


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

Stephen C. Kelly
CENTRAL BANK
300 West Vine Street
Lexington, KY 40507
(859) 253-6201
skelly@centralbank.com

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.

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

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

Wayne M. Martin
*Retired
WKYT-TV*

Nick Nicholson
Retired, Keeneland Association, Inc.

G. Michael Ritchie
*President & CEO
Photo Science, 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
President

Randy Mason
*Owner-Operator,
McDonald's*

W. Thomas Prather
*Chairman, Central Bank,
Georgetown*

Central Bank, Lexington Advisory Board of Directors

Dennis Anderson
President, Anderson Communities

Sheila Bayes
Owner, Sheila Bayes Fine Jewelry

Bill Brewer
Trustee, Poole Enterprises

Shea Hopkins
Executive Director & CEO, KET

Dave Houchin
President, Intech Contracting

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

William Lear, Jr.
*Managing Director,
Stoll, Keenon, Ogden, PLLC*

Pat Madden
President, Pro Sports Management

Bill Owen
President, Lexington Convention Center

Ralph Pawsat
President, Wald, LLC

P.G. Peebles
President, Urban League of Lexington

Brent Rice
Attorney, McBrayer, McGinnis, Leslie and Kirkland

Dr. Christine Riordan
Provost, University of Kentucky

Dr. William Rood
Rood & Riddle Equine Hospital

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

Lisa Ball Sharp
Vice President, Ball Homes

Steve Sherman
President, Sherman-Carter-Barnhart Architects

Linda Slagel
President, Highbridge Spring Water

Nick Strong
Owner, Old Colony Insurance Services

Mike Tearney
*Gatton College
Associate Dean
Emeritus,
University of Kentucky*

Bill Thomason
President, Keeneland Association, Inc.

**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
President

James Ernest Hillard
Owner, Middletown Industrial

Clark Pergrem
Owner, Onyx Coal Holdings

Mike Rice
Owner, Cars of Kentucky, Inc.

Rita H. Smart
Owner, The Bennett House

**Central Bank, Nicholasville
Advisory Board of Directors**

Sandra J. Adams
Owner, Zaxby's

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

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

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
President

**Central Bank, Northern
Kentucky Advisory Board of
Directors**

Chris Carle
*Senior Vice President, Chief
Operating Officer
St. Elizabeth Healthcare,
Florence*

Helen Carroll
*Manager, Community Relations
Toyota Motor Manufacturing*

Joseph A. Creevy, M.D.
Retired Urologist

Mark Goetz
Owner, Edgewood Electric

Merwin Grayson, Jr.
President

Kim Patton
COO, SFA/PDT Architects

Doug Ridenour
*President, Federal
Equipment*

Gregory Shumate
Member, Frost Brown Todd, LLC

Ray Will, M.D.
Cardiothoracic Surgeon

John Yeager
Owner, Ashley Development

**Central Bank, Winchester
Advisory Board of Directors**

James Allen
*Former Clark County
Judge-Executive*

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

Nancy Lawwill
*Retired Vice President &
Assistant Treasurer
Central Bank, Winchester*

Glenn Leveridge
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, President &
Owner, River City Development*

Marcia Cassidy
*Director, Classical Studies
Institute of Louisville*

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*

James Clay Smith
President

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

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

OFFICERS

Central Bancshares, Inc.

Luther Deaton, Jr.
Chairman, President &
CEO

Joan D. Kincaid
Vice Chairman

Anne B. Carter
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
Senior Vice President

