



CONNECTING WITH
OUR
COMMUNITIES.



2019
SECOND QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

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PUBLIC LIBRARY



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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 six months ended June 30
(dollars in thousands, except share data)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|
| RESULTS OF OPERATIONS: | | | | | |
| Net income | \$ 16,516 | \$ 13,639 | \$ 9,115 | \$ 9,159 | \$ 8,968 |
| Net income per share | 0.47 | 0.39 | 0.26 | 0.26 | 0.26 |
| Cash dividends per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Book value per share at quarter end | 8.55 | 7.72 | 7.10 | 6.64 | 6.17 |
| AT JUNE 30: | | | | | |
| Assets | \$ 2,675,493 | \$ 2,510,926 | \$ 2,315,608 | \$ 2,254,474 | \$ 2,130,931 |
| Earning assets | 2,575,699 | 2,417,823 | 2,207,083 | 2,140,787 | 2,017,030 |
| Net loans | 2,112,764 | 2,018,027 | 1,851,995 | 1,685,733 | 1,595,585 |
| Deposits | 2,141,569 | 2,052,387 | 1,939,642 | 1,880,799 | 1,798,881 |
| Shareholders' equity | 297,325 | 268,444 | 247,045 | 230,888 | 214,564 |
| PERFORMANCE RATIOS: | | | | | |
| Return on average assets | 1.29% | 1.12% | 0.80% | 0.84% | 0.85% |
| Return on average shareholders' equity | 11.58% | 10.50% | 7.58% | 8.13% | 8.62% |
| Average tangible equity | | | | | |
| to average tangible assets | 10.71% | 10.12% | 10.02% | 9.71% | 9.25% |
| Net charge-offs to average loans | 0.05% | 0.02% | 0.04% | 0.05% | 0.02% |
| Allowance for loan losses as a | | | | | |
| percentage of quarter end loans | 1.00% | 1.04% | 1.16% | 1.26% | 1.40% |
| Net interest margin (tax equivalent) | 4.10% | 4.02% | 3.94% | 3.75% | 3.70% |

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

| | June 30 2019 | June 30 2018 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and due from financial institutions | \$ 50,761 | \$ 43,943 |
| Interest bearing deposits with other financial institutions | 175,400 | 151,000 |
| Total cash and cash equivalents | <u>226,161</u> | <u>194,943</u> |
| Debt securities | 259,537 | 220,861 |
| Loans, net of unearned income | 2,134,011 | 2,039,211 |
| Allowance for loan losses | (21,247) | (21,184) |
| Loans, net | <u>2,112,764</u> | <u>2,018,027</u> |
| Premises and equipment, net | 29,639 | 31,549 |
| Federal Home Loan Bank stock | 6,751 | 6,751 |
| Intangible assets | 14,313 | 14,313 |
| Prepaid expenses and other assets | 26,328 | 24,482 |
| Total assets | <u>\$ 2,675,493</u> | <u>\$ 2,510,926</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits: | | |
| Non-interest bearing | \$ 699,752 | \$ 685,772 |
| Interest bearing | 1,441,817 | 1,366,615 |
| Total deposits | <u>2,141,569</u> | <u>2,052,387</u> |
| Repurchase agreements | 145,144 | 127,444 |
| Federal funds purchased | 500 | 500 |
| Federal Home Loan Bank advances | 50,412 | 25,431 |
| Subordinated debentures | 15,000 | 15,000 |
| Other liabilities | 25,543 | 21,720 |
| Total liabilities | <u>2,378,168</u> | <u>2,242,482</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 and zero shares issued and outstanding at June 30, 2019 and 2018, respectively | - | - |
| Additional paid-in capital | 6,890 | 6,890 |
| Retained earnings | 293,490 | 264,224 |
| Accumulated other comprehensive income (loss) | (6,534) | (6,149) |
| Total shareholders' equity | <u>297,325</u> | <u>268,444</u> |
| Total liabilities and shareholders' equity | <u>\$ 2,675,493</u> | <u>\$ 2,510,926</u> |

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

| | For six months ended | |
|--|----------------------|------------------|
| | June 30 2019 | June 30 2018 |
| INTEREST INCOME | | |
| Interest and fees on loans | \$ 53,216 | \$ 47,331 |
| Interest on debt securities | 3,437 | 2,484 |
| Interest on deposits with other financial institutions | 1,683 | 1,104 |
| | <u>58,336</u> | <u>50,919</u> |
| INTEREST EXPENSE | | |
| Interest on deposits | 7,115 | 3,982 |
| Interest on borrowed funds | 1,134 | 752 |
| | <u>8,249</u> | <u>4,734</u> |
| Net interest income | 50,087 | 46,185 |
| Provision for loan losses | 2,061 | 1,047 |
| Net interest income after provision for loan losses | <u>48,026</u> | <u>45,138</u> |
| OTHER INCOME | | |
| Service charges on deposit accounts | 3,551 | 3,589 |
| Service charges on loans | 4,816 | 4,999 |
| Wealth management income | 7,367 | 7,395 |
| Other income | 3,746 | 2,532 |
| | <u>19,480</u> | <u>18,515</u> |
| OTHER EXPENSES | | |
| Salaries | 20,404 | 19,937 |
| Benefits | 5,515 | 4,791 |
| Occupancy | 9,785 | 9,359 |
| Other non-interest expenses | 14,279 | 13,704 |
| | <u>49,983</u> | <u>47,791</u> |
| Income before provision for income taxes | 17,523 | 15,862 |
| Provision for income taxes | 1,007 | 2,223 |
| Net income | <u>\$ 16,516</u> | <u>\$ 13,639</u> |
| Basic earnings per share | \$ 0.47 | \$ 0.39 |

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