. McCoy
President & CEO
First National Bank and Trust

YEAR IN REVIEW

Focus on Community

As a family-focused bank First National Bank and Trust (FNBT) employees serve and volunteer with many local organizations, often holding leadership positions as fundraisers, officers and board members. Through FNBT's philanthropic efforts, 187 organizations received a donation as part of nearly \$500,000 FNBT gave back to the community.

The bank signed on as a Founding Partner of the new ABC Supply Stadium, the new home to Beloit's minor league baseball team. As the exclusive bank of the Beloit Sky Carp, FNBT will partner with the team and its ownership to bring family-friendly entertainment to the stateline,



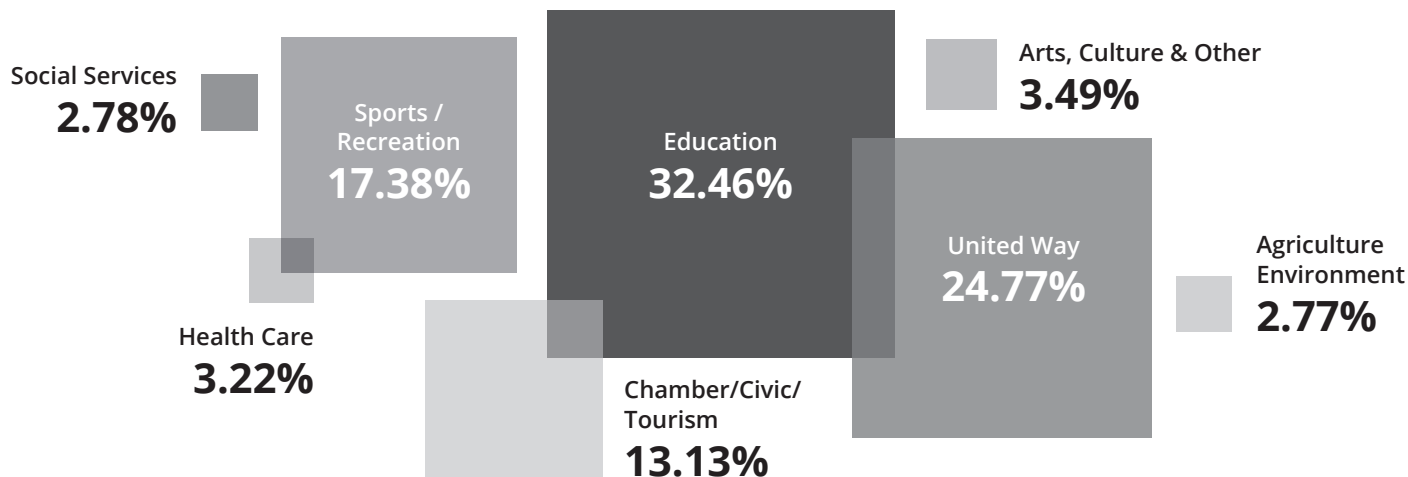
underscoring our



mutual commitment to the entire community as we work to support area families and nonprofits throughout the region on various projects.

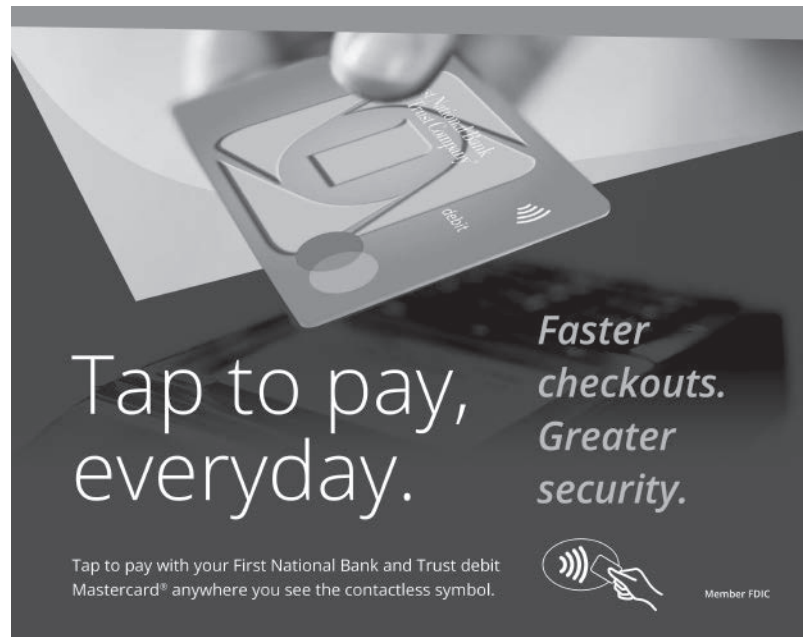
As a pacesetter company for United Way, FNBT sets the tone for giving back, encouraging our employees to give and volunteer, providing overall support for nearly 300 non-profit organizations in our markets. In 2021, employees participated in the Stateline Family YMCA's Corporate Cup Challenge raising money and awareness of the organizations programs. We also saw the return of our Community Shred Days providing an opportunity for our customer family and community family to protect themselves from potential identity theft by shredding old tax documents and statements.

