


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2016
THIRD QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

BIG BROTHERS
BIG SISTERS
OF THE BLUEGRASS



Big Brothers Big Sisters of the Bluegrass has made it their mission to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. It is their vision that all children achieve success in life. Central Bank's enduring relationship with BBBS is based upon this shared dedication to the strength of our community.

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

MARKETING
CENTRAL BANK
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For nine months ended September 30

	2016	2015	2014	2013	2012
RESULTS OF OPERATIONS:					
Net income	\$ 13,975,624	\$ 13,564,090	\$ 11,546,118	\$ 9,106,561	\$ 9,633,237
Net income per share	40.17	38.99	33.19	26.17	27.69
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	677.72	629.79	588.21	542.15	509.16
AT SEPTEMBER 30:					
Assets	\$ 2,260,969,391	\$ 2,140,724,327	\$ 2,095,390,839	\$ 2,132,778,718	\$ 2,168,866,600
Earning assets	2,154,988,147	2,028,028,539	1,975,269,280	1,994,979,250	2,033,366,083
Net loans	1,717,554,790	1,622,353,939	1,645,326,605	1,560,920,858	1,634,930,422
Deposits	1,877,083,768	1,784,484,173	1,749,193,021	1,787,433,040	1,876,384,001
Shareholders' equity	235,794,925	219,116,407	204,651,133	188,625,789	177,147,050
PERFORMANCE RATIOS:					
Return on average assets	0.84%	0.85%	0.74%	0.58%	0.60%
Return on average shareholders' equity	8.14%	8.55%	7.77%	6.56%	7.45%
Average tangible equity					
to average assets	9.71%	9.30%	8.92%	8.14%	7.40%
Net charge-offs to average loans	0.10%	0.08%	0.18%	0.37%	0.55%
Allowance for loan losses as a					
percentage of quarter end loans	1.23%	1.32%	1.44%	1.72%	1.75%
Net interest margin (tax equivalent)	3.70%	3.66%	3.87%	3.59%	3.79%

*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

	September 30 2016	September 30 2015
ASSETS		
Cash and due from banks	\$ 44,321,067	\$ 41,442,102
Federal funds sold	120,500,000	125,600,000
Total cash and cash equivalents	<u>164,821,067</u>	<u>167,042,102</u>
Securities	289,790,128	252,692,131
Loans, net of unearned income	1,738,902,430	1,644,091,880
Allowance for loan losses	<u>(21,347,640)</u>	<u>(21,737,941)</u>
Loans, net	1,717,554,790	1,622,353,939
Premises and equipment, net	34,775,104	37,528,752
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,313,393	14,453,302
Prepaid expenses and other assets	<u>32,963,809</u>	<u>39,903,001</u>
Total assets	\$ 2,260,969,391	\$ 2,140,724,327
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 607,595,990	\$ 540,583,494
Interest bearing	<u>1,269,487,778</u>	<u>1,243,900,679</u>
Total deposits	1,877,083,768	1,784,484,173
Customer sweep accounts	108,253,705	92,882,984
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	569,077	2,611,724
Long term debt payable	15,000,000	19,600,000
Other liabilities	<u>23,767,916</u>	<u>21,529,039</u>
Total liabilities	2,025,174,466	1,921,607,920
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	231,571,256	214,717,581
Accumulated other comprehensive income (loss)	<u>(6,146,019)</u>	<u>(5,970,862)</u>
Total shareholders' equity	<u>235,794,925</u>	<u>219,116,407</u>
Total liabilities and shareholders' equity	\$ 2,260,969,391	\$ 2,140,724,327

