


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2014
SECOND QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

CHILDREN'S CHARITY



The Children's Charity Fund of the Bluegrass is a local nonprofit organization we have partnered with for many years. Now in its 34th year, the Children's Charity Golf Classic draws celebrities from all over the country to raise money for children in need in Central Kentucky. The charity has raised more than \$8 million, with nearly 100% of that amount going directly to benefit children in need.

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.

CONTENTS

Financial Highlights	1
Consolidated Balance Sheets	2
Consolidated Statements of Income	3
Boards of Directors	4
Officers	6

For additional copies or
INFORMATION

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FINANCIAL HIGHLIGHTS

For six months ended June 30

	2014	2013	2012	2011	2010
RESULTS OF OPERATIONS:					
Net income	\$ 7,213,506	\$ 6,170,299	\$ 6,236,462	\$ 5,778,375	\$ 3,390,596
Net income per share	20.73	17.73	17.92	16.61	9.75
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	575.56	535.26	498.53	466.11	443.68
AT JUNE 30:					
Assets	\$ 2,082,402,158	\$ 2,101,380,243	\$ 2,130,888,177	\$ 2,108,346,500	\$ 2,120,360,611
Earning assets	1,922,488,853	1,945,033,310	1,952,972,650	1,929,807,015	1,935,439,283
Net loans	1,617,240,754	1,561,373,874	1,634,177,922	1,681,483,283	1,751,086,986
Deposits	1,758,233,639	1,775,738,596	1,838,962,932	1,824,806,829	1,788,472,396
Shareholders' equity	200,250,190	186,228,698	173,450,399	162,169,002	154,365,749
PERFORMANCE RATIOS:					
Return on average assets	0.70%	0.59%	0.59%	0.55%	0.33%
Return on average shareholders' equity	7.38%	6.75%	7.33%	7.29%	4.45%
Average shareholders' equity to average assets	8.87%	8.11%	7.38%	6.78%	6.62%
Net charge-offs to average loans	0.15%	0.32%	0.22%	0.29%	0.40%
Allowance for loan losses as a percentage of quarter end loans	1.48%	1.64%	1.85%	1.45%	1.19%
Net interest margin (tax equivalent)	3.86%	3.60%	3.86%	4.08%	3.98%

*All periods prior to 2013 include the balances and results of Salt Lick Deposit Bank which was sold effective January 1, 2013.

CONSOLIDATED BALANCE SHEETS

	June 30 2014	June 30 2013
ASSETS		
Cash and due from banks	\$ 55,708,550	\$ 43,120,883
Federal funds sold	63,400,000	126,200,000
Total cash and cash equivalents	<u>119,108,550</u>	<u>169,320,883</u>
Securities	235,016,911	250,328,448
Loans, net of unearned income	1,641,515,051	1,587,327,721
Allowance for loan losses	<u>(24,274,297)</u>	<u>(25,953,847)</u>
Loans, net	1,617,240,754	1,561,373,874
Premises and equipment, net	37,764,127	37,042,337
Federal Home Loan Bank stock	6,751,100	7,050,900
Intangible assets	14,795,164	15,089,071
Prepaid expenses and other assets	<u>51,725,552</u>	<u>61,174,730</u>
Total assets	\$ 2,082,402,158	\$ 2,101,380,243
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 497,800,545	\$ 416,896,583
Interest bearing	<u>1,260,433,094</u>	<u>1,358,842,013</u>
Total deposits	1,758,233,639	1,775,738,596
Customer sweep accounts	81,584,262	86,126,769
Federal funds purchased	500,000	0
Federal Home Loan Bank advances	2,804,057	2,833,580
Long term debt payable	24,400,000	37,600,000
Other liabilities	<u>14,630,010</u>	<u>12,852,600</u>
Total liabilities	1,882,151,968	1,915,151,545
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	192,764,466	179,570,592
Accumulated other comprehensive income (loss)	<u>(2,883,964)</u>	<u>(3,711,582)</u>
Total shareholders' equity	200,250,190	186,228,698
Total liabilities and shareholders' equity	\$ 2,082,402,158	\$ 2,101,380,243

For six months ended

CONSOLIDATED STATEMENTS OF INCOME

	June 30 2014	June 30 2013
INTEREST INCOME		
Interest and fees on loans	\$ 38,632,289	\$ 39,187,694
Interest on securities	1,466,506	1,046,163
Interest on short term investments	64,541	207,312
	<u>40,163,336</u>	<u>40,441,169</u>
INTEREST EXPENSE		
Interest on deposits	2,910,393	4,791,047
Interest on borrowed funds	1,057,038	1,414,703
	<u>3,967,431</u>	<u>6,205,750</u>
Net interest income	36,195,905	34,235,419
Provision for loan losses	2,814,523	4,251,000
Net interest income after provision for loan losses	<u>33,381,382</u>	<u>29,984,419</u>
OTHER INCOME		
Service charges on deposit accounts	4,314,576	4,403,886
Service charges on loans	3,958,176	5,786,688
Wealth management income	6,315,140	5,672,418
Other income	1,336,768	2,104,761
	<u>15,924,660</u>	<u>17,967,753</u>
OTHER EXPENSES		
Salaries	16,131,537	16,168,145
Benefits	3,702,208	3,830,685
Occupancy	8,495,688	8,384,190
Other non-interest expenses	13,083,563	12,662,666
	<u>41,412,996</u>	<u>41,045,686</u>
Income before provision for income taxes	7,893,046	6,906,486
Provision for income taxes	679,540	736,187
Net income	<u>\$ 7,213,506</u>	<u>\$ 6,170,299</u>
Basic earnings per share	\$ 20.73	\$ 17.73

BOARDS OF DIRECTORS



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

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Vice Chairman of the Board, Central Bancshares, Inc. and Central Bank & Trust Co.

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*Retired
WKYT-TV*

Nick Nicholson
Retired, Keeneland Association, Inc.

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Photo Science, Inc.*

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Partner, Frost Brown Todd, LLC

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CEO, Georgetown Community Hospital

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President, Taper Roller Bearings, Inc.

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President, Mike Kerwin Homes

Craig King
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Bill Owen
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President, Wald, LLC

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President, Urban League of Lexington

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Provost, University of Kentucky

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Rood & Riddle Equine Hospital

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President, Sherman-Carter-Barnhart Architects

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Owner, Old Colony Insurance Services

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Hometown Services*

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*EKU Professor
Pastor, First Baptist Church*

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*Partner, Combs, Parsons and
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Central Bank, Lexington

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Gina Ensminger
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Senior Portfolio
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Shewmaker
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Assistant Vice President

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Assistant Vice President

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Assistant Vice President

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Bill Kaiser
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