



CONNECTING WITH
OUR
COMMUNITIES.



2016
THIRD QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

BIG BROTHERS
BIG SISTERS
OF THE BLUEGRASS



Big Brothers Big Sisters of the Bluegrass has made it their mission to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. It is their vision that all children achieve success in life. Central Bank's enduring relationship with BBBS is based upon this shared dedication to the strength of our community.

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
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For nine months ended September 30

	2016	2015	2014	2013	2012
RESULTS OF OPERATIONS:					
Net income	\$ 13,975,624	\$ 13,564,090	\$ 11,546,118	\$ 9,106,561	\$ 9,633,237
Net income per share	40.17	38.99	33.19	26.17	27.69
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	677.72	629.79	588.21	542.15	509.16
AT SEPTEMBER 30:					
Assets	\$ 2,260,969,391	\$ 2,140,724,327	\$ 2,095,390,839	\$ 2,132,778,718	\$ 2,168,866,600
Earning assets	2,154,988,147	2,028,028,539	1,975,269,280	1,994,979,250	2,033,366,083
Net loans	1,717,554,790	1,622,353,939	1,645,326,605	1,560,920,858	1,634,930,422
Deposits	1,877,083,768	1,784,484,173	1,749,193,021	1,787,433,040	1,876,384,001
Shareholders' equity	235,794,925	219,116,407	204,651,133	188,625,789	177,147,050
PERFORMANCE RATIOS:					
Return on average assets	0.84%	0.85%	0.74%	0.58%	0.60%
Return on average shareholders' equity	8.14%	8.55%	7.77%	6.56%	7.45%
Average tangible equity					
to average assets	9.71%	9.30%	8.92%	8.14%	7.40%
Net charge-offs to average loans	0.10%	0.08%	0.18%	0.37%	0.55%
Allowance for loan losses as a					
percentage of quarter end loans	1.23%	1.32%	1.44%	1.72%	1.75%
Net interest margin (tax equivalent)	3.70%	3.66%	3.87%	3.59%	3.79%

*All periods prior to 2013 include the balances and results of Salt Lick Deposit Bank which was sold effective January 1, 2013.

CONSOLIDATED BALANCE SHEETS

	September 30 2016	September 30 2015
ASSETS		
Cash and due from banks	\$ 44,321,067	\$ 41,442,102
Federal funds sold	120,500,000	125,600,000
Total cash and cash equivalents	<u>164,821,067</u>	<u>167,042,102</u>
Securities	289,790,128	252,692,131
Loans, net of unearned income	1,738,902,430	1,644,091,880
Allowance for loan losses	<u>(21,347,640)</u>	<u>(21,737,941)</u>
Loans, net	1,717,554,790	1,622,353,939
Premises and equipment, net	34,775,104	37,528,752
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,313,393	14,453,302
Prepaid expenses and other assets	<u>32,963,809</u>	<u>39,903,001</u>
Total assets	\$ 2,260,969,391	\$ 2,140,724,327
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 607,595,990	\$ 540,583,494
Interest bearing	<u>1,269,487,778</u>	<u>1,243,900,679</u>
Total deposits	1,877,083,768	1,784,484,173
Customer sweep accounts	108,253,705	92,882,984
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	569,077	2,611,724
Long term debt payable	15,000,000	19,600,000
Other liabilities	<u>23,767,916</u>	<u>21,529,039</u>
Total liabilities	2,025,174,466	1,921,607,920
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	231,571,256	214,717,581
Accumulated other comprehensive income (loss)	<u>(6,146,019)</u>	<u>(5,970,862)</u>
Total shareholders' equity	235,794,925	219,116,407
Total liabilities and shareholders' equity	\$ 2,260,969,391	\$ 2,140,724,327

CONSOLIDATED STATEMENTS OF INCOME

	For nine months ended	
	September 30 2016	September 30 2015
INTEREST INCOME		
Interest and fees on loans	\$ 58,175,921	\$ 56,483,608
Interest on securities	2,766,148	2,001,367
Interest on short term investments	594,150	325,528
	<u>61,536,219</u>	<u>58,810,503</u>
INTEREST EXPENSE		
Interest on deposits	3,215,199	3,759,262
Interest on borrowed funds	572,664	886,811
	<u>3,787,863</u>	<u>4,646,073</u>
Net interest income	57,748,356	54,164,430
Provision for loan losses	1,197,000	-
Net interest income after provision for loan losses	<u>56,551,356</u>	<u>54,164,430</u>
OTHER INCOME		
Service charges on deposit accounts	5,825,895	6,115,992
Service charges on loans	9,204,166	8,191,321
Wealth management income	9,695,126	9,617,577
Other income	4,574,068	2,412,084
	<u>29,299,255</u>	<u>26,336,974</u>
OTHER EXPENSES		
Salaries	27,525,740	26,256,665
Benefits	6,316,804	5,432,992
Occupancy	13,432,096	12,916,590
Other non-interest expenses	20,934,920	19,573,025
	<u>68,209,560</u>	<u>64,179,272</u>
Income before provision for income taxes	17,641,051	16,322,132
Provision for income taxes	3,665,427	2,758,042
Net income	<u>\$ 13,975,624</u>	<u>\$ 13,564,090</u>
Basic earnings per share	\$ 40.17	\$ 38.99

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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centralbank.com

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EQUAL HOUSING

LENDER

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