CONSOLIDATED STATEMENTS OF INCOME

	For nine months ended	
	September 30 2016	September 30 2015
INTEREST INCOME		
Interest and fees on loans	\$ 58,175,921	\$ 56,483,608
Interest on securities	2,766,148	2,001,367
Interest on short term investments	594,150	325,528
	<u>61,536,219</u>	<u>58,810,503</u>
INTEREST EXPENSE		
Interest on deposits	3,215,199	3,759,262
Interest on borrowed funds	572,664	886,811
	<u>3,787,863</u>	<u>4,646,073</u>
Net interest income	57,748,356	54,164,430
Provision for loan losses	1,197,000	-
Net interest income after provision for loan losses	<u>56,551,356</u>	<u>54,164,430</u>
OTHER INCOME		
Service charges on deposit accounts	5,825,895	6,115,992
Service charges on loans	9,204,166	8,191,321
Wealth management income	9,695,126	9,617,577
Other income	4,574,068	2,412,084
	<u>29,299,255</u>	<u>26,336,974</u>
OTHER EXPENSES		
Salaries	27,525,740	26,256,665
Benefits	6,316,804	5,432,992
Occupancy	13,432,096	12,916,590
Other non-interest expenses	20,934,920	19,573,025
	<u>68,209,560</u>	<u>64,179,272</u>
Income before provision for income taxes	17,641,051	16,322,132
Provision for income taxes	3,665,427	2,758,042
Net income	<u>\$ 13,975,624</u>	<u>\$ 13,564,090</u>
Basic earnings per share	\$ 40.17	\$ 38.99

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.

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

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

Wilbert W. James, Jr.
President, Toyota Motor Manufacturing, Kentucky, Inc.

Wayne M. Martin
VP of Development, Retail Division, Booth Energy

Nick Nicholson
Retired, Keeneland Association, Inc.

G. Michael Ritchie
Executive Vice President, Quantum Spatial, Inc.

Paul E. Sullivan
Partner, Frost Brown Todd, LLC

Central Bank, Georgetown Advisory Board of Directors

Dallas Blankenship
Retired Superintendent Scott County Board of Education

Mason "Butch" Glass
Community Volunteer

William C. Haugh
CEO, Georgetown Community Hospital

George H. Lusby
Scott County Judge Executive

Kimberly E. Marshall
Market President

Randy Mason
Owner-Operator, McDonald's

W. Thomas Prather
Chairman, Central Bank, Georgetown & Mayor - City of Georgetown

Central Bank, Lexington Advisory Board of Directors

Rick Avare
MAP Entities

Jeremy Bates
General Manager, Bates Security

Bill Brewer
Trustee, Poole Enterprises

Jed Bullard
Owner, E.D. Bullard Company

Kiki Courtelis
President, J & C Kentucky, Inc.

Michael Cox
President, Denham-Blythe Co., Inc.

Dr. John Hobbs
Central Internal Medicine

Glenn Hoskins
Attorney, Webb, Hoskins, Brown & Thompson, PSC

Dave Houchin
President, Intech Contracting, LLC

Tom Jones
President, Taper Roller Bearings, Inc.

Dr. Michael Karpf
Executive Vice President for Health Affairs/UK HealthCare

Mike Kerwin
President, Mike Kerwin Homes

Craig King
President, R.J. Corman Company

Debbie Long
Owner, Dudley's on Short

Mark Nabity
President, Grayhawk, LLC

Ralph Pawsat
President, Wald, LLC

Dr. William Rood
Rood & Riddle Equine Hospital

Nick Rowe
President, Kentucky American Water Co.

Charlie Scroggin
Senior Vice President, HDR Quest Engineers, Inc.

Bill Thomason
President, Keeneland Association, Inc.

Dr. Russell Travis
Travis Neurosurgical Consulting

Randy Walker
President, Randy Walker Electrical Contractors, Inc.

Greg White, DDS
White, Greer and Maggard Orthodontists

Brian Wood
Founder & CEO, BC Wood Properties, Inc.

BOARDS OF DIRECTORS

Central Bank, Madison County Advisory Board of Directors

Dianna Ackerman
*Broker/Owner, ERA
Professional
Hometown Services*

Frankie C. Blevins, Jr.
Attorney, Blevins Law, LLC

Robert R. Blythe
*EKU Professor
Pastor, First Baptist Church*

James R. Carr
Builder and Developer

Shannon Combs
*Partner, Combs, Parsons and
Collins Funeral Home*

Jeff Fultz
Market President

James Ernest Hillard
Owner, Middletown Industrial

Mike Rice
Owner, Cars of Kentucky, Inc.

