


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2014
FIRST QUARTER
REPORT



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

HELPING TO KEEP OUR COMMUNITIES STRONG.

GOD'S PANTRY FOOD DRIVE



Those who run the risk of going hungry in our very own communities demand the utmost attention. And we do our part to provide that attention and service through our partnership with God's Pantry. Since 2007 Central Bank has been a sponsor of the Taste of the Bluegrass event, God's Pantry's annual fundraiser that raises thousands of dollars to help feed those in need in Central and Eastern Kentucky.

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

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FINANCIAL HIGHLIGHTS

For three months ended March 31

	2014	2013	2012	2011	2010
RESULTS OF OPERATIONS:					
Net income	\$ 3,167,389	\$ 3,077,738	\$ 3,210,765	\$ 2,387,773	\$ 932,739
Net income per share	9.10	8.85	9.23	6.86	2.68
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	563.60	526.60	489.66	456.04	436.63
AT MARCH 31					
Assets	\$ 2,111,065,113	\$ 2,111,204,277	\$ 2,131,532,379	\$ 2,120,841,940	\$ 2,076,296,844
Earning assets	1,976,689,453	1,982,736,880	1,984,825,537	1,956,509,558	1,919,819,781
Net loans	1,599,105,435	1,549,293,031	1,628,566,777	1,700,704,934	1,707,562,864
Deposits	1,795,252,403	1,794,226,708	1,845,927,255	1,842,671,089	1,757,118,404
Shareholders' equity	196,088,556	183,217,184	170,364,594	158,666,840	151,911,645
PERFORMANCE RATIOS:					
Return on average assets	0.62%	0.60%	0.61%	0.45%	0.18%
Return on average shareholders' equity	6.58%	6.82%	7.61%	6.10%	2.47%
Average shareholders' equity					
to average assets	8.78%	8.06%	7.31%	6.69%	6.67%
Net charge-offs to average loans	0.12%	0.06%	0.07%	0.09%	0.16%
Allowance for loan losses as a percentage					
of quarter end loans	1.46%	1.77%	1.84%	1.46%	1.28%
Net interest margin (tax equivalent)	3.81%	3.60%	3.88%	4.12%	3.97%

*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

	March 31 2014	March 31 2013
ASSETS		
Cash and due from banks	\$ 48,684,472	\$ 38,280,809
Federal funds sold	81,200,000	126,000,000
Total cash and cash equivalents	<u>129,884,472</u>	<u>164,280,809</u>
Securities	266,593,938	273,299,441
Loans, net of unearned income	1,622,847,118	1,577,236,416
Allowance for loan losses	(23,741,683)	(27,943,385)
Loans, net	<u>1,599,105,435</u>	<u>1,549,293,031</u>
Premises and equipment, net	38,015,642	37,199,430
Federal Home Loan Bank stock	6,751,100	7,050,900
Intangible assets	14,865,444	15,212,718
Prepaid expenses and other assets	55,849,082	64,867,948
Total assets	<u>\$ 2,111,065,113</u>	<u>\$ 2,111,204,277</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 483,893,671	\$ 400,199,392
Interest bearing	1,311,358,732	1,394,027,316
Total deposits	<u>1,795,252,403</u>	<u>1,794,226,708</u>
Customer sweep accounts	79,610,740	72,539,612
Federal funds purchased	500,000	2,650,000
Federal Home Loan Bank advances	2,811,505	2,841,716
Long term debt payable	24,400,000	37,600,000
Other liabilities	12,401,909	18,129,057
Total liabilities	<u>1,914,976,557</u>	<u>1,927,987,093</u>
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	188,718,349	176,478,032
Accumulated other comprehensive income	(2,999,481)	(3,630,536)
Total shareholders' equity	<u>196,088,556</u>	<u>183,217,184</u>
Total liabilities and shareholders' equity	<u>\$ 2,111,065,113</u>	<u>\$ 2,111,204,277</u>

CONSOLIDATED STATEMENTS OF INCOME

	For three months ended	
	March 31 2014	March 31 2013
INTEREST INCOME		
Interest and fees on loans	\$ 19,168,891	\$ 19,652,448
Interest on securities	704,031	408,299
Interest on short term investments	28,268	116,263
	<u>19,901,190</u>	<u>20,177,010</u>
INTEREST EXPENSE		
Interest on deposits	1,475,894	2,509,836
Interest on borrowed funds	694,510	702,715
	<u>2,170,404</u>	<u>3,212,551</u>
Net interest income	17,730,786	16,964,459
Provision for loan losses	1,739,248	2,015,000
Net interest income after provision for loan losses	<u>15,991,538</u>	<u>14,949,459</u>
OTHER INCOME		
Service charges on deposit accounts	2,126,032	2,180,293
Service charges on loans	1,743,092	2,904,865
Wealth management income	3,211,463	2,782,790
Other income	927,525	1,306,850
	<u>8,008,112</u>	<u>9,174,798</u>
OTHER EXPENSES		
Salaries	7,974,401	8,090,674
Benefits	1,916,078	1,949,640
Occupancy	4,300,813	4,190,469
Other non-interest expenses	6,530,016	6,242,330
	<u>20,721,308</u>	<u>20,473,113</u>
Income before provision for income taxes	3,278,342	3,651,144
Provision for income taxes	110,953	573,406
Net income	<u>\$ 3,167,389</u>	<u>\$ 3,077,738</u>
Basic earnings per share	\$ 9.10	\$ 8.85

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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WKYT-TV*

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President, Urban League of Lexington

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Rood & Riddle Equine Hospital

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Central Bank, Lexington

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Financial Advisor

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Casey Steitz
Retail Banking Officer

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Mary Littrell
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Wealth Management

Bill Kaiser
Vice President



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