

CELEBRATING 75 YEARS OF STRENGTHENING EVERY COMMUNITY WE SERVE.

2021 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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For additional copies or information:

MARKETING
CENTRAL BANK
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

As of and for the six months ended June 30

(dollars in thousands, except share data)	2021	2020	2019	2018	2017
RESULTS OF OPERATIONS:					
Net income	\$ 16,788	\$ 10,150	\$ 16,516	\$ 13,639	\$ 9,115
Net income per share	0.48	0.29	0.47	0.39	0.26
Book value per share at quarter end	9.94	9.16	8.55	7.72	7.10
AT JUNE 30:					
Assets	\$ 3,467,780	\$ 3,147,408	\$ 2,675,493	\$ 2,510,926	\$ 2,315,608
Earning assets	3,366,059	3,034,433	2,575,699	2,396,639	2,185,381
Loans, net	2,362,482	2,359,550	2,112,764	2,018,027	1,851,995
Deposits	2,849,060	2,537,665	2,141,569	2,052,387	1,939,642
Shareholders' equity	345,791	318,690	297,325	268,444	247,045
PERFORMANCE RATIOS:					
Return on average assets	0.99%	0.70%	1.29%	1.12%	0.80%
Return on average shareholders' equity	10.06%	6.52%	11.58%	10.50%	7.58%
Average tangible equity					
to average tangible assets	9.50%	10.31%	10.66%	10.12%	10.02%
Net charge-offs to average loans	0.03%	0.05%	0.05%	0.02%	0.04%
Allowance for loan losses as a					
percentage of quarter end loans	1.05%	0.90%	1.00%	1.04%	1.16%
Net interest margin (tax equivalent)	3.18%	3.58%	4.10%	4.02%	3.94%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30 2021	June 30 2020
ASSETS		
Cash and due from financial institutions	\$ 47,320	\$ 56,165
Interest bearing deposits with other financial institutions	599,500	374,100
Total cash and cash equivalents	<u>646,820</u>	<u>430,265</u>
Debt securities	372,222	272,659
Loans, net of unearned income	2,387,586	2,380,923
Allowance for loan losses	(25,104)	(21,373)
Loans, net	<u>2,362,482</u>	<u>2,359,550</u>
Premises and equipment, net	26,470	26,867
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	38,722	37,003
Total assets	<u>\$ 3,467,780</u>	<u>\$ 3,147,408</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 1,167,523	\$ 1,007,768
Interest bearing	1,681,537	1,529,887
Total deposits	<u>2,849,060</u>	<u>2,537,655</u>
Repurchase agreements	209,764	183,949
Federal funds purchased	500	500
Federal Home Loan Bank advances	25,301	55,317
Subordinated debentures	15,000	15,000
Other liabilities	22,364	36,297
Total liabilities	<u>3,121,989</u>	<u>2,828,718</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	336,891	316,829
Unearned Employee Stock Ownership Shares	-	(662)
Accumulated other comprehensive loss	(1,469)	(7,846)
Total shareholders' equity	<u>345,791</u>	<u>318,690</u>
Total liabilities and shareholders' equity	<u>\$ 3,467,780</u>	<u>\$ 3,147,408</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For the six months ended
June 30
2021

June 30
2020

INTEREST AND DIVIDEND INCOME

Loans, including fees	\$ 52,192	\$ 50,614
Debt securities	1,399	2,596
Deposits with other financial institutions	319	1,104
	<u>53,910</u>	<u>54,314</u>

INTEREST EXPENSE

Interest on deposits	1,618	3,701
Interest on borrowed funds	507	859
	<u>2,125</u>	<u>4,560</u>
Net interest income	51,785	49,754
Provision for loan losses	727	3,327
Net interest income after provision for loan losses	<u>51,058</u>	<u>46,427</u>

NON-INTEREST INCOME

Service charges on deposit accounts	2,705	2,981
Service charges on loans	6,778	5,561
Wealth management income	9,001	7,479
Other income	4,249	3,516
	<u>22,733</u>	<u>19,537</u>

NON-INTEREST EXPENSE

Salaries	22,316	21,876
Benefits	4,827	7,073
Occupancy and equipment	9,642	10,685
Other non-interest expenses	17,067	15,299
	<u>53,852</u>	<u>54,933</u>
Income before income taxes	19,939	11,031
Income taxes	3,151	881
Net income	<u>\$ 16,788</u>	<u>\$ 10,150</u>

Basic earnings per share

\$ 0.48	\$ 0.29
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BOARDS OF DIRECTORS



Luther Deaton, Jr.

Luther Deaton, Jr.
Chairman, President & CEO

Central Bancshares, Inc. and Central Bank & Trust Co. Board of Directors

Luther Deaton, Jr.
Chairman, President & CEO, Central Bancshares, Inc. and Central Bank & Trust Co.

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Vice Chairman of the Board, Central Bancshares, Inc. and Central Bank & Trust Co.

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President & CEO, Bridgeman Foods Inc.

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RFH, PLLC Certified Public Accountants

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Partner, Frost Brown Todd, LLC

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