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2023 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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FINANCIAL HIGHLIGHTS

As of and for the nine months ended September 30

(dollars in thousands, except share data)	2023	2022	2021	2020	2019
RESULTS OF OPERATIONS:					
Net income	\$ 25,893	\$ 14,345	\$ 25,557	\$ 16,462	\$ 24,417
Net income per share	0.74	0.41	0.73	0.47	0.70
Book value per share at quarter end	10.73	9.66	10.19	9.28	8.77
AT SEPTEMBER 30:					
Assets	\$ 3,565,861	\$ 3,873,931	\$ 3,670,753	\$ 3,121,608	\$ 2,702,142
Earning assets	3,379,389	3,662,505	3,578,928	3,023,573	2,590,070
Loans, net	2,568,683	2,202,861	2,137,563	2,344,650	2,063,825
Deposits	2,695,013	3,130,144	3,009,738	2,529,449	2,153,725
Shareholders' equity	373,391	336,015	354,577	322,702	305,216
PERFORMANCE RATIOS:					
Return on average assets	0.97%	0.50%	0.99%	0.74%	1.25%
Return on average shareholders' equity	9.64	5.53	10.01	6.98	11.19
Average tangible equity					
to average tangible assets	9.65	8.65	9.48	10.15	10.74
Net charge-offs to average loans	0.12	0.10	0.06	0.05	0.16
Allowance for credit losses as a					
percentage of quarter end loans	1.14	1.13	1.13	0.99	0.94
Net interest margin (tax equivalent)	3.72	2.72	3.16	3.53	4.05

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

September 30
2023

September 30
2022

ASSETS

Cash and due from financial institutions	\$ 57,803	\$ 60,040
Interest bearing deposits with other financial institutions	16,000	169,100
Total cash and cash equivalents	<u>73,803</u>	<u>229,140</u>
Debt securities	755,372	1,259,598
Loans, net of unearned income	2,598,188	2,228,002
Allowance for credit losses	(29,505)	(25,141)
Loans, net	<u>2,568,683</u>	<u>2,202,861</u>
Premises and equipment, net	91,969	108,651
Federal Home Loan Bank stock	9,829	5,805
Intangible assets	14,313	14,313
Prepaid expenses and other assets	51,892	53,563
Total assets	\$ 3,565,861	\$ 3,873,931

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:

Non-interest bearing	\$ 1,112,503	\$ 1,342,265
Interest bearing	1,582,510	1,787,879
Total deposits	<u>2,695,013</u>	<u>3,130,144</u>
Repurchase agreements	257,630	255,127
Federal funds purchased	500	500
Federal Home Loan Bank advances	122,000	25,052
Subordinated debentures	15,000	15,000
Other liabilities	102,327	112,093
Total liabilities	<u>3,192,470</u>	<u>3,537,916</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 391,791 363,859

Unearned ESOP shares - (2,554)

Accumulated other comprehensive loss (28,769) (35,659)

Total shareholders' equity 373,391 336,015

Total liabilities and shareholders' equity \$ 3,565,861 \$ 3,873,931

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For the nine months ended

	September 30 2023	September 30 2022
INTEREST INCOME		
Loans, including fees	\$ 94,238	\$ 67,041
Debt securities	17,614	8,584
Deposits with other financial institutions	2,509	3,437
	<u>114,361</u>	<u>79,062</u>
INTEREST EXPENSE		
Interest on deposits	15,775	4,197
Interest on borrowed funds	4,604	893
	<u>20,379</u>	<u>5,090</u>
Net interest income	93,982	73,972
Provision for credit losses	4,878	3,315
Net interest income after provision for credit losses	<u>89,104</u>	<u>70,657</u>
NON-INTEREST INCOME		
Service charges on deposit accounts	4,425	4,592
Service charges on loans	7,577	7,914
Wealth management income	13,805	13,031
Other income	6,860	6,691
	<u>32,667</u>	<u>32,228</u>
NON-INTEREST EXPENSE		
Salaries	34,022	32,546
Benefits	9,081	9,343
Occupancy and equipment	15,592	15,515
Other non-interest expenses	31,422	29,061
	<u>90,117</u>	<u>86,465</u>
Income before income taxes	31,654	16,420
Income taxes	5,761	2,075
Net income	<u>\$ 25,893</u>	<u>\$ 14,345</u>
Basic earnings per share	\$ 0.74	\$ 0.41

BOARDS OF DIRECTORS



Luther Deaton, Jr.
Luther Deaton, Jr.
Chairman, President & CEO

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