2021 Volunteer Hours by Impact Focus



Focus on Convenience

Banking is about convenience. In 2021, our employees worked to provide education and convenience to our customer family with a focus on Digital Wallets and the introduction of Contactless Debit Cards with the Mastercard® Tap & Go® technology. Now with faster checkouts, and enhanced security, our customer family can enjoy no-touch transactions anywhere the contactless symbol is found on the point-of-sale terminal.



Focus on Service

The bank introduced a new Loan Production Office in downtown Janesville in early 2021. Located at 101 East Milwaukee Street, Suite 203, the office further strengthens our ability to support our customer and community families. As a truly local bank focused on family businesses, the convenience of this office will help our commercial and small businesses thrive.

Experienced Business Bankers Who Know Janesville

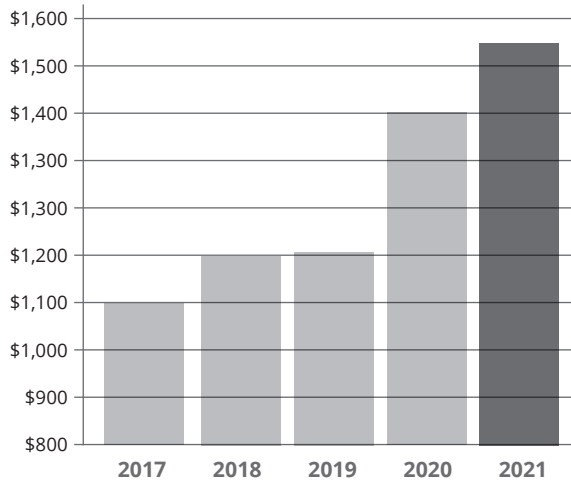


bankatfirstnational.com

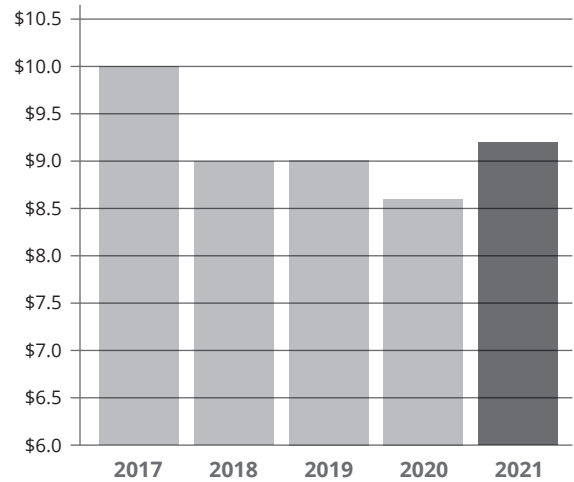
Member FDIC • Equal Housing Lender

PERFORMANCE

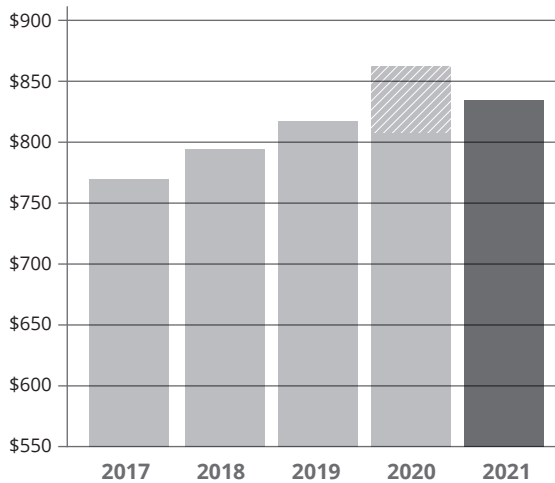
Assets
(in millions)



