



CONNECTING WITH
OUR
COMMUNITIES.



2016
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.

DOWNTOWN LEXINGTON CORPORATION



The Downtown Lexington Corporation, in partnership with its members, is dedicated to enhancing downtown Lexington as a unique and vibrant destination to live, work, and play. Central Bank's enduring support of DLC, a relationship spanning more than 25 years, is a result of our own commitment to the success of the Lexington community. Most notably, Central Bank is the presenting sponsor of Thursday Night Live.

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

MARKETING
CENTRAL BANK
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For six months ended June 30

	2016	2015	2014	2013	2012
RESULTS OF OPERATIONS:					
Net income	\$ 9,158,772	\$ 8,967,689	\$ 7,213,506	\$ 6,170,299	\$ 6,236,462
Net income per share	26.32	25.77	20.73	17.73	17.92
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	663.62	616.70	575.56	535.26	498.53
AT JUNE 30:					
Assets	\$2,254,473,791	\$2,130,931,380	\$2,082,171,167	\$2,101,380,243	\$2,130,888,177
Earning assets	2,119,266,324	1,994,376,928	1,922,488,853	1,945,033,310	1,952,972,650
Net loans	1,685,733,205	1,595,584,513	1,617,240,754	1,561,373,874	1,634,177,922
Deposits	1,880,798,939	1,798,880,596	1,749,193,021	1,775,738,596	1,838,962,932
Shareholders' equity	230,887,760	214,564,304	200,250,189	186,228,698	173,450,399
PERFORMANCE RATIOS:					
Return on average assets	0.84%	0.85%	0.70%	0.59%	0.59%
Return on average shareholders' equity	8.13%	8.62%	7.38%	6.75%	7.33%
Average tangible equity to average assets	9.71%	9.25%	8.87%	8.11%	7.38%
Net charge-offs to average loans	0.05%	0.02%	0.15%	0.32%	0.22%
Allowance for loan losses as a percentage of quarter end loans	1.26%	1.40%	1.48%	1.64%	1.85%
Net interest margin (tax equivalent)	3.72%	3.70%	3.86%	3.60%	3.86%

*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 2016	June 30 2015
ASSETS		
Cash and due from banks	\$ 49,446,459	\$ 43,291,740
Federal funds sold	147,500,000	173,900,000
Total cash and cash equivalents	<u>196,946,459</u>	<u>217,191,740</u>
Securities	279,282,019	218,141,315
Loans, net of unearned income	1,707,254,353	1,618,237,506
Allowance for loan losses	(21,521,148)	(22,652,993)
Loans, net	<u>1,685,733,205</u>	<u>1,595,584,513</u>
Premises and equipment, net	35,327,527	37,080,888
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,313,393	14,513,257
Prepaid expenses and other assets	36,120,088	41,668,567
Total assets	\$ 2,254,473,791	\$ 2,130,931,380
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 582,410,894	\$ 538,747,049
Interest bearing	1,298,388,045	1,260,133,547
Total deposits	<u>1,880,798,939</u>	<u>1,798,880,596</u>
Customer sweep accounts	106,184,820	74,253,649
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	574,986	2,618,667
Long term debt payable	15,000,000	19,600,000
Other liabilities	20,527,286	20,514,164
Total liabilities	<u>2,023,586,031</u>	<u>1,916,367,076</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	226,754,405	210,121,180
Accumulated other comprehensive income (loss)	(6,236,333)	(5,926,564)
Total shareholders' equity	<u>230,887,760</u>	<u>214,564,304</u>
Total liabilities and shareholders' equity	\$ 2,254,473,791	\$ 2,130,931,380

CONSOLIDATED STATEMENTS OF INCOME

	For six months ended	
	June 30 2016	June 30 2015
INTEREST INCOME		
Interest and fees on loans	\$ 38,502,190	\$ 37,679,049
Interest on securities	1,781,753	1,286,285
Interest on short term investments	374,280	218,213
	<u>40,658,223</u>	<u>39,183,547</u>
INTEREST EXPENSE		
Interest on deposits	2,175,880	2,571,572
Interest on borrowed funds	414,412	618,093
	<u>2,590,292</u>	<u>3,189,665</u>
Net interest income	38,067,931	35,993,882
Provision for loan losses	497,000	-
Net interest income after provision for loan losses	<u>37,570,931</u>	<u>35,993,882</u>
OTHER INCOME		
Service charges on deposit accounts	3,829,221	4,034,341
Service charges on loans	5,803,662	5,252,853
Wealth management income	6,464,307	6,359,527
Other income	2,656,427	1,386,452
	<u>18,753,617</u>	<u>17,033,173</u>
OTHER EXPENSES		
Salaries	18,152,167	17,245,709
Benefits	4,256,503	3,711,432
Occupancy	8,875,161	8,560,643
Other non-interest expenses	13,497,512	12,788,924
	<u>44,781,343</u>	<u>42,306,708</u>
Income before provision for income taxes	11,543,205	10,720,347
Provision for income taxes	2,384,433	1,752,658
Net income	\$ 9,158,772	\$ 8,967,689
Basic earnings per share	\$ 26.32	\$ 25.77

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.