Rita H. Smart
Owner, The Bennett House

Central Bank, Nicholasville Advisory Board of Directors

Joan D. Kincaid
*Vice Chairman of the Board,
Central Bancshares, Inc.*

Sandra J. Adams
Owner, Zaxby's

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

Ben A. Rainwater
Tutt Construction

Paul E. Sullivan
Partner, Frost Brown Todd, LLC

Benjamin G. Taylor
*Taylor Made Farm & Sales
Agency, Inc.*

Alan S. VanArsdall
Market President

Central Bank, No. Kentucky Advisory Board of Directors

Mark Ayer
*Managing Member
Reading Investments, LLC*

Tonya Burns-Gerakos
Tonya Burns Law

Chris Carle
*Senior Vice President & COO,
St. Elizabeth Healthcare,
Florence*

Helen Carroll
Retired

Joseph A. Creevy, M.D.
Retired Urologist

Merwin Grayson, Jr.
Chairman

David Heidrich
CEO, Zalla Companies

Kim Patton
COO, SFA/PDT Architects

Doug Ridenour
*President, Federal
Equipment*

Greg Schrand
President, GSE, Inc.

Gregory Shumate
Member, Frost Brown Todd, LLC

James Uebel
Market President

John Yeager
Owner, Ashley Development

Central Bank, Winchester Advisory Board of Directors

Gerald F. (Kelly) Healy III
*Director of Operations
McDonald's*

Glenn Leveridge
Market President

Rex McCrary, D.M.D.
Dentist

Jeff Monohan
*Assistant Vice President
The Allen Company*

Ralph J. Palmer
*President, Palmer
Engineering Co.*

Patricia M. Smith
President, MD Consulting, Inc.

Robert Strode
Retired

Mary Jane Warner
*Manager of Power Delivery,
East Kentucky Power
Cooperative, Inc.*

Central Bank of Jefferson County Board of Directors

Jonathan S. Blue
Chairman, Blue Equity, LLC

Ronald L. Carmicle
*Chairman, Central Bank of
Jefferson County, Partner,
McCall Group*

Marcia Cassady
*Director, Capital Link
Consultants*

Luther Deaton, Jr.
*CEO, Central Bank of
Jefferson County*

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

William P. Malone
*Retired, Deming, Malone,
Livesay & Ostroff*

William E. Summers, IV
*Retired, Deputy Mayor,
Louisville Metro Government*

Jude Thompson
*Owner & CEO, Transform
Business Solutions, LLC*

Mark Wheeler
Market President

OFFICERS

Central Bancshares, Inc.