Net Income
(in millions)

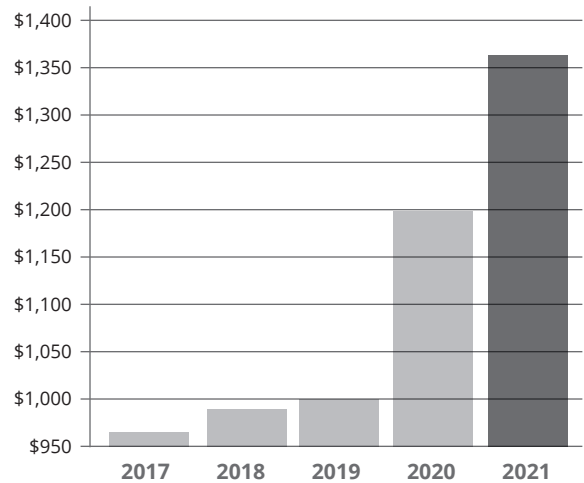


Loans
(in millions)

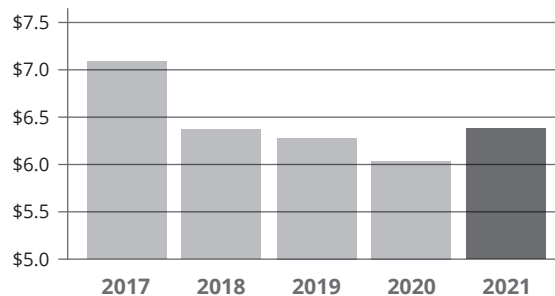


▨ \$54 million in PPP loans outstanding in 2020

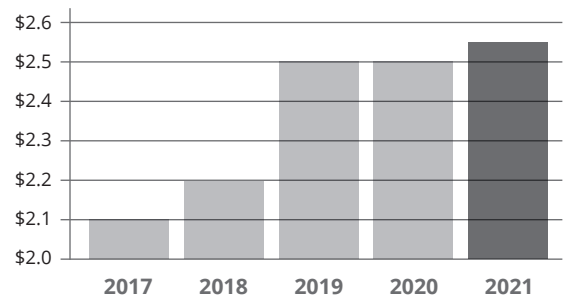
Deposits
(in millions)



