


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2015
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.

SUNRISE CHILDREN'S SERVICES



Sunrise Children's Services have provided care and hope to children in need across Kentucky since 1869. A leader in resources for disadvantaged children, Sunrise supplies foster care, residential treatment and other public services. In 2015, Central Bank was a sponsor of the Sunrise Golf Classic to benefit this invaluable organization.

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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INFORMATION

CENTRAL BANK
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For six months ended June 30

	2015	2014	2013	2012	2011
RESULTS OF OPERATIONS:					
Net income	\$ 8,967,689	\$ 7,213,506	\$ 6,170,299	\$ 6,236,462	\$ 5,778,375
Net income per share	25.77	20.73	17.73	17.92	16.61
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	616.70	575.56	535.26	498.53	466.11
AT JUNE 30:					
Assets	\$2,130,931,380	\$2,082,171,167	\$2,101,380,243	\$2,130,888,177	\$2,108,346,500
Earning assets	1,994,376,928	1,922,488,853	1,945,033,310	1,952,972,650	1,929,807,015
Net loans	1,595,584,513	1,617,240,754	1,561,373,874	1,634,177,922	1,681,483,283
Deposits	1,798,880,596	1,758,002,648	1,775,738,596	1,838,962,932	1,824,806,829
Shareholders' equity	214,564,304	200,250,189	186,228,698	173,450,399	162,169,002
PERFORMANCE RATIOS:					
Return on average assets	0.85%	0.70%	0.59%	0.59%	0.55%
Return on average shareholders' equity	8.62%	7.38%	6.75%	7.33%	7.29%
Average tangible equity					
to average assets	9.25%	8.87%	8.11%	7.38%	6.78%
Net charge-offs to average loans	0.02%	0.15%	0.32%	0.22%	0.29%
Allowance for loan losses as a					
percentage of quarter end loans	1.40%	1.48%	1.64%	1.85%	1.45%
Net interest margin (tax equivalent)	3.70%	3.86%	3.60%	3.86%	4.08%

*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 2015	June 30 2014
ASSETS		
Cash and due from banks	\$ 43,291,740	\$ 55,477,559
Federal funds sold	173,900,000	63,400,000
Total cash and cash equivalents	<u>217,191,740</u>	<u>118,877,559</u>
Securities	218,141,315	235,096,999
Loans, net of unearned income	1,618,237,506	1,641,515,051
Allowance for loan losses	<u>(22,652,993)</u>	<u>(24,274,297)</u>
Loans, net	1,595,584,513	1,617,240,754
Premises and equipment, net	37,080,888	37,675,915
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,513,257	14,795,164
Prepaid expenses and other assets	<u>41,668,567</u>	<u>51,733,676</u>
Total assets	\$ 2,130,931,380	\$ 2,082,171,167
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 538,747,049	\$ 497,569,554
Interest bearing	<u>1,260,133,547</u>	<u>1,260,433,094</u>
Total deposits	1,798,880,596	1,758,002,648
Customer sweep accounts	74,253,649	81,584,262
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	2,618,667	2,804,057
Long term debt payable	19,600,000	24,400,000
Other liabilities	<u>20,514,164</u>	<u>14,630,011</u>
Total liabilities	1,916,367,076	1,881,920,978
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	210,121,180	192,764,465
Accumulated other comprehensive income (loss)	<u>(5,926,564)</u>	<u>(2,883,964)</u>
Total shareholders' equity	214,564,304	200,250,189
Total liabilities and shareholders' equity	\$ 2,130,931,380	\$ 2,082,171,167

For six months ended

CONSOLIDATED STATEMENTS OF INCOME

	June 30 2015	June 30 2014
INTEREST INCOME		
Interest and fees on loans	\$ 37,679,049	\$ 38,632,289
Interest on securities	1,286,285	1,466,506
Interest on short term investments	218,213	64,541
	<u>39,183,547</u>	<u>40,163,336</u>
INTEREST EXPENSE		
Interest on deposits	2,571,572	2,910,393
Interest on borrowed funds	618,093	1,057,038
	<u>3,189,665</u>	<u>3,967,431</u>
Net interest income	35,993,882	36,195,905
Provision for loan losses	-	2,814,523
Net interest income after provision for loan losses	<u>35,993,882</u>	<u>33,381,382</u>
OTHER INCOME		
Service charges on deposit accounts	4,034,341	4,314,577
Service charges on loans	5,252,853	3,958,175
Wealth management income	6,359,527	6,315,140
Other income	1,386,452	1,336,768
	<u>17,033,173</u>	<u>15,924,660</u>
OTHER EXPENSES		
Salaries	17,245,709	16,131,537
Benefits	3,711,432	3,702,208
Occupancy	8,560,643	8,495,688
Other non-interest expenses	12,788,924	13,083,563
	<u>42,306,708</u>	<u>41,412,996</u>
Income before provision for income taxes	10,720,347	7,893,046
Provision for income taxes	1,752,658	679,540
Net income	<u>\$ 8,967,689</u>	<u>\$ 7,213,506</u>
Basic earnings per share	<u>\$ 25.77</u>	<u>\$ 20.73</u>

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.

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

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Amy Turner
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