



CONNECTING WITH
OUR
COMMUNITIES.



2020
THIRD QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG FOR 74 YEARS



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
(dollars in thousands, except share data)

	2020	2019	2018	2017	2016
RESULTS OF OPERATIONS:					
Net income	\$ 16,462	\$ 24,417	\$ 20,895	\$ 14,707	\$ 13,976
Net income per share	0.47	0.70	0.60	0.42	0.40
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	9.28	8.77	7.92	7.26	6.78
AT SEPTEMBER 30:					
Assets	\$ 3,121,608	\$ 2,702,142	\$ 2,543,960	\$ 2,350,422	\$ 2,260,969
Earning assets	3,023,573	2,590,070	2,447,282	2,248,303	2,154,988
Net loans	2,344,650	2,063,825	2,013,297	1,921,904	1,717,555
Deposits	2,529,449	2,153,725	2,068,166	1,928,626	1,877,084
Shareholders' equity	322,702	305,216	275,556	252,681	235,795
PERFORMANCE RATIOS:					
Return on average assets	0.74%	1.25%	1.12%	0.85%	0.84%
Return on average shareholders' equity	6.98%	11.19%	10.52%	8.01%	8.14%
Average tangible equity					
to average tangible assets	10.15%	10.74%	10.17%	10.06%	9.71%
Net charge-offs to average loans	0.05%	0.16%	0.08%	0.06%	0.10%
Allowance for loan losses as a					
percentage of quarter end loans	0.99%	0.94%	1.02%	1.12%	1.23%
Net interest margin (tax equivalent)	3.53%	4.05%	3.99%	3.95%	3.73%

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30 2020	September 30 2019
ASSETS		
Cash and due from financial institutions	\$ 42,046	\$ 60,081
Interest bearing deposits with other financial institutions	385,200	239,700
Total cash and cash equivalents	<u>427,246</u>	<u>299,781</u>
Debt securities	263,426	260,202
Loans, net of unearned income	2,368,196	2,083,417
Allowance for loan losses	(23,546)	(19,592)
Loans, net	<u>2,344,650</u>	<u>2,063,825</u>
Premises and equipment, net	26,482	29,115
Federal Home Loan Bank stock	6,751	6,751
Intangible assets	14,313	14,313
Prepaid expenses and other assets	38,740	28,155
Total assets	<u>\$ 3,121,608</u>	<u>\$ 2,702,142</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 999,991	\$ 708,284
Interest bearing	1,529,458	1,445,441
Total deposits	<u>2,529,449</u>	<u>2,153,725</u>
Repurchase agreements	191,464	144,757
Federal funds purchased	500	500
Federal Home Loan Bank advances	30,313	50,408
Subordinated debentures	15,000	15,000
Other liabilities	32,180	32,536
Total liabilities	<u>2,798,906</u>	<u>2,396,926</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	323,141	301,391
Unearned Employee Stock Ownership Plan shares	(2,806)	-
Accumulated other comprehensive income (loss)	(8,002)	(6,544)
Total shareholders' equity	<u>322,702</u>	<u>305,216</u>
Total liabilities and shareholders' equity	<u>\$ 3,121,608</u>	<u>\$ 2,702,142</u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

For nine months ended
September 30 September 30
2020 2019

INTEREST INCOME

Interest and fees on loans	\$ 76,418	\$ 80,162
Interest on debt securities	3,691	5,121
Interest on deposits with other financial institutions	1,192	2,954
	<u>81,301</u>	<u>88,237</u>

INTEREST EXPENSE

Interest on deposits	4,657	10,696
Interest on borrowed funds	1,141	1,752
	<u>5,798</u>	<u>12,448</u>

Net interest income	75,503	75,789
Provision for loan losses	5,667	2,672
Net interest income after provision for loan losses	<u>69,836</u>	<u>73,117</u>

OTHER INCOME

Service charges on deposit accounts	4,380	5,442
Service charges on loans	9,028	7,893
Wealth management income	11,470	10,984
Other income	5,527	5,552
	<u>30,405</u>	<u>29,871</u>

OTHER EXPENSES

Salaries	33,188	31,111
Benefits	9,252	8,816
Occupancy and equipment	16,102	15,040
Other non-interest expenses	23,048	20,978
	<u>81,590</u>	<u>75,945</u>

Income before provision for income taxes	18,651	27,043
Provision for income taxes	2,189	2,626
Net income	<u>\$ 16,462</u>	<u>\$ 24,417</u>

Basic earnings per share	\$ 0.47	\$ 0.70
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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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