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2023 SECOND QUARTER REPORT



Central Bancshares, Inc.

Central Bank & Trust Co. • Central Insurance Services • Central Investment Center, Inc.

FOCUSED ON COMMUNITY SINCE 1946.



MISSION STATEMENT

The mission of Central Bancshares is to become Kentucky's leading, high-performing, community banking company by empowering our staff to deliver consistently superior service and value to our customers, shareholders and communities. We will be successful because Central Bankers are our greatest resource and our most sustainable advantage.

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FINANCIAL HIGHLIGHTS

As of and for the six months ended June 30

(dollars in thousands, except share data)	2023	2022	2021	2020	2019
RESULTS OF OPERATIONS:					
Net income	\$ 17,697	\$ 7,992	\$ 16,788	\$ 10,150	\$ 16,516
Net income per share	0.51	0.23	0.48	0.29	0.47
Book value per share at quarter end	10.48	9.81	9.94	9.16	8.55
AT JUNE 30:					
Assets	\$ 3,601,890	\$ 3,850,840	\$ 3,467,780	\$ 3,147,408	\$ 2,675,493
Earning assets	3,414,109	3,644,657	3,366,059	3,034,433	2,575,699
Loans, net	2,476,769	2,090,979	2,362,482	2,359,550	2,112,764
Deposits	2,651,354	3,116,000	2,849,060	2,537,665	2,141,569
Shareholders' equity	364,488	341,234	345,791	318,690	297,325
PERFORMANCE RATIOS:					
Return on average assets	0.99%	0.42%	0.99%	0.70%	1.29%
Return on average shareholders' equity	10.06	4.61	10.06	6.52	11.58
Average tangible equity					
to average tangible assets	9.50	8.74	9.50	10.31	10.66
Net charge-offs to average loans	0.08	0.08	0.03	0.05	0.05
Allowance for loan losses as a					
percentage of quarter end loans	1.15	1.13	1.05	0.90	1.00
Net interest margin (tax equivalent)	3.79	2.57	3.18	3.58	4.10

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30 2023	June 30 2022
ASSETS		
Cash and due from financial institutions	\$ 57,217	\$ 57,152
Interest bearing deposits with other financial institutions	14,400	471,850
Total cash and cash equivalents	<u>71,617</u>	<u>529,002</u>
Debt securities	881,256	1,051,170
Loans, net of unearned income	2,505,654	2,114,886
Allowance for credit losses	(28,885)	(23,907)
Loans, net	<u>2,476,769</u>	<u>2,090,979</u>
Premises and equipment, net	93,452	109,484
Federal Home Loan Bank stock	12,799	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	51,684	49,141
Total assets	<u>\$ 3,601,890</u>	<u>\$ 3,850,840</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 1,118,676	\$ 1,303,732
Interest bearing	1,532,678	1,812,268
Total deposits	<u>2,651,354</u>	<u>3,116,000</u>
Repurchase agreements	254,544	243,988
Federal funds purchased	500	500
Federal Home Loan Bank advances	217,000	25,053
Subordinated debentures	15,000	15,000
Other liabilities	99,004	109,065
Total liabilities	<u>3,237,402</u>	<u>3,509,606</u>
SHAREHOLDERS' EQUITY		
Common stock (voting), \$10 par value; 350,000 shares authorized;		
347,922 shares issued and outstanding	3,479	3,479
Common stock (non-voting), no par value; 34,650,000 shares authorized;		
34,444,278 shares issued and outstanding	-	-
Additional paid-in capital	6,890	6,890
Retained earnings	383,596	357,506
Accumulated other comprehensive loss	(29,477)	(26,641)
Total shareholders' equity	<u>364,488</u>	<u>341,234</u>
Total liabilities and shareholders' equity	<u>\$ 3,601,890</u>	<u>\$ 3,850,840</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For the six months ended
June 30
2023
June 30
2022**INTEREST INCOME**

Loans, including fees	\$ 60,622	\$ 43,164
Debt securities	11,822	4,185
Deposits with other financial institutions	2,353	1,390
	<u>74,797</u>	<u>48,739</u>

INTEREST EXPENSE

Interest on deposits	9,130	2,154
Interest on borrowed funds	1,950	553
	<u>11,080</u>	<u>2,707</u>

Net interest income	63,717	46,032
Provision for credit losses	3,476	1,475
Net interest income after provision for credit losses	<u>60,241</u>	<u>44,557</u>

NON-INTEREST INCOME

Service charges on deposit accounts	2,958	2,963
Service charges on loans	4,977	5,297
Wealth management income	9,087	8,699
Other income	4,760	4,311
	<u>21,782</u>	<u>21,270</u>

NON-INTEREST EXPENSE

Salaries	22,552	21,654
Benefits	6,071	5,709
Occupancy and equipment	10,305	10,295
Other non-interest expenses	21,408	19,311
	<u>60,336</u>	<u>56,969</u>

Income before income taxes	21,687	8,858
Income taxes	3,990	866
Net income	<u>\$ 17,697</u>	<u>\$ 7,992</u>

Basic earnings per share	\$ 0.51	\$ 0.23
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