



CONNECTING WITH
OUR
COMMUNITIES.



2019
THIRD QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

THE NEST



The Nest – Center for Women, Children, and Families, provides high quality, comprehensive services to women, children and families in crisis, while working to prevent child abuse and neglect. Central Bank is proud to share in their mission to provide a safe place for education, counseling, and support to children and families in crisis.

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 nine months ended September 30
(dollars in thousands, except share data)

	2019	2018	2017	2016	2015
RESULTS OF OPERATIONS:					
Net income	\$ 24,417	\$ 20,895	\$ 14,707	\$ 13,976	\$ 13,564
Net income per share	0.70	0.60	0.42	0.40	0.39
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	8.77	7.92	7.26	6.78	6.30
AT SEPTEMBER 30:					
Assets	\$ 2,702,142	\$ 2,543,960	\$ 2,350,422	\$ 2,260,969	\$ 2,140,724
Earning assets	2,590,070	2,447,282	2,248,303	2,154,988	2,028,029
Net loans	2,063,825	2,013,297	1,921,904	1,717,555	1,622,354
Deposits	2,153,725	2,068,166	1,928,626	1,877,084	1,784,484
Shareholders' equity	305,216	275,556	252,681	235,795	219,116
PERFORMANCE RATIOS:					
Return on average assets	1.25%	1.12%	0.85%	0.84%	0.85%
Return on average shareholders' equity	11.19%	10.52%	8.01%	8.14%	8.55%
Average tangible equity					
to average tangible assets	10.74%	10.17%	10.06%	9.71%	9.30%
Net charge-offs to average loans	0.16%	0.08%	0.06%	0.10%	0.08%
Allowance for loan losses as a					
percentage of quarter end loans	0.94%	1.02%	1.12%	1.23%	1.32%
Net interest margin (tax equivalent)	4.05%	3.99%	3.95%	3.73%	3.66%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30 2019	September 30 2018
ASSETS		
Cash and due from financial institutions	\$ 60,081	\$ 49,230
Interest bearing deposits with other financial institutions	239,700	182,900
Total cash and cash equivalents	<u>299,781</u>	<u>232,130</u>
Debt securities	260,202	223,634
Loans, net of unearned income	2,083,417	2,033,997
Allowance for loan losses	(19,592)	(20,700)
Loans, net	<u>2,063,825</u>	<u>2,013,297</u>
Premises and equipment, net	29,115	31,006
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	28,155	22,829
Total assets	<u>\$ 2,702,142</u>	<u>\$ 2,543,960</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 708,284	\$ 696,997
Interest bearing	1,445,441	1,371,169
Total deposits	<u>2,153,725</u>	<u>2,068,166</u>
Repurchase agreements	144,757	132,797
Federal funds purchased	500	500
Federal Home Loan Bank advances	50,408	25,426
Subordinated debentures	15,000	15,000
Other liabilities	32,536	26,515
Total liabilities	<u>2,396,926</u>	<u>2,268,404</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 September 30, 2019 and 2018, respectively	-	-
Additional paid-in capital	6,890	6,890
Retained earnings	301,391	271,479
Accumulated other comprehensive income (loss)	(6,544)	(6,292)
Total shareholders' equity	<u>305,216</u>	<u>275,556</u>
Total liabilities and shareholders' equity	<u>\$ 2,702,142</u>	<u>\$ 2,543,960</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For nine months ended
September 30 September 30
2019 2018

INTEREST INCOME

Interest and fees on loans	\$ 80,162	\$ 71,985
Interest on debt securities	5,121	3,837
Interest on deposits with other financial institutions	2,954	1,970
	<u>88,237</u>	<u>77,792</u>

INTEREST EXPENSE

Interest on deposits	10,696	6,643
Interest on borrowed funds	1,752	1,199
	<u>12,448</u>	<u>7,842</u>

Net interest income	75,789	69,950
Provision for loan losses	2,672	1,752
Net interest income after provision for loan losses	<u>73,117</u>	<u>68,198</u>

OTHER INCOME

Service charges on deposit accounts	5,442	5,434
Service charges on loans	7,893	7,607
Wealth management income	10,984	10,981
Other income	5,552	4,180
	<u>29,871</u>	<u>28,202</u>

OTHER EXPENSES

Salaries	31,111	29,908
Benefits	8,816	7,174
Occupancy	15,040	14,293
Other non-interest expenses	20,978	20,673
	<u>75,945</u>	<u>72,048</u>

Income before provision for income taxes	27,043	24,352
Provision for income taxes	2,626	3,457
Net income	<u>\$ 24,417</u>	<u>\$ 20,895</u>

Basic earnings per share	\$ 0.70	\$ 0.60
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BOARDS OF DIRECTORS

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Partner, Frost Brown Todd, LLC

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