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2023 FIRST QUARTER REPORT



Central Bancshares, Inc.

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



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 three months ended March 31

(dollars in thousands, except share data)	2023	2022	2021	2020	2019
RESULTS OF OPERATIONS:					
Net income	\$ 8,668	\$ 3,289	\$ 8,924	\$ 5,903	\$ 8,924
Net income per share	0.25	0.09	0.26	0.17	0.26
Book value per share at quarter end	10.33	9.97	9.71	9.00	8.32
AT MARCH 31:					
Assets	\$ 3,560,515	\$ 3,850,805	\$ 3,456,712	\$ 2,733,210	\$ 2,604,923
Earning assets	3,377,766	3,650,437	3,366,469	2,632,120	2,508,289
Loans, net	2,382,340	2,054,579	2,395,173	2,008,976	2,065,037
Deposits	2,810,173	3,103,722	2,846,595	2,168,717	2,075,901
Shareholders' equity	359,366	346,742	337,774	313,206	289,555
PERFORMANCE RATIOS:					
Return on average assets	0.97%	0.35%	1.09%	0.87%	1.42%
Return on average shareholders' equity	10.10	3.76	10.89	7.65	12.79
Average tangible equity					
to average tangible assets	9.22	8.87	9.61	10.91	10.62
Net charge-offs to average loans	0.03	0.08	0.01	0.02	0.02
Allowance for loan losses as a					
percentage of quarter end loans	1.18	1.13	1.05	0.96	0.98
Net interest margin (tax equivalent)	3.83	2.46	3.28	3.72	4.15

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	March 31 2023	March 31 2022
ASSETS		
Cash and due from financial institutions	\$ 51,557	\$ 51,720
Interest bearing deposits with other financial institutions	73,900	546,208
Total cash and cash equivalents	<u>125,457</u>	<u>597,928</u>
Debt securities	888,267	1,019,355
Loans, net of unearned income	2,410,885	2,078,123
Allowance for loan losses	(28,545)	(23,544)
Loans, net	<u>2,382,340</u>	<u>2,054,579</u>
Premises and equipment, net	94,733	113,773
Federal Home Loan Bank stock	4,714	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	50,691	44,106
Total assets	<u>\$ 3,560,515</u>	<u>\$ 3,850,805</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 1,187,953	\$ 1,297,712
Interest bearing	1,622,220	1,806,010
Total deposits	<u>2,810,173</u>	<u>3,103,722</u>
Repurchase agreements	250,103	249,849
Federal funds purchased	500	500
Federal Home Loan Bank advances	25,000	25,115
Subordinated debentures	15,000	15,000
Other liabilities	100,373	109,877
Total liabilities	<u>3,201,149</u>	<u>3,504,063</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	374,567	352,803
Accumulated other comprehensive loss	(25,570)	(16,430)
Total shareholders' equity	<u>359,366</u>	<u>346,742</u>
Total liabilities and shareholders' equity	<u>\$ 3,560,515</u>	<u>\$ 3,850,805</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For the three months ended
March 31
2023

March 31
2022

INTEREST INCOME

Loans, including fees	\$ 29,343	\$ 21,336
Debt securities	5,826	1,628
Deposits with other financial institutions	1,744	327
	<u>36,913</u>	<u>23,291</u>

INTEREST EXPENSE

Interest on deposits	4,095	873
Interest on borrowed funds	582	261
	<u>4,677</u>	<u>1,134</u>

Net interest income	32,236	22,157
Provision for credit losses	2,396	1,300
Net interest income after provision for credit losses	<u>29,840</u>	<u>20,857</u>

NON-INTEREST INCOME

Service charges on deposit accounts	1,492	1,438
Service charges on loans	2,494	2,650
Wealth management income	4,701	4,477
Other income	2,368	2,269
	<u>11,055</u>	<u>10,834</u>

NON-INTEREST EXPENSE

Salaries	11,249	10,514
Benefits	3,204	2,800
Occupancy and equipment	5,077	5,149
Other non-interest expenses	10,755	9,665
	<u>30,285</u>	<u>28,128</u>

Income before income taxes	10,610	3,563
Income taxes	1,942	274
Net income	<u>\$ 8,668</u>	<u>\$ 3,289</u>

Basic earnings per share	<u>\$ 0.25</u>	<u>\$ 0.09</u>
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