



CONNECTING WITH
OUR
COMMUNITIES.



2020
SECOND QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

74 YEARS
OF SERVING
KENTUCKY



In the wake of a year consumed with crisis, Central Bankers have demonstrated incredible perseverance. Their work relative to securing Paycheck Protection Program loans for both customers and non-customers is an embodiment of our long-standing pledge to serve the people and businesses of Kentucky. This commitment is underscored by Central Bank's PPP loan volume, which accounted for roughly 8% of Kentucky's total for PPP loans.

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 six months ended June 30

(dollars in thousands, except share data)

	2020	2019	2018	2017	2016
RESULTS OF OPERATIONS:					
Net income	\$ 10,150	\$ 16,516	\$ 13,639	\$ 9,115	\$ 9,159
Net income per share	0.29	0.47	0.39	0.26	0.26
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	9.16	8.55	7.72	7.10	6.64
AT JUNE 30:					
Assets	\$ 3,147,408	\$ 2,675,493	\$ 2,510,926	\$ 2,315,608	\$ 2,254,474
Earning assets	3,034,433	2,575,699	2,396,639	2,185,381	2,119,266
Net loans	2,359,550	2,112,764	2,018,027	1,851,995	1,685,733
Deposits	2,537,665	2,141,569	2,052,387	1,939,642	1,880,799
Shareholders' equity	318,690	297,325	268,444	247,045	230,888
PERFORMANCE RATIOS:					
Return on average assets	0.70%	1.29%	1.12%	0.80%	0.84%
Return on average shareholders' equity	6.52%	11.58%	10.50%	7.58%	8.13%
Average tangible equity					
to average tangible assets	9.48%	10.66%	10.12%	10.02%	9.71%
Net charge-offs to average loans	0.05%	0.05%	0.02%	0.04%	0.05%
Allowance for loan losses as a					
percentage of quarter end loans	0.90%	1.00%	1.04%	1.16%	1.26%
Net interest margin (tax equivalent)	3.58%	4.10%	4.02%	3.94%	3.75%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30 2020	June 30 2019
ASSETS		
Cash and due from financial institutions	\$ 56,165	\$ 50,761
Interest bearing deposits with other financial institutions	374,100	175,400
Total cash and cash equivalents	<u>430,265</u>	<u>226,161</u>
Debt securities	272,659	259,537
Loans, net of unearned income	2,380,923	2,134,011
Allowance for loan losses	(21,373)	(21,247)
Loans, net	<u>2,359,550</u>	<u>2,112,764</u>
Premises and equipment, net	26,867	29,639
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	37,003	26,328
Total assets	<u>\$ 3,147,408</u>	<u>\$ 2,675,493</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 1,007,768	\$ 699,752
Interest bearing	1,529,887	1,441,817
Total deposits	<u>2,537,655</u>	<u>2,141,569</u>
Repurchase agreements	183,949	145,144
Federal funds purchased	500	500
Federal Home Loan Bank advances	55,317	50,412
Subordinated debentures	15,000	15,000
Other liabilities	36,297	25,543
Total liabilities	<u>2,828,718</u>	<u>2,378,168</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	316,829	293,490
Unearned Employee Stock Ownership Plan shares	(662)	-
Accumulated other comprehensive income (loss)	(7,846)	(6,534)
Total shareholders' equity	<u>318,690</u>	<u>297,325</u>
Total liabilities and shareholders' equity	<u>\$ 3,147,408</u>	<u>\$ 2,675,493</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	For six months ended	
	June 30 2020	June 30 2019
INTEREST INCOME		
Interest and fees on loans	\$ 50,614	\$ 53,216
Interest on debt securities	2,596	3,437
Interest on deposits with other financial institutions	1,104	1,683
	<u>54,314</u>	<u>58,336</u>
INTEREST EXPENSE		
Interest on deposits	3,701	7,115
Interest on borrowed funds	859	1,134
	<u>4,560</u>	<u>8,249</u>
Net interest income	49,754	50,087
Provision for loan losses	3,327	2,061
Net interest income after provision for loan losses	<u>46,427</u>	<u>48,026</u>
OTHER INCOME		
Service charges on deposit accounts	2,981	3,551
Service charges on loans	5,561	4,816
Wealth management income	7,479	7,367
Other income	3,516	3,746
	<u>19,537</u>	<u>19,480</u>
OTHER EXPENSES		
Salaries	21,876	20,404
Benefits	7,073	5,515
Occupancy and equipment	10,685	9,785
Other non-interest expenses	15,299	14,279
	<u>54,933</u>	<u>49,983</u>
Income before provision for income taxes	11,031	17,523
Provision for income taxes	881	1,007
Net income	<u>\$ 10,150</u>	<u>\$ 16,516</u>
Basic earnings per share	\$ 0.29	\$ 0.47

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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