Luther Deaton, Jr.
Chairman, President & CEO

Joan D. Kincaid
Vice Chairman

Susan L. Simmons
Vice President

Ranee Leland
Vice President & Corporate Secretary

C. Gregory Stacy
Treasurer

Central Bank, Lexington

ADMINISTRATION

Luther Deaton, Jr.
Chairman, President & CEO

Ranee Leland
Vice President & Corporate Secretary

Auditing

Craig L. Daniels, CPA
Executive Vice President

Lisa S. Grant, CRCM
Vice President & Compliance Officer

Donna J. Craven, CRCM
Vice President

Danny C. Noland
Vice President

John T. Miner, Jr.
Auditing Officer

COMMERCIAL BANKING

Gregory A. Bibb
Executive Vice President

Corporate Services

Karen Rowland, CTP
Senior Vice President

Lisa K. Vickers
Vice President

Chris Campbell
Assistant Vice President

Allison Carter
Assistant Vice President

Matt Ratliff
Assistant Vice President

Credit Administration

Jason A. Smith
Vice President

Adam Rodgers
Credit Analyst Officer

Loan Review

Marie A. Young
Vice President

David Chrisman
Senior Vice President

D. Keith Preston
Vice President

Leigh M. Carr
Assistant Vice President

LeeAnn Layne
Assistant Vice President

Loan Processing

Donna M. Turner
Vice President

Special Assets

Ellen Sharp
Vice President

Steve Hall
Vice President

Julie Szymanski
Vice President

Becky Mullins
Special Assets Officer

Commercial Lending

Mark Kaufmann
Senior Vice President

Mark R. Fox
Vice President

David Ross
Vice President

Jake Schirmer
Vice President

Shane Anderson
Assistant Vice President

Stephen J. Mallory
Assistant Vice President

Consumer Lending

Jerry F. Smalley
Vice President

Real Estate Lending

Paul R. Thornsberry
Senior Vice President

Megan Barlow
Vice President

Paul B. Drake
Vice President

Jordan Owens
Assistant Vice President

Jarred W. Paull
Commercial Mortgage Officer

Small Business

Ernest W. Dolihite
Senior Vice President

Richard D. Hartley
Vice President

Terri A. Stein
Vice President

Jeff Murphy
Vice President

Central Bank Mortgage

Ed Workman
Senior Vice President

Susan Bradley
Vice President

Tom Breathitt
Vice President

Brad Fields
Vice President

Catherine Himes
Vice President

Lorraine Kinley
Vice President

Vina Risner
Vice President

Brian W. West
Vice President

Lisa Hart
Assistant Vice President

Alicia Esenbock
Secondary Mortgage Underwriter

HUMAN RESOURCES

Susan Simmons
Executive Vice President

Amy Manning
Senior Vice President

Shelia Plymale
Senior Vice President

June Carpenter
Human Resources Officer

TECHNOLOGY SERVICES

Julie Bondra
Executive Vice President

Anna Clayton
Vice President

Kevin J. Lippert
Vice President

E. Sean Profitt
Vice President

David Hake
Information Security Officer

Jason Hollis
Infrastructure Officer

RETAIL BANKING

David L. Moore
Executive Vice President

Michael Gartner
Senior Vice President

Chris McGaughey
CRA Community Development Officer

Banking Centers

Gina Ensminger
Assistant Vice President

Angela M. Friesz
Assistant Vice President

Karen Lackey
Assistant Vice President

OFFICERS

Philip Rochester
Assistant Vice President

Lana Alexander
Retail Banking Officer

Jeffrey Benton
Retail Banking Officer

Sharon Bradley
Retail Banking Officer

Barbara Johnson
Retail Banking Officer

Pamela Matney
Retail Banking Officer

Laura M. Owens
Retail Banking Officer

Ashley N. Rodgers
Retail Banking Officer

Alexandra E. Terry
Retail Banking Officer

Client Services

Cathy K. Combs
Senior Vice President

Diane Williams
Client Services Officer

FINANCIAL PLANNING

Edward Barnes
*Executive Vice President
& Chief Financial Officer*

Robin Oliver
Senior Vice President

Lisa A. Williamson
Assistant Vice President

Mark Kendall
*Financial Planning
Officer*

ENTERPRISE RISK MANAGEMENT

C. Gregory Stacy
Executive Vice President

Beth Lakes
Vice President

Funds Management

James R. Nall
Assistant Vice President

MARKETING

Stephen C. Kelly
Executive Vice President

Lesley K. Catron
Marketing Officer

Correspondent Banking

Doug Flynn
*Correspondent Banking
Officer*

OPERATIONS AND SUPPORT

Operations

Laura Schweitzer
Executive Vice President

Karen G. Crawley
Senior Vice President

Robin Michul
Senior Vice President

Harvey Sword
Vice President

Internet Banking

Brenda P. Oaks
Assistant Vice President

Card Services

Beverly Smalley
