



CONNECTING WITH
OUR
COMMUNITIES.



2019
FIRST QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

RONALD MCDONALD HOUSE CHARITIES OF THE BLUEGRASS



The mission of Ronald McDonald House Charities® of the Bluegrass (RMHC) is to create and support programs that directly improve the health and well-being of children and to strengthen families by keeping them together in times of medical need. Central Bank is proud to support their vision of a world where all children have access to medical care and their families are supported and actively involved in their children's care.

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
(dollars in thousands, except share data)

	2019	2018	2017	2016	2015
RESULTS OF OPERATIONS:					
Net income	\$ 8,924	\$ 6,846	\$ 4,244	\$ 4,798	\$ 4,462
Net income per share	0.26	0.20	0.12	0.14	0.13
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	8.32	7.52	6.96	6.51	6.03
AT MARCH 31:					
Assets	\$ 2,604,923	\$ 2,487,296	\$ 2,300,842	\$ 2,198,589	\$ 2,136,760
Earning assets	2,508,289	2,382,991	2,190,551	2,092,404	2,022,150
Net loans	2,065,037	1,990,489	1,808,356	1,659,512	1,601,745
Deposits	2,075,901	2,045,577	1,919,872	1,819,033	1,802,626
Shareholders' equity	289,555	261,736	242,011	226,392	209,967
PERFORMANCE RATIOS:					
Return on average assets	1.42%	1.14%	0.75%	0.89%	0.85%
Return on average shareholders' equity	12.79%	10.73%	7.16%	8.59%	8.63%
Average tangible equity					
to average tangible assets	10.62%	10.10%	9.97%	9.74%	9.17%
Net charge-offs to average loans	0.02%	0.01%	0.03%	0.01%	0.00%
Allowance for loan losses as a					
percentage of quarter end loans	0.98%	1.04%	1.16%	1.28%	1.42%
Net interest margin (tax equivalent)	4.15%	4.01%	3.87%	3.73%	3.75%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	March 31 2019	March 31 2018
ASSETS		
Cash and due from financial institutions	\$ 46,273	\$ 56,371
Interest bearing deposits with other financial institutions	149,400	145,200
Total cash and cash equivalents	<u>195,673</u>	<u>201,571</u>
Debt securities	266,622	220,443
Loans, net of unearned income	2,085,516	2,011,434
Allowance for loan losses	(20,479)	(20,945)
Loans, net	<u>2,065,037</u>	<u>1,990,489</u>
Premises and equipment, net	31,497	31,564
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	25,030	22,165
Total assets	\$ 2,604,923	\$ 2,487,296
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 687,955	\$ 684,429
Interest bearing	1,387,946	1,361,148
Total deposits	<u>2,075,901</u>	<u>2,045,577</u>
Repurchase agreements	148,095	117,578
Federal funds purchased	500	500
Federal Home Loan Bank advances	50,417	25,435
Subordinated debentures	15,000	15,000
Other liabilities	25,455	21,470
Total liabilities	<u>2,315,368</u>	<u>2,225,560</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 March 31, 2019 and 2018, respectively	-	-
Additional paid-in capital	6,890	6,890
Retained earnings	285,898	257,431
Accumulated other comprehensive income (loss)	(6,712)	(6,064)
Total shareholders' equity	<u>289,555</u>	<u>261,736</u>
Total liabilities and shareholders' equity	\$ 2,604,923	\$ 2,487,296

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	For three months ended	
	March 31 2019	March 31 2018
INTEREST INCOME		
Interest and fees on loans	\$ 26,279	\$ 23,094
Interest on debt securities	1,762	1,219
Interest on deposits with other financial institutions	743	428
	<u>28,784</u>	<u>24,741</u>
INTEREST EXPENSE		
Interest on deposits	3,464	1,701
Interest on borrowed funds	488	334
	<u>3,952</u>	<u>2,035</u>
Net interest income	24,832	22,706
Provision for loan losses	691	715
Net interest income after provision for loan losses	<u>24,141</u>	<u>21,991</u>
OTHER INCOME		
Service charges on deposit accounts	1,749	1,844
Service charges on loans	2,300	2,365
Wealth management income	3,716	3,857
Other income	2,093	1,591
	<u>9,858</u>	<u>9,657</u>
OTHER EXPENSES		
Salaries	10,116	9,889
Benefits	2,392	2,334
Occupancy	4,852	4,603
Other non-interest expenses	7,056	6,758
	<u>24,416</u>	<u>23,584</u>
Income before provision for income taxes	9,583	8,064
Provision for income taxes	659	1,218
Net income	<u>\$ 8,924</u>	<u>\$ 6,846</u>
Basic earnings per share	\$ 0.26	\$ 0.20

BOARDS OF DIRECTORS

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