



CONNECTING WITH
OUR
COMMUNITIES.



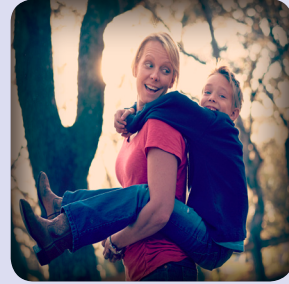
2018
SECOND QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

YMCA OF
CENTRAL KENTUCKY



The YMCA of Central Kentucky is a dynamic association of men, women and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living and fostering a sense of social responsibility. The Y is dedicated to building programs for youth development, for healthy living and for social responsibility that promote strong families, character values, youth leadership, community development and international understanding.

MISSION STATEMENT

The mission of Central Bankshares 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 six months ended June 30

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|
| RESULTS OF OPERATIONS: | | | | | |
| Net income | \$ 13,639,149 | \$ 9,115,274 | \$ 9,158,772 | \$ 8,967,689 | \$ 7,213,506 |
| Net income per share | 39.20 | 26.20 | 26.32 | 25.77 | 20.73 |
| Cash dividends per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Book value per share at quarter end | 771.56 | 710.06 | 663.62 | 616.70 | 575.56 |
| AT JUNE 30: | | | | | |
| Assets | \$ 2,510,925,600 | \$ 2,315,608,477 | \$ 2,254,473,791 | \$ 2,130,931,380 | \$ 2,082,171,167 |
| Earning assets | 2,396,638,378 | 2,185,381,146 | 2,119,266,324 | 1,994,376,928 | 1,922,488,853 |
| Net loans | 2,018,026,649 | 1,851,995,113 | 1,685,733,205 | 1,595,584,513 | 1,617,240,754 |
| Deposits | 2,052,387,374 | 1,939,641,781 | 1,880,798,939 | 1,798,880,596 | 1,795,252,403 |
| Shareholders' equity | 268,444,096 | 247,044,741 | 230,887,760 | 214,564,304 | 200,250,189 |
| PERFORMANCE RATIOS: | | | | | |
| Return on average assets | 1.12% | 0.80% | 0.84% | 0.85% | 0.70% |
| Return on average shareholders' equity | 10.50% | 7.58% | 8.13% | 8.62% | 7.38% |
| Average tangible equity | | | | | |
| to average assets | 10.12% | 10.02% | 9.71% | 9.25% | 8.87% |
| Net charge-offs to average loans | 0.02% | 0.04% | 0.05% | 0.02% | 0.15% |
| Allowance for loan losses as a | | | | | |
| percentage of quarter end loans | 1.04% | 1.16% | 1.26% | 1.40% | 1.48% |
| Net interest margin (tax equivalent) | 3.98% | 3.94% | 3.75% | 3.70% | 3.86% |

CONSOLIDATED BALANCE SHEETS

| | June 30 2018 | June 30 2017 |
|-------------------------------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| Cash and due from banks | \$ 43,943,403 | \$ 52,571,104 |
| Federal funds sold | 151,000,000 | 82,000,000 |
| Total cash and cash equivalents | <u>194,943,403</u> | <u>134,571,104</u> |
| Securities | 220,860,629 | 244,634,933 |
| Loans, net of unearned income | 2,039,210,715 | 1,873,697,135 |
| Allowance for loan losses | (21,184,066) | (21,702,022) |
| Loans, net | <u>2,018,026,649</u> | <u>1,851,995,113</u> |
| Premises and equipment, net | 31,549,159 | 32,866,996 |
| Federal Home Loan Bank stock | 6,751,100 | 6,751,100 |
| Intangible assets | 14,313,393 | 14,313,393 |
| Prepaid expenses and other assets | 24,481,267 | 30,475,838 |
| Total assets | <u>\$ 2,510,925,600</u> | <u>\$ 2,315,608,477</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits: | | |
| Non-interest bearing | \$ 685,772,287 | \$ 653,636,858 |
| Interest bearing | 1,366,615,087 | 1,286,004,923 |
| Total deposits | <u>2,052,387,374</u> | <u>1,939,641,781</u> |
| Customer sweep accounts | 127,444,175 | 91,987,608 |
| Federal funds purchased | 500,000 | 500,000 |
| Federal Home Loan Bank advances | 25,430,646 | 552,984 |
| Long term debt payable | 15,000,000 | 15,000,000 |
| Other liabilities | 21,719,309 | 20,881,363 |
| Total liabilities | <u>2,242,481,504</u> | <u>2,068,563,736</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 | 264,223,838 | 242,673,600 |
| Accumulated other comprehensive income (loss) | (6,149,430) | (5,998,547) |
| Total shareholders' equity | <u>268,444,096</u> | <u>247,044,741</u> |
| Total liabilities and shareholders' equity | <u>\$ 2,510,925,600</u> | <u>\$ 2,315,608,477</u> |

CONSOLIDATED STATEMENTS OF INCOME

| | For six months ended | |
|-----------------------------------------------------|----------------------|---------------------|
| | June 30 2018 | June 30 2017 |
| INTEREST INCOME | | |
| Interest and fees on loans | \$ 47,330,989 | \$ 41,712,749 |
| Interest on securities | 2,483,978 | 2,251,897 |
| Interest on short term investments | 1,104,309 | 380,507 |
| | <u>50,919,276</u> | <u>44,345,153</u> |
| INTEREST EXPENSE | | |
| Interest on deposits | 3,981,883 | 2,145,383 |
| Interest on borrowed funds | 752,262 | 431,018 |
| | <u>4,734,145</u> | <u>2,576,401</u> |
| Net interest income | 46,185,131 | 41,768,752 |
| Provision for loan losses | 1,046,835 | 1,845,333 |
| Net interest income after provision for loan losses | <u>45,138,296</u> | <u>39,923,419</u> |
| OTHER INCOME | | |
| Service charges on deposit accounts | 3,589,399 | 3,824,185 |
| Service charges on loans | 4,998,832 | 5,210,700 |
| Wealth management income | 7,394,641 | 6,851,257 |
| Other income | 2,532,120 | 2,591,830 |
| | <u>18,514,992</u> | <u>18,477,972</u> |
| OTHER EXPENSES | | |
| Salaries | 19,634,531 | 18,804,140 |
| Benefits | 5,093,580 | 4,822,334 |
| Occupancy | 9,358,705 | 9,198,148 |
| Other non-interest expenses | 13,704,180 | 13,875,110 |
| | <u>47,790,996</u> | <u>46,699,732</u> |
| Income before provision for income taxes | 15,862,292 | 11,701,659 |
| Provision for income taxes | 2,223,143 | 2,586,385 |
| Net income | <u>\$ 13,639,149</u> | <u>\$ 9,115,274</u> |
| Basic earnings per share | \$ 39.20 | \$ 26.20 |

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Luther Deaton, Jr.
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NOTES



centralbank.com

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(800) 637-6884

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EQUAL HOUSING

LENDER

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