

## Community Financial Services, Inc. – \$20 Million 6.75% Senior Notes

## Two Tranche Community Bank Transaction



**\$12 Million 5 Year  
6.75% Senior Notes**

**BBB-** by Egan-Jones Ratings Company

**BREAN CAPITAL**

## Sole Placement Agent

July 29<sup>th</sup>, 2020

## Issuance Rationale

- Initial issuance was reopened to raise an additional \$8 Million to support organic growth and for general corporate purposes.
- Sourced Tier I Capital by issuing Senior Debt under the Small Bank Holding Company Act.

## Transaction Highlights

- Community Financial Services Bank, Inc. is a \$1.3B asset bank with a storied history spread across eight branches and six additional ATMs/LTMs in Western Kentucky.
- Seasoned and successful management team, the Executive Committee has a combined 226 years of experience at CFSB.
- History of both attractive asset and shareholder equity growth: between 2014-2018 assets and equity grew ~13%/14% per year on average.
- Revenue diversification continues with fee income rising to 20% of operating revenues in 2019.
- Since being established, CFSB's ESOP has returned on average 10.3% per year vs. a return of 8.4% for the broader market.



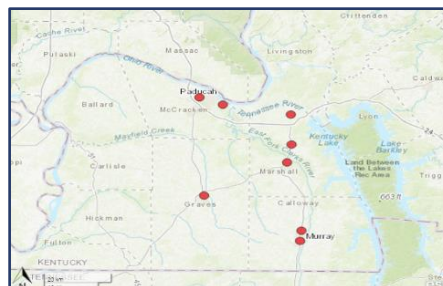
**\$8 Million 5 Year  
6.75% Senior Notes**

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**October 21<sup>st</sup>, 2020**



dollars in ('000's)					
Balance Sheet	2016Y	2017Y	2018Y	2019Y	LTM
Total Assets	\$958,756	\$1,063,530	\$1,172,130	\$1,237,784	\$1,335,364
Asset Growth Rate (%)	16.2	10.9	10.2	5.6	6.9
Total Net Loans	\$826,263	\$872,997	\$941,878	\$961,042	\$998,327
Loan Growth Rate (%)	20.7	5.6	8.0	2.4	2.4
Total Deposits	\$836,272	\$961,210	\$1,048,910	\$1,117,954	\$1,213,259
Deposit Growth Rate (%)	15.6	14.9	9.1	6.6	7.4
Loans/Deposits (%)	99.8	91.7	90.8	87.2	83.4
Profitability	2016Y	2017Y	2018Y	2019Y	LTM
Net Income	\$10,472	\$7,954	\$11,191	\$7,017	(\$784)
ROAA (%)	1.17	0.78	1.01	0.57	(0.06)
Pre-Provision ROA (%)	1.79	1.61	1.55	1.28	1.22
ROAE (%)	12.5	8.5	11.3	6.3	(0.7)
Net Interest Margin (%)	3.86	3.70	3.60	3.40	3.30
Efficiency Ratio (FTE) (%)	58.9	61.4	61.9	67.5	68.6

Note: Data is bank level. LTM data as of 6/30/20

## Brean Capital Team

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Source: S&P Global Market Intelligence

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