



CONNECTING WITH
OUR
COMMUNITIES.



2020
FIRST QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

74 YEARS
OF SERVING
KENTUCKY



Over the last several weeks, Central Bankers have worked tirelessly to ensure that our customers are supported during this time of tremendous uncertainty. We have also witnessed our community of customers and small businesses quickly adapt to a changing environment, while keeping the needs of their communities in mind. As we continue to move forward and adapt each day, it is these collective efforts that allow us to be optimistic about the months ahead.

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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For additional copies or information:

MARKETING
CENTRAL BANK
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Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For three months ended March 31
(dollars in thousands, except share data)

	2020	2019	2018	2017	2016
RESULTS OF OPERATIONS:					
Net income	\$ 5,903	\$ 8,924	\$ 6,846	\$ 4,244	\$ 4,798
Net income per share	0.17	0.26	0.20	0.12	0.14
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	9.00	8.32	7.52	6.96	6.51
AT MARCH 31:					
Assets	\$ 2,733,210	\$ 2,604,923	\$ 2,487,296	\$ 2,300,842	\$ 2,198,589
Earning assets	2,632,120	2,508,289	2,382,991	2,190,551	2,092,404
Net loans	2,008,976	2,065,037	1,990,489	1,808,356	1,659,512
Deposits	2,168,717	2,075,901	2,045,577	1,919,872	1,819,033
Shareholders' equity	313,206	289,555	261,736	242,011	226,392
PERFORMANCE RATIOS:					
Return on average assets	0.87%	1.42%	1.14%	0.75%	0.89%
Return on average shareholders' equity	7.65%	12.79%	10.73%	7.16%	8.59%
Average tangible equity					
to average tangible assets	10.91%	10.62%	10.10%	9.97%	9.74%
Net charge-offs to average loans	0.02%	0.02%	0.01%	0.03%	0.01%
Allowance for loan losses as a					
percentage of quarter end loans	0.96%	0.98%	1.04%	1.16%	1.28%
Net interest margin (tax equivalent)	3.72%	4.15%	4.01%	3.87%	3.73%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	March 31 2020	March 31 2019
ASSETS		
Cash and due from financial institutions	\$ 45,544	\$ 46,273
Interest bearing deposits with other financial institutions	134,700	149,400
Total cash and cash equivalents	<u>180,244</u>	<u>195,673</u>
Debt securities	462,155	266,622
Loans, net of unearned income	2,028,514	2,085,516
Allowance for loan losses	(19,538)	(20,479)
Loans, net	<u>2,008,976</u>	<u>2,065,037</u>
Premises and equipment, net	27,791	31,497
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	32,980	25,030
Total assets	<u>\$ 2,733,210</u>	<u>\$ 2,604,923</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 711,696	\$ 687,955
Interest bearing	1,457,021	1,387,946
Total deposits	<u>2,168,717</u>	<u>2,075,901</u>
Repurchase agreements	154,685	148,095
Federal funds purchased	500	500
Federal Home Loan Bank advances	50,320	50,417
Subordinated debentures	15,000	15,000
Other liabilities	30,782	25,455
Total liabilities	<u>2,420,004</u>	<u>2,315,368</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	312,582	285,898
Accumulated other comprehensive income (loss)	(9,745)	(6,712)
Total shareholders' equity	<u>313,206</u>	<u>289,555</u>
Total liabilities and shareholders' equity	<u>\$ 2,733,210</u>	<u>\$ 2,604,923</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	For three months ended	
	March 31	March 31
	2020	2019
INTEREST INCOME		
Interest and fees on loans	\$ 24,804	\$ 26,279
Interest on debt securities	1,475	1,762
Interest on deposits with other financial institutions	1,013	743
	<u>27,292</u>	<u>28,784</u>
INTEREST EXPENSE		
Interest on deposits	2,660	3,464
Interest on borrowed funds	484	488
	<u>3,144</u>	<u>3,952</u>
Net interest income	24,148	24,832
Provision for loan losses	765	691
Net interest income after provision for loan losses	<u>23,383</u>	<u>24,141</u>
OTHER INCOME		
Service charges on deposit accounts	1,732	1,749
Service charges on loans	2,674	2,300
Wealth management income	3,878	3,716
Other income	1,831	2,093
	<u>10,115</u>	<u>9,858</u>
OTHER EXPENSES		
Salaries	10,751	10,116
Benefits	2,747	2,392
Occupancy and equipment	5,281	4,852
Other non-interest expenses	8,142	7,056
	<u>26,921</u>	<u>24,416</u>
Income before provision for income taxes	6,577	9,583
Provision for income taxes	674	659
Net income	<u>\$ 5,903</u>	<u>\$ 8,924</u>
Basic earnings per share	\$ 0.17	\$ 0.26

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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