



CONNECTING WITH
OUR
COMMUNITIES.



2017
THIRD QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

BOY SCOUTS OF AMERICA



The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law. The mission of the Blue Grass Council is to recruit more youth into Scouting and retain them in the program for a longer time, thus impacting their lives. At Central Bank, we share in this mission to nurture and prepare the youth of our community for the future.

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

	2017	2016	2015	2014	2013
RESULTS OF OPERATIONS:					
Net income	\$ 14,707,462	\$ 13,975,624	\$ 13,564,090	\$ 11,546,118	\$ 9,106,561
Net income per share	42.27	40.17	38.99	33.19	26.17
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	726.26	677.72	629.79	588.21	542.15
AT SEPTEMBER 30:					
Assets	\$2,350,421,609	\$2,260,969,391	\$2,140,724,327	\$2,095,390,839	\$2,132,778,718
Earning assets	2,248,303,455	2,154,988,147	2,028,028,539	1,975,269,280	1,994,979,250
Net loans	1,921,904,255	1,717,554,790	1,622,353,939	1,645,326,605	1,560,920,858
Deposits	1,928,626,475	1,877,083,768	1,784,484,173	1,749,193,021	1,787,433,040
Shareholders' equity	252,681,145	235,794,925	219,116,407	204,651,133	188,625,789
PERFORMANCE RATIOS:					
Return on average assets	0.85%	0.84%	0.85%	0.74%	0.58%
Return on average shareholders' equity	8.01%	8.14%	8.55%	7.77%	6.56%
Average tangible equity					
to average assets	10.06%	9.71%	9.30%	8.92%	8.14%
Net charge-offs to average loans	0.06%	0.10%	0.08%	0.18%	0.37%
Allowance for loan losses as a					
percentage of quarter end loans	1.12%	1.23%	1.32%	1.44%	1.72%
Net interest margin (tax equivalent)	3.93%	3.70%	3.66%	3.87%	3.59%

CONSOLIDATED BALANCE SHEETS

	September 30 2017	September 30 2016
ASSETS		
Cash and due from banks	\$ 45,027,865	\$ 44,321,067
Federal funds sold	70,300,000	120,500,000
Total cash and cash equivalents	<u>115,327,865</u>	<u>164,821,067</u>
Securities	228,481,805	289,790,128
Loans, net of unearned income	1,943,605,954	1,738,902,430
Allowance for loan losses	(21,701,699)	(21,347,640)
Loans, net	<u>1,921,904,255</u>	<u>1,717,554,790</u>
Premises and equipment, net	32,403,332	34,775,104
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,313,393	14,313,393
Prepaid expenses and other assets	31,239,859	32,963,809
Total assets	<u>\$ 2,350,421,609</u>	<u>\$ 2,260,969,391</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 661,473,856	\$ 607,595,990
Interest bearing	1,267,152,619	1,269,487,778
Total deposits	<u>1,928,626,475</u>	<u>1,877,083,768</u>
Customer sweep accounts	102,633,453	108,253,705
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	25,444,020	569,077
Long term debt payable	15,000,000	15,000,000
Other liabilities	25,536,516	23,767,916
Total liabilities	<u>2,097,740,464</u>	<u>2,025,174,466</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	248,265,789	231,571,256
Accumulated other comprehensive income (loss)	(5,954,332)	(6,146,019)
Total shareholders' equity	<u>252,681,145</u>	<u>235,794,925</u>
Total liabilities and shareholders' equity	<u>\$ 2,350,421,609</u>	<u>\$ 2,260,969,391</u>

CONSOLIDATED STATEMENTS OF INCOME

	For nine months ended	
	September 30 2017	September 30 2016
INTEREST INCOME		
Interest and fees on loans	\$ 63,729,900	\$ 58,175,921
Interest on securities	3,350,950	2,766,148
Interest on short term investments	753,056	594,150
	<u>67,833,906</u>	<u>61,536,219</u>
INTEREST EXPENSE		
Interest on deposits	3,463,468	3,215,199
Interest on borrowed funds	755,695	572,665
	<u>4,219,163</u>	<u>3,787,864</u>
Net interest income	63,614,743	57,748,355
Provision for loan losses	2,310,333	1,197,000
Net interest income after provision for loan losses	<u>61,304,410</u>	<u>56,551,355</u>
OTHER INCOME		
Service charges on deposit accounts	5,763,251	6,104,165
Service charges on loans	7,781,470	9,204,166
Wealth management income	10,211,901	9,609,460
Other income	3,744,647	4,381,464
	<u>27,501,269</u>	<u>29,299,255</u>
OTHER EXPENSES		
Salaries	28,279,974	27,525,740
Benefits	6,849,737	6,267,139
Occupancy	13,911,007	13,414,342
Other non-interest expenses	20,540,306	21,002,338
	<u>69,581,024</u>	<u>68,209,559</u>
Income before provision for income taxes	19,224,655	17,641,051
Provision for income taxes	4,517,193	3,665,427
Net income	<u>\$ 14,707,462</u>	<u>\$ 13,975,624</u>
Basic earnings per share	<u>\$ 42.27</u>	<u>\$ 40.17</u>

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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Ray, Foley, Hensley & Company, PLLC Certified Public Accountants*

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(859) 253-6222

(800) 637-6884

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