


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2017
FIRST QUARTER
REPORT



Central Bank & Trust Co.
Central Bank of Jefferson County
Central Insurance Services
Central Investment Center, Inc.

HELPING TO KEEP OUR COMMUNITIES STRONG.

HABITAT FOR
HUMANITY



Habitat for Humanity was founded on the conviction that every man, woman and child should have a simple, durable place to live in dignity and safety, and that decent shelter in decent communities should be a matter of conscience and action for all. Central Bank is proud to be a longtime supporter of this mission in Central Kentucky.

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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INFORMATION

MARKETING
CENTRAL BANK
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For three months ended March 31

	2017	2016	2015	2014	2013
RESULTS OF OPERATIONS:					
Net income	\$ 4,243,627	\$ 4,798,133	\$ 4,461,947	\$ 3,167,389	\$ 3,077,738
Net income per share	12.20	13.79	12.82	9.10	8.85
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	695.59	650.70	603.49	563.60	526.60
AT MARCH 31:					
Assets	\$2,300,841,767	\$2,198,589,426	\$2,136,759,954	\$2,111,065,113	\$2,111,204,277
Earning assets	2,190,550,605	2,092,404,366	2,022,149,616	1,976,689,453	1,982,736,880
Net loans	1,808,356,232	1,659,512,134	1,601,744,965	1,599,105,435	1,549,293,031
Deposits	1,919,872,406	1,819,033,158	1,802,625,810	1,795,252,403	1,794,226,708
Shareholders' equity	242,010,535	226,391,649	209,966,967	196,088,556	183,217,184
PERFORMANCE RATIOS:					
Return on average assets	0.75%	0.89%	0.85%	0.62%	0.60%
Return on average shareholders' equity	7.16%	8.59%	8.63%	6.58%	6.82%
Average tangible equity					
to average assets	9.97%	9.74%	9.17%	8.78%	8.06%
Net charge-offs to average loans	0.03%	0.01%	0.00%	0.12%	0.06%
Allowance for loan losses as a					
percentage of quarter end loans	1.16%	1.28%	1.42%	1.46%	1.77%
Net interest margin (tax equivalent)	3.87%	3.73%	3.75%	3.81%	3.60%

CONSOLIDATED BALANCE SHEETS

	March 31 2017	March 31 2016
ASSETS		
Cash and due from banks	\$ 49,570,040	\$ 38,417,917
Federal funds sold	81,600,000	151,500,000
Total cash and cash equivalents	<u>131,170,040</u>	<u>189,917,917</u>
Securities	273,485,134	254,291,664
Loans, net of unearned income	1,829,498,788	1,681,088,009
Allowance for loan losses	(21,142,556)	(21,575,875)
Loans, net	<u>1,808,356,232</u>	<u>1,659,512,134</u>
Premises and equipment, net	33,380,113	36,187,223
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,313,393	14,333,393
Prepaid expenses and other assets	33,385,755	37,595,995
Total assets	<u>\$ 2,300,841,767</u>	<u>\$ 2,198,589,426</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 626,602,791	\$ 539,277,792
Interest bearing	1,293,269,615	1,279,755,366
Total deposits	<u>1,919,872,406</u>	<u>1,819,033,158</u>
Customer sweep accounts	102,827,481	106,027,971
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	558,381	708,958
Long term debt payable	15,000,000	15,000,000
Other liabilities	20,072,964	30,927,690
Total liabilities	<u>2,058,831,232</u>	<u>1,972,197,777</u>
SHAREHOLDERS' EQUITY		
Common stock, par value, \$10 a share;		
350,000 shares authorized, 347,922 shares outstanding	3,479,220	3,479,220
Additional paid-in capital	6,890,468	6,890,468
Retained earnings	237,801,954	222,393,765
Accumulated other comprehensive income (loss)	(6,161,107)	(6,371,804)
Total shareholders' equity	<u>242,010,535</u>	<u>226,391,649</u>
Total liabilities and shareholders' equity	<u>\$ 2,300,841,767</u>	<u>\$ 2,198,589,426</u>

CONSOLIDATED STATEMENTS OF INCOME

	For three months ended	
	March 31 2017	March 31 2016
INTEREST INCOME		
Interest and fees on loans	\$ 20,335,919	\$ 19,211,024
Interest on securities	1,113,909	911,861
Interest on short term investments	176,675	178,587
	<u>21,626,503</u>	<u>20,301,472</u>
INTEREST EXPENSE		
Interest on deposits	1,026,530	1,104,140
Interest on borrowed funds	202,431	262,020
	<u>1,228,961</u>	<u>1,366,160</u>
Net interest income	20,397,542	18,935,312
Provision for loan losses	1,131,000	-
Net interest income after provision for loan losses	<u>19,266,542</u>	<u>18,935,312</u>
OTHER INCOME		
Service charges on deposit accounts	1,855,066	1,862,604
Service charges on loans	2,374,674	2,802,472
Wealth management income	3,540,113	3,337,659
Other income	1,464,069	1,472,231
	<u>9,233,922</u>	<u>9,474,966</u>
OTHER EXPENSES		
Salaries	9,372,306	9,074,373
Benefits	2,327,622	2,051,275
Occupancy	4,496,817	4,486,034
Other non-interest expenses	6,873,771	6,666,514
	<u>23,070,516</u>	<u>22,278,196</u>
Income before provision for income taxes	5,429,948	6,132,082
Provision for income taxes	1,186,321	1,333,949
Net income	<u>\$ 4,243,627</u>	<u>\$ 4,798,133</u>
Basic earnings per share	\$ 12.20	\$ 13.79

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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Ray, Foley, Hensley & Company, PLLC Certified Public Accountants*

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Linda Slagel
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Travis Neurosurgical Consulting

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President, Randy Walker Electrical Contractors, Inc.

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White, Greer and Maggard Orthodontists

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Treasurer

Central Bank, Lexington

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Financial Advisor

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