Earnings Per Share



Dividends



7.29%

Tier 1 Capital

5% is well capitalized

0.62%

Return on Average Assets

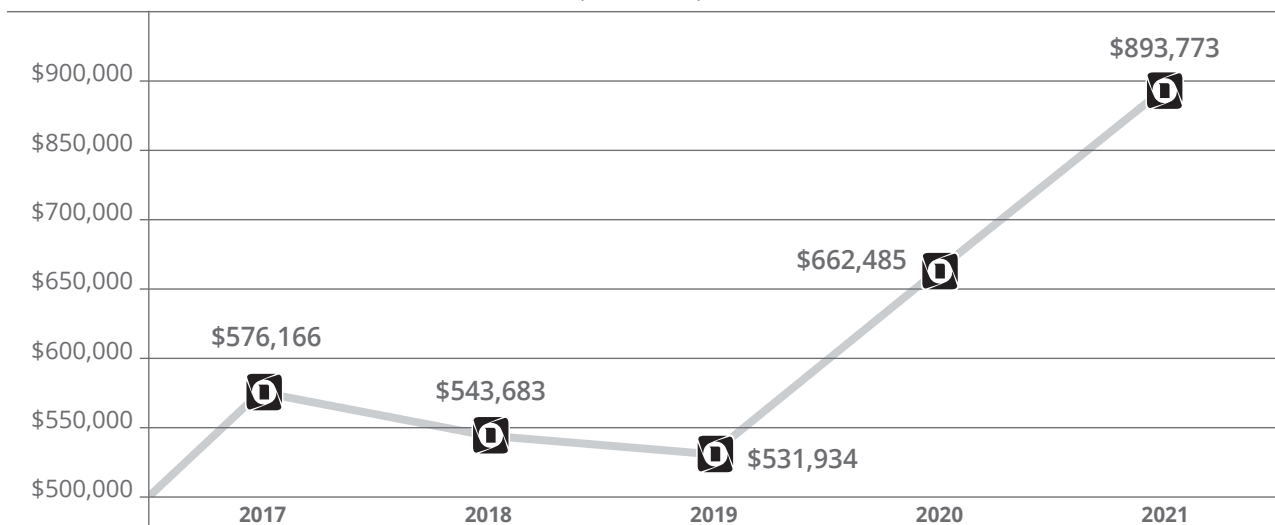
7.04%

Return on Common Equity

Wealth Management Group

Our dedicated team of experienced trust and investment professionals, estate planning and tax experts are located right here in your community at your community bank. Access to our local advisors that can meet with you in person and discuss your individual goals, are just a few of the many reasons our high net worth customers trust us to manage their assets.

ASSETS UNDER MANAGEMENT
(in thousands)



CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(dollars in thousands, except share data)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 33,775	\$ 132,682
Available for sale securities – at fair value	568,950	311,090
Held to maturity securities, fair value of \$10,334 and \$10,684 in 2021 and 2020, respectively	10,335	10,685
Loans, less allowance for loan losses of \$11,006 and \$10,737 in 2021 and 2020, respectively	832,125	862,571
Loans held for sale	2,247	4,811
Premises and equipment, net	22,947	23,147
Goodwill	24,699	24,699
Bank owned life insurance	32,077	26,845
Accrued interest receivable and other assets	21,333	19,338
Total assets	<u>\$ 1,548,488</u>	<u>\$ 1,415,868</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 438,784	\$ 373,618
Interest-bearing	922,930	864,976
Total deposits	1,361,714	1,238,594
Securities sold under repurchase agreements	18,196	8,077
Other borrowings	26,000	26,582
Accrued interest payable and other liabilities	13,116	11,654
Total liabilities	1,419,026	1,284,907
Stockholders' Equity		
Common stock, \$1 par value, 2,000,000 shares authorized, 1,475,015 and 1,464,062 shares issued in 2021 and 2020, 1,438,060 and 1,427,107 shares outstanding in 2021 and 2020, respectively	1,475	1,464
Surplus	19,622	18,741
Retained earnings	117,569	112,109
Treasury stock, 36,955 shares in 2021 and 2020 respectively, at cost	(2,900)	(2,900)
Accumulated other comprehensive income/(loss)	(6,304)	1,547
Total stockholders' equity	129,462	130,961
Total liabilities and stockholders' equity	<u>\$ 1,548,488</u>	<u>\$ 1,415,868</u>

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2021 and 2020

(dollars in thousands, except per-share data)

	2021	2020
INTEREST INCOME		
Interest and fees on loans	\$ 35,422	\$ 38,167
Interest on investment securities:		
Taxable	4,101	2,823
Tax exempt	271	255
Interest on federal funds sold	6	191
Other	223	327
Total interest income	<u>40,023</u>	<u>41,763</u>
INTEREST EXPENSE		
Interest on deposits	1,941	4,166
Interest on securities sold under repurchase agreements	13	22
Interest on other borrowings	425	604
Total interest expense	<u>2,379</u>	<u>4,792</u>
Net interest income before provision for loan losses	37,644	36,971
Provision for loan losses	<u>300</u>	<u>1,350</u>
Net interest income after provision for loan losses	37,344	35,621
NONINTEREST INCOME		
Service fees on deposit accounts	3,930	3,942
Trust income	3,442	2,984
Investment sales commissions	529	470
Mortgage banking income	4,881	5,612
Card-based income	3,646	2,943
Gain on sale of securities	1,181	-
Other income	1,440	230
Total Noninterest Income	<u>19,049</u>	<u>16,181</u>
NONINTEREST EXPENSE		
Compensation and employee benefits	27,761	24,735
Occupancy expense	4,104	3,740
Furniture and equipment expenses	1,515	1,389
Data processing and technology expense	2,705	3,791
Federal deposit insurance premiums	468	235
Professional services	2,296	2,259
Amortization of intangible assets	199	199
Other expenses	5,212	4,586
Total Noninterest Expense	<u>44,260</u>	<u>40,934</u>
Income before income taxes	12,133	10,868
Less: Income tax expense	<u>2,971</u>	<u>2,280</u>
NET INCOME	<u>\$ 9,162</u>	<u>\$ 8,588</u>
Basic earnings per share	<u>\$ 6.37</u>	<u>\$ 6.02</u>
Diluted earnings per share	<u>\$ 6.30</u>	<u>\$ 5.96</u>
Weighted average shares outstanding	<u>1,438,060</u>	<u>1,427,107</u>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2021 and 2020
(dollars in thousands, except per-share data)

