


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2014
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.

URBAN LEAGUE



The Urban League of Lexington-Fayette County has served African Americans and disadvantaged citizens in Central Kentucky since 1968. Seeking to promote social and economic equality, the Urban League works to empower the community through education, civic engagement, leadership, and promotion of civil rights and racial justice. Central Bank promotes equality within our communities and has proudly supported the Urban League for many years.

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 nine months ended September 30

	2014	2013	2012	2011	2010
RESULTS OF OPERATIONS:					
Net income	\$ 11,546,118	\$ 9,106,561	\$ 9,633,237	\$ 8,096,871	\$ 3,181,443
Net income per share	33.19	26.17	27.69	23.27	9.14
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	588.21	542.15	509.16	471.46	443.15
AT SEPTEMBER 30:					
Assets	\$ 2,095,390,839	\$ 2,132,778,718	\$ 2,168,866,600	\$ 2,124,636,429	\$ 2,175,179,945
Earning assets	1,975,269,280	1,994,979,250	2,033,366,083	1,968,083,318	2,009,258,984
Net loans	1,645,326,605	1,560,920,858	1,634,930,422	1,650,473,789	1,746,052,321
Deposits	1,749,193,021	1,787,433,040	1,876,384,001	1,842,605,471	1,837,979,588
Shareholders' equity	204,651,133	188,625,789	177,147,050	164,030,348	154,181,962
PERFORMANCE RATIOS:					
Return on average assets	0.74%	0.58%	0.60%	0.51%	0.20%
Return on average shareholders' equity	7.77%	6.56%	7.45%	6.70%	2.75%
Average shareholders' equity		8.14%			
to average assets	8.92%	0.37%	7.40%	6.84%	6.58%
Net charge-offs to average loans	0.18%		0.55%	0.48%	0.66%
Allowance for loan losses as a					
percentage of quarter end loans	1.44%	1.72%	1.75%	1.64%	1.37%
Net interest margin (tax equivalent)	3.87%	3.59%	3.79%	4.00%	3.91%

*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 2014	September 30 2013
ASSETS		
Cash and due from banks	\$ 41,124,570	\$ 54,026,879
Federal funds sold	73,000,000	130,100,000
Total cash and cash equivalents	<u>114,124,570</u>	<u>184,126,879</u>
Securities	227,539,358	270,867,814
Loans, net of unearned income	1,669,356,517	1,588,301,726
Allowance for loan losses	<u>(24,029,912)</u>	<u>(27,380,868)</u>
Loans, net	1,645,326,605	1,560,920,858
Premises and equipment, net	37,711,998	38,106,125
Federal Home Loan Bank stock	6,751,100	7,050,900
Intangible assets	14,724,884	15,001,561
Prepaid expenses and other assets	49,212,324	56,704,581
Total assets	\$ 2,095,390,839	\$ 2,132,778,718
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 489,189,960	\$ 431,054,221
Interest bearing	1,260,003,061	1,356,378,819
Total deposits	<u>1,749,193,021</u>	<u>1,787,433,040</u>
Customer sweep accounts	95,954,820	101,502,303
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	2,796,563	2,826,267
Long term debt payable	24,400,000	37,600,000
Other liabilities	17,895,302	14,291,319
Total liabilities	<u>1,890,739,706</u>	<u>1,944,152,929</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	197,097,078	182,506,854
Accumulated other comprehensive income (loss)	<u>(2,815,633)</u>	<u>(4,250,753)</u>
Total shareholders' equity	204,651,133	188,625,789
Total liabilities and shareholders' equity	\$ 2,095,390,839	\$ 2,132,778,718

For six months ended

CONSOLIDATED STATEMENTS OF INCOME

	September 30 2014	September 30 2013
INTEREST INCOME		
Interest and fees on loans	\$ 58,456,565	\$ 58,551,224
Interest on securities	2,167,215	1,783,538
Interest on short term investments	114,208	321,203
	<u>60,737,988</u>	<u>60,655,965</u>
INTEREST EXPENSE		
Interest on deposits	4,311,642	6,680,021
Interest on borrowed funds	1,435,883	2,117,718
	<u>5,747,525</u>	<u>8,797,739</u>
Net interest income	54,990,463	51,858,226
Provision for loan losses	2,976,605	6,446,683
Net interest income after provision for loan losses	<u>52,013,858</u>	<u>45,411,543</u>
OTHER INCOME		
Service charges on deposit accounts	6,547,736	6,689,161
Service charges on loans	6,476,695	8,210,460
Wealth management income	9,407,348	8,801,886
Other income	607,882	2,683,013
	<u>23,039,661</u>	<u>26,384,520</u>
OTHER EXPENSES		
Salaries	24,294,677	24,270,520
Benefits	5,436,854	5,793,495
Occupancy	12,741,115	12,593,879
Other non-interest expenses	19,643,547	19,238,657
	<u>62,116,193</u>	<u>61,896,551</u>
Income before provision for income taxes	12,937,326	9,899,512
Provision for income taxes	1,391,208	792,951
Net income	<u>\$ 11,546,118</u>	<u>\$ 9,106,561</u>
Basic earnings per share	\$ 33.19	\$ 26.17

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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President, Intech Contracting

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President, Taper Roller Bearings, Inc.

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President, Mike Kerwin Homes

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President, Lexington Convention Center

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President, Urban League of Lexington

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Rood & Riddle Equine Hospital

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Owner, Old Colony Insurance Services

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Professional
Hometown Services*

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Robert Strode
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Cooperative, Inc.*

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Ranee Leland
Vice President & Corporate Secretary

C. Gregory Stacy
Treasurer

Central Bank, Lexington

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Vice President & Corporate Secretary

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Pamela Lancaster
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Doug Flynn
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Senior Portfolio
Manager*

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*Executive Vice President
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*Vice President &
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Assistant Vice President

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*Senior Vice President &
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Business Development Officer*

Jospeh McMahan
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Senior Vice President

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Assistant Vice President

Retail Banking

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Retail Development Officer*

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