Lisa S. Grant, CRCM
Vice President &
Compliance Officer

Donna J. Craven,
CRCM
Vice President

Danny C. Noland
Vice President

COMMERCIAL BANKING

Gregory A. Bibb
Executive Vice President

Credit Administration

Jason A. Smith
Vice President

Samuel Collins
Senior Credit Analyst

Jarred W. Paull
Credit Analyst

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

Michael Williams
Assistant Vice President

Loan Services

Laura L. Schweitzer
Senior Vice President

Timothy R. Austin
Assistant Vice President

Loan Processing

Donna M. Turner
Vice President

Special Assets

Ellen Sharp
Vice President

Steve Hall
Vice President

Julie Szymanski
Assistant 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

Stephen J. Mallory
Assistant Vice President

Shane Anderson
Commercial Lending
Officer

Consumer Lending

Jerry F. Smalley
Vice President

Mortgage Lending

Paul R. Thornsberry
Senior Vice President

Megan Barlow
Vice President

Paul B. Drake
Vice President

Jordan Owens
Assistant Vice President

Small Business

Ernest W. Dolihite
Senior Vice President

Richard D. Hartley
Vice President

Terri A. Jones
Vice President

Alicia F. Smith
Assistant Vice President

Central Bank Mortgage

Ed Workman
Senior Vice President

Susan Bradley
Vice President

Tom Breathitt
Vice President

Brad Fields
Vice President

Rebecca Haddix
Vice President

Catherine Himes
Vice President

Lorraine Kinley
Vice President

Brian W. West
Vice President

Lisa Hart
Assistant Vice President

HUMAN RESOURCES

Rose Douglass
Executive Vice President

Amy Manning
Vice President

Shelia Plymale
Vice President

June Carpenter
Human Resources
Officer

TECHNOLOGY SERVICES

Julia Bondra
Executive Vice President

Anna Clayton
Vice President

E. Sean Proffitt
Vice President

Kevin J. Lippert
Assistant Vice President

Brian D. Catron
Application
Development Officer

Chris Schum
Information Security
Officer

Paul Stewart
Technology Services
Officer

RETAIL BANKING

David L. Moore
Executive Vice President

Michael Gartner
Senior Vice President

Chris McGaughey
CRA Community
Development Officer

Banking Centers

Karen Burton
Assistant Vice President

Lana Alexander
Retail Banking Officer

Ugochi E. Alinnor
Retail Banking Officer

Jeffrey Benton
Retail Banking Officer

Gina Ensminger
Retail Banking Officer

OFFICERS

Angela M. Friesz
Retail Banking Officer

Barbara Johnson
Retail Banking Officer

Pamela Lancaster
Retail Banking Officer

Ashley Norvell
Retail Banking Officer

Laura M. Owens
Retail Banking Officer

Philip Rochester
Retail Banking Officer

Alexandra E. Terry
Retail Banking Officer

Client Services

Cathy K. Combs
Senior Vice President

Diane Williams
Client Services Officer

FINANCIAL PLANNING AND CONTROL

Edward Barnes
*Executive Vice President
& Chief Financial Officer*

Robin Oliver
Senior Vice President

Shawn Presnell
Vice President

Lisa A. Williamson
*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 Keller
Marketing Officer

Correspondent Banking

Doug Flynn
*Correspondent Banking
Officer*

OPERATIONS AND SUPPORT

Operations

Anne B. Carter
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

Corporate Services

Karen Rowland
*Senior Vice President &
Corporate Treasury
Manager*

Maggie Abney
Vice President

Tracy Reid
Vice President

Lisa K. Vickers
Vice President

Chris Campbell
Assistant Vice President

Deposit Services

Alisa Durham
Vice President

Bank Security

Jeff D. Jacob
*Senior Vice President &
Security, BSA & AML
Officer*

Angela D. Campbell
Operations Officer

WEALTH MANAGEMENT

Trust

Barry Hickey
*Senior Vice President &
Trust Manager*

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

Eloise G. Penn
Vice President

Carolyn Bishop
Trust Officer

Anna Hovekamp
Trust Officer

Investment Management

Timothy D. Fyffe
*Senior Vice President &
Senior Portfolio
Manager*

Thomas Corr
*Vice President &
Senior Portfolio
Manager*

Private Banking

Gregory M.
Shewmaker
*Senior Vice President &
Private Banking
Manager*

Rita L. Bugg
Vice President

Leslie Fannin
Vice President

Alicia Jordan
Vice President

Christopher Thomason
Vice President

Matthew Frank
Private Banking Officer

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

Jim DeMoss
Financial Advisor

Deborah Fisher
Financial Advisor

Jacobus M. Ockers
Financial Advisor

Thomas E. Roberts,
CFP®
Financial Advisor

OFFICERS

Central Bank, Georgetown

Kimberly E. Marshall
President

Jennifer J. Roberts
Vice President

Patricia Voigt
Vice President

Jennifer Baldwin
Assistant Vice President

Mortgage Lending

Ashley Weir
Assistant Vice President

Central Bank, Madison County

Jeff Fultz
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
President

Tom Porter
*Executive Vice President &
Senior Market Lender*

Cathy Lowe
Vice President

Jill Slone
Assistant Vice President

Brandy Osborne
Commercial Lending Officer

Mortgage Lending

Marcus P. Hanks
Vice President

Monna Treadway
Assistant Vice President

Central Bank, Northern Kentucky

Merwin Grayson, Jr.
President

Matthew E. Eilers
*Vice President &
Senior Market Lender*

Karen J. Homan
Vice President

Mortgage Lending

Dennis Barnes
Assistant Vice President

Retail Banking

Joseph Nienaber
*Vice President &
Retail Development Officer*

Troy Fedders
*Vice President &
Retail Banking Officer*

Private Banking

John Finley
Senior Vice President

Karen Hartig
Vice President

Larry Luebbers
Vice President

Central Bank, Winchester

Glenn Leveridge
President

Tim M. Duncan
Senior Vice President

Lisa T. Earlywine
Vice President

Tammy M. Carroll
*Assistant Vice President &
Retail Development Officer*

Melissa Shimmfessel
Retail Banking Officer

Mortgage Lending

Lee Coleman
Assistant Vice President

Amy Turner
Assistant Vice President

Central Bank, Jefferson County

James Clay Smith
President

Jeff D. Jacob
*Senior Vice President &
Security, BSA & AML Officer*

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

William E. Summers, V
*Senior Vice President &
Business Development Officer*

Commercial Banking

Amy Sullivan
Senior Vice President

Mortgage Lending

Jeanie Gammon
Assistant Vice President

Retail Banking

David Bond
*Vice President &
Retail Development Officer*

Elaine Fawbush
Assistant Vice President

Casey Steitz
Retail Banking Officer

Private Banking

Robert Slider
Senior Vice President

Mary Littrell
Vice President

Wealth Management

Bill Kaiser
Vice President



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