	Common Stock	Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balances – December 31, 2019	\$1,455	18,007	107,129	(2,900)	587	\$124,278
Comprehensive income:						
Net income	-	-	8,588	-	-	8,588
Other comprehensive income	-	-	-	-	960	960
Comprehensive income	-	-	-	-	-	9,548
Cash dividends - \$2.50 per share	-	-	(3,634)	-	-	(3,634)
Stock issuance - 9,242 shares	9	722	-	-	-	731
Stock compensation expense	-	12	-	-	-	12
Tax impact of dividends on restricted stock	-	-	26	-	-	26
Balances – December 31, 2020	1,464	18,741	112,109	(2,900)	1,547	130,961
Comprehensive income:						
Net income	-	-	9,162	-	-	9,162
Other comprehensive loss	-	-	-	-	(7,851)	(7,851)
Comprehensive income	-	-	-	-	-	1,311
Cash dividends - \$2.55 per share	-	-	(3,727)	-	-	(3,727)
Stock issuance - 10,953 shares	11	875	-	-	-	886
Stock compensation expense	-	6	-	-	-	6
Tax impact of dividends on restricted stock	-	-	25	-	-	25
Balances – December 31, 2021	<u>\$ 1,475</u>	<u>19,622</u>	<u>117,569</u>	<u>(2,900)</u>	<u>(6,304)</u>	<u>\$ 129,462</u>

The company's financial statements for 2021 and 2020 were audited by Baker Tilly US, LLP, Milwaukee, Wisconsin. You may obtain a copy of their report, including the financial statements and other information, by writing Centre 1 Bancorp, Inc., Attn: Jerry Ritzert, 345 E Grand Avenue, Beloit, WI 53511 or by calling 608-363-8000.

CENTRE 1 BANCORP, INC.

OFFICERS AND BOARD OF DIRECTORS

Officers

Steven M. Eldred
Chief Executive Officer

David N. McCoy
President

Jerry J. Ritzert
Chief Financial Officer
and Treasurer

Mark E. Leach
Vice President
and Secretary

Board of Directors

Gregory K. Britton
Retired Chief Executive
Officer, Beloit Health
System

Timothy M. McKeveatt
President and
Chief Executive Officer,
Beloit Health System

William C. DeLong
Vice President of
Grain, The DeLong
Company, Inc.

Donald A. O'Day
Executive Vice President
Chief Operating Officer,
First National Bank and
Trust Company

Steven M. Eldred
Chairman of the Board

James L. Packard
Retired Executive
Chairman, Regal-Beloit
Corporation

Roger T. Kemman
President, Ryeco, Inc.

William J. Ring
President and
Chief Executive Officer
Dalco Metals, Inc.

Henry W. Kneuppel
Retired Chairman and
Chief Executive Officer,
Regal-Beloit Corporation

Dwight L. Kruse
Retired President,
Century 21 Affiliated

David N. McCoy
President and
Chief Executive Officer,
First National Bank and
Trust Company

**First National Bank
and Trust Director**

Jonathon J. Schlemmer
General Manager, Heating
Modine Manufacturing
Company



At First National Bank and Trust, we treat you like family. From every interaction to every transaction. From familiar faces at the drive up, to helping businesses grow, we're focused on what truly matters from your bank. Valued relationships built on trust – with people you can count on for Sound Advice. First National Bank and Trust. Helping you succeed today and tomorrow. Just like family.



Centre 1 Bancorp, Inc.

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800-667-4401

www.bankatfirstnational.com

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Darien | Delavan | Elkhorn | Janesville | Monroe | Rockton | Roscoe | Walworth | Williams Bay | Winnebago