Assistant Vice President

Loan Services

Timothy R. Austin
Assistant Vice President

Shawn Presnell
Vice President

Deposit Services

Lisa Durham
Vice President

Bank Security

Shane Ensminger
*Vice President & Director
of Security*

Angela D. Campbell
*BSA/AML & Operations
Officer*

WEALTH MANAGEMENT

Trust

Barry Hickey
Executive Vice President

Business Development

Charles N. Rush, Jr.
Vice President

Employee Benefits

Vicky L. Foster
Vice President

Sheila C. Parks
Vice President

Operations

Gayle Dockery
Assistant Vice President

Personal Trust

Kathryn Wilson Gibson
Senior Vice President

Elizabeth Johns
Vice President

Eloise G. Penn
Vice President

Anna Hovekamp
Assistant Vice President

Lauren Lovely
Trust Officer

Investment Management

Timothy D. Fyffe
Senior Vice President

Thomas Corr
Vice President

R. Scott King
Vice President

Private Banking

Gregory M.
Shewmaker
Executive Vice President

Rita L. Bugg
Vice President

Leslie Fannin
Vice President

Alicia Jordan
Vice President

Mark Ruddell
Vice President

Christopher Thomason
Vice President

Matthew Frank, CFP®
Assistant Vice President

Central Insurance Services

Ross Barnette
President

Tom Francis
Vice President

Rob Wessel
Vice President

Justin Whipple
Vice President

Steven P. Wright
Vice President

Don Yaden
Vice President

Beverly Hicks
*Commercial Insurance
Officer*

Central Investment Center, Inc.

Jeff Ginnan
*Executive Vice President
& Senior Financial
Advisor*

Jeff Fields, CRPS®
*Vice President &
Financial Advisor*

Tony Brown
Financial Advisor

Ballard "Cash"
Cassady
Financial Advisor

Jim DeMoss
Financial Advisor

Deborah Fisher
Financial Advisor

Jacobus M. Ockers
Financial Advisor

OFFICERS

Thomas E. Roberts, CFP®
Financial Advisor

Jennifer Wilson
Financial Advisor

Central Bank, Georgetown

Kimberly E. Marshall
Market President

Jennifer J. Roberts
Vice President

Patricia Voigt
Vice President

Jennifer Baldwin
Assistant Vice President

Mortgage Lending

Ashley Weir
Vice President

Central Bank, Madison County

Jeff Fultz
Market President

Cameron Abney
*Senior Vice President &
Senior Market Lender*

Scott Johnson
Vice President

Ken Riley
Vice President

Mortgage Lending

Donna Haney
Vice President

Central Bank, Nicholasville

Alan S. VanArsdall
Market President

Cathy Lowe
Vice President

Jill Slone
Assistant Vice President

Kathy Moore
Retail Banking Officer

Brandy Osborne
Commercial Lending Officer

Mortgage Lending

Marcus P. Hanks
Vice President

Monna Treadway
Assistant Vice President

Central Bank, Northern Kentucky

James Uebel
Market President

Brett Blackwell
*Senior Vice President &
Senior Market Lender*

Donald Benzinger
Vice President

Matthew E. Eilers
Vice President

Karen J. Homan
Vice President

Joshua Lehman
Assistant Vice President

Mortgage Lending

Dennis Barnes
Vice President

Retail Banking

Troy Fedders
Vice President

Jeffrey Wagner
Vice President

Diana Webster
Vice President

Private Banking

John Finley
Senior Vice President

Karen Hartig
Vice President

Larry Luebbers
Vice President

Central Bank, Winchester

Glenn Leveridge
Market President

Tim M. Duncan
Senior Vice President

Tammy M. Carroll
Vice President

Lisa T. Earlywine
Vice President

Erica Parks
Commercial Lending Officer

Mortgage Lending

Lee Coleman
Assistant Vice President

Amy Turner
Assistant Vice President

Central Bank, Jefferson County

Luther Deaton, Jr.
CEO

Mark Wheeler
Market President

Shane Ensminger
*Vice President & Director
of Security*

Lisa S. Grant, CRCM
*Vice President &
Compliance Officer*

Commercial Banking

Amy Sullivan
Senior Vice President

Joan Strafer
Vice President

Cynthia Caldwell
Assistant Vice President

Mortgage Lending

Jeanie Gammon
Vice President

Retail Banking

David Bond
*Vice President &
Retail Development Officer*

Elaine Fawbush
Assistant Vice President

Casey Steitz
Retail Banking Officer

Tanner Greenwell
Retail Banking Officer

Private Banking

Robert Slider
Senior Vice President

Mary Littrell
Vice President

Jim Morris
Vice President

Wealth Management

Bill Kaiser
Vice President

NOTES



centralbank.com

(859) 253-6222

(800) 637-6884

Central Bank & Trust Co. and Central Bank of Jefferson County are subsidiaries of Central Bancshares, Inc.



Member FDIC