



CONNECTING WITH
OUR
COMMUNITIES.



2018
FIRST QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

GOD'S PANTRY



Those who run the risk of going hungry in our very own communities demand the utmost attention. And we do our part to provide that attention and service through our partnership with God's Pantry. Since 2007 Central Bank has been a sponsor of the Taste of the Bluegrass event, God's Pantry's annual fundraiser that raises thousands of dollars to help feed those in need in Central and Eastern 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

	2018	2017	2016	2015	2014
RESULTS OF OPERATIONS:					
Net income	\$ 6,846,100	\$ 4,243,627	\$ 4,798,133	\$ 4,461,947	\$ 3,167,389
Net income per share	19.68	12.20	13.79	12.82	9.10
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	752.28	695.59	650.70	603.49	563.60
AT MARCH 31:					
Assets	\$2,487,296,281	\$2,300,841,767	\$2,198,589,426	\$2,136,759,954	\$2,111,065,113
Earning assets	2,382,991,373	2,190,550,605	2,092,404,366	2,022,149,616	1,976,689,453
Net loans	1,990,489,307	1,808,356,232	1,659,512,134	1,601,744,965	1,599,105,435
Deposits	2,045,576,944	1,919,872,406	1,819,033,158	1,802,625,810	1,795,252,403
Shareholders' equity	261,736,139	242,010,535	226,391,649	209,966,967	196,088,556
PERFORMANCE RATIOS:					
Return on average assets	1.14%	0.75%	0.89%	0.85%	0.62%
Return on average shareholders' equity	10.73%	7.16%	8.59%	8.63%	6.58%
Average tangible equity					
to average assets	10.10%	9.97%	9.74%	9.17%	8.78%
Net charge-offs to average loans	0.01%	0.03%	0.01%	0.00%	0.12%
Allowance for loan losses as a					
percentage of quarter end loans	1.04%	1.16%	1.28%	1.42%	1.46%
Net interest margin (tax equivalent)	3.99%	3.87%	3.73%	3.75%	3.81%

CONSOLIDATED BALANCE SHEETS

	March 31 2018	March 31 2017
ASSETS		
Cash and due from banks	\$ 56,370,709	\$ 49,570,040
Federal funds sold	145,200,000	81,600,000
Total cash and cash equivalents	<u>201,570,709</u>	<u>131,170,040</u>
Securities	220,443,107	273,485,134
Loans, net of unearned income	2,011,434,210	1,829,498,788
Allowance for loan losses	(20,944,903)	(21,142,556)
Loans, net	<u>1,990,489,307</u>	<u>1,808,356,232</u>
Premises and equipment, net	31,564,294	33,380,113
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,313,393	14,313,393
Prepaid expenses and other assets	22,164,371	33,385,755
Total assets	<u>\$ 2,487,296,281</u>	<u>\$ 2,300,841,767</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 684,429,084	\$ 626,602,791
Interest bearing	1,361,147,860	1,293,269,615
Total deposits	<u>2,045,576,944</u>	<u>1,919,872,406</u>
Customer sweep accounts	117,578,258	102,827,481
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	25,435,131	558,381
Long term debt payable	15,000,000	15,000,000
Other liabilities	21,469,809	20,072,964
Total liabilities	<u>2,225,560,142</u>	<u>2,058,831,232</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	257,430,790	237,801,954
Accumulated other comprehensive income (loss)	(6,064,339)	(6,161,107)
Total shareholders' equity	<u>261,736,139</u>	<u>242,010,535</u>
Total liabilities and shareholders' equity	<u>\$ 2,487,296,281</u>	<u>\$ 2,300,841,767</u>

CONSOLIDATED STATEMENTS OF INCOME

	For three months ended	
	March 31 2018	March 31 2017
INTEREST INCOME		
Interest and fees on loans	\$ 23,093,885	\$ 20,460,198
Interest on securities	1,218,666	1,113,909
Interest on short term investments	428,129	176,675
	<u>24,740,680</u>	<u>21,750,782</u>
INTEREST EXPENSE		
Interest on deposits	1,700,528	1,026,530
Interest on borrowed funds	334,490	202,431
	<u>2,035,018</u>	<u>1,228,961</u>
Net interest income	22,705,662	20,521,821
Provision for loan losses	714,501	1,131,000
Net interest income after provision for loan losses	<u>21,991,161</u>	<u>19,390,821</u>
OTHER INCOME		
Service charges on deposit accounts	1,843,779	1,937,198
Service charges on loans	2,365,279	2,250,395
Wealth management income	3,857,470	3,473,796
Other income	1,591,038	1,448,255
	<u>9,657,566</u>	<u>9,109,644</u>
OTHER EXPENSES		
Salaries	9,737,358	9,372,306
Benefits	2,486,085	2,308,097
Occupancy	4,602,719	4,495,254
Other non-interest expenses	6,758,104	6,894,859
	<u>23,584,266</u>	<u>23,070,516</u>
Income before provision for income taxes	8,064,461	5,429,949
Provision for income taxes	1,218,361	1,186,322
Net income	<u>\$ 6,846,100</u>	<u>\$ 4,243,627</u>
Basic earnings per share	\$ 19.68	\$ 12.20

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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