

CELEBRATING 75 YEARS OF STRENGTHENING EVERY COMMUNITY WE SERVE.

2021 THIRD 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 nine months ended September 30

(dollars in thousands, except share data)	2021	2020	2019	2018	2017
RESULTS OF OPERATIONS:					
Net income	\$ 25,557	\$ 16,462	\$ 24,417	\$ 20,895	\$ 14,707
Net income per share	0.73	0.47	0.70	0.60	0.42
Book value per share at quarter end	10.19	9.28	8.77	7.92	7.26
AT SEPTEMBER 30:					
Assets	\$ 3,670,753	\$ 3,121,608	\$ 2,702,142	\$ 2,543,960	\$ 2,350,422
Earning assets	3,578,928	3,023,573	2,590,070	2,447,282	2,248,303
Loans, net	2,137,563	2,344,650	2,063,825	2,013,297	1,921,904
Deposits	3,009,738	2,529,449	2,153,725	2,068,166	1,928,626
Shareholders' equity	354,577	322,702	305,216	275,556	252,681
PERFORMANCE RATIOS:					
Return on average assets	0.99%	0.74%	1.25%	1.12%	0.85%
Return on average shareholders' equity	10.01%	6.98%	11.19%	10.52%	8.01%
Average tangible equity					
to average tangible assets	9.48%	10.15%	10.74%	10.17%	10.06%
Net charge-offs to average loans	0.07%	0.05%	0.16%	0.08%	0.06%
Allowance for loan losses as a					
percentage of quarter end loans	1.13%	0.99%	0.94%	1.02%	1.12%
Net interest margin (tax equivalent)	3.16%	3.53%	4.05%	3.99%	3.95%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30 2021	September 30 2020
ASSETS		
Cash and due from financial institutions	\$ 36,365	\$ 42,046
Interest bearing deposits with other financial institutions	1,014,700	385,200
Total cash and cash equivalents	<u>1,051,065</u>	<u>427,246</u>
Debt securities	395,481	263,426
Loans, net of unearned income	2,161,996	2,368,196
Allowance for loan losses	(24,433)	(23,546)
Loans, net	<u>2,137,563</u>	<u>2,344,650</u>
Premises and equipment, net	27,206	26,482
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	38,374	38,740
Total assets	\$ 3,670,753	\$ 3,121,608
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 1,316,887	\$ 999,991
Interest bearing	1,692,851	1,529,458
Total deposits	<u>3,009,738</u>	<u>2,529,449</u>
Repurchase agreements	217,313	191,464
Federal funds purchased	500	500
Federal Home Loan Bank advances	25,297	30,313
Subordinated debentures	15,000	15,000
Other liabilities	48,328	32,180
Total liabilities	<u>3,316,176</u>	<u>2,798,906</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	345,660	323,141
Unearned Employee Stock Ownership Shares	-	(2,806)
Accumulated other comprehensive loss	(1,452)	(8,002)
Total shareholders' equity	<u>354,577</u>	<u>322,702</u>
Total liabilities and shareholders' equity	\$ 3,670,753	\$ 3,121,608

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For the nine months ended
September 30
2021

September 30
2020

INTEREST INCOME

Loans, including fees	\$ 79,048	\$ 76,418
Debt securities	2,104	3,691
Deposits with other financial institutions	635	1,192
	<u>81,787</u>	<u>81,301</u>

INTEREST EXPENSE

Interest on deposits	2,377	4,657
Interest on borrowed funds	765	1,141
	<u>3,142</u>	<u>5,798</u>
Net interest income	78,645	75,503
Provision for loan losses	727	5,667
Net interest income after provision for loan losses	<u>77,918</u>	<u>69,836</u>

NON-INTEREST INCOME

Service charges on deposit accounts	4,157	4,380
Service charges on loans	10,978	9,028
Wealth management income	13,549	11,470
Other income	6,493	5,527
	<u>35,177</u>	<u>30,405</u>

NON-INTEREST EXPENSE

Salaries	33,663	33,188
Benefits	7,961	9,252
Occupancy and equipment	14,418	16,102
Other non-interest expenses	26,343	23,048
	<u>82,385</u>	<u>81,590</u>
Income before income taxes	30,710	18,651
Income taxes	5,153	2,189
Net income	<u>\$ 25,557</u>	<u>\$ 16,462</u>

Basic earnings per share

\$ 0.73	\$ 0.47
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Luther Deaton, Jr.
Chairman, President & CEO

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

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Partner, Frost Brown Todd, LLC

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