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

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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

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Market President

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Owner-Operator, McDonald's

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

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Rick Avare
MAP Entities

Jeremy Bates
General Manager, Bates Security

Bill Brewer
Trustee, Poole Enterprises

Jed Bullard
Owner, E.D. Bullard Company

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President, J & C Kentucky, Inc.

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President, Denham-Blythe Co., Inc.

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Central Internal Medicine

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Attorney, Webb, Hoskins, Brown & Thompson, PSC

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Executive Vice President for Health Affairs/UK HealthCare

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President, Mike Kerwin Homes

Craig King
President, R.J. Corman Company

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Owner, Dudley's on Short

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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

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Broker/Owner, ERA Professional Hometown Services

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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

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Owner, Middletown Industrial

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Owner, Cars of Kentucky, Inc.

Rita H. Smart
Owner, The Bennett House

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Owner, Zaxby's

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

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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

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Managing Member
Reading Investments, LLC

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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

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Former Clark County Judge-Executive

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

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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.	Danny C. Noland <i>Vice President</i>	Loan Review	David Ross <i>Vice President</i>	Jeff Murphy <i>Vice President</i>	Amy Manning <i>Senior Vice President</i>
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Joan D. Kincaid <i>Vice Chairman</i>	COMMERCIAL BANKING	David Chrisman <i>Senior Vice President</i>	Shane Anderson <i>Assistant Vice President</i>	Ed Workman <i>Senior Vice President</i>	June Carpenter <i>Human Resources Officer</i>
Susan L. Simmons <i>Vice President</i>	Gregory A. Bibb <i>Executive Vice President</i>	D. Keith Preston <i>Vice President</i>	Stephen J. Mallory <i>Assistant Vice President</i>	Susan Bradley <i>Vice President</i>	TECHNOLOGY SERVICES
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Luther Deaton, Jr. <i>Chairman, President & CEO</i>	Chris Campbell <i>Assistant Vice President</i>	Special Assets	Megan Barlow <i>Vice President</i>	Lorraine Kinley <i>Vice President</i>	David Hake <i>Information Security Officer</i>
Ranee Leland <i>Vice President & Corporate Secretary</i>	Allison Carter <i>Assistant Vice President</i>	Ellen Sharp <i>Vice President</i>	Paul B. Drake <i>Vice President</i>	Vina Risner <i>Vice President</i>	Jason Hollis <i>Infrastructure Officer</i>
Auditing	Matt Ratliff <i>Assistant Vice President</i>	Steve Hall <i>Vice President</i>	Jordan Owens <i>Assistant Vice President</i>	Brian W. West <i>Vice President</i>	David L. Moore <i>Executive Vice President</i>
Craig L. Daniels, CPA <i>Executive Vice President</i>	Credit Administration	Julie Szymanski <i>Vice President</i>	Jarred W. Paull <i>Commercial Mortgage Officer</i>	Lisa Hart <i>Assistant Vice President</i>	Michael Gartner <i>Senior Vice President</i>
Lisa S. Grant, CRCM <i>Vice President & Compliance Officer</i>	Jason A. Smith <i>Vice President</i>	Becky Mullins <i>Special Assets Officer</i>	Small Business	Alicia Esenbock <i>Secondary Mortgage Underwriter</i>	Chris McGaughey <i>CRA Community Development Officer</i>
Donna J. Craven, CRCM <i>Vice President</i>	Samuel Collins <i>Assistant Vice President</i>	Commercial Lending	Ernest W. Dolihite <i>Senior Vice President</i>	Richard D. Hartley <i>Vice President</i>	
	Adam Rodgers <i>Credit Analyst Officer</i>	Mark Kaufmann <i>Senior Vice President</i>	Richard D. Hartley <i>Vice President</i>		
	Mark R. Fox <i>Vice President</i>	Terri A. Stein <i>Vice President</i>			

OFFICERS

Banking Centers	FINANCIAL PLANNING	OPERATIONS AND SUPPORT	Bank Security	Carolyn Bishop <i>Trust Officer</i>	Tom Francis <i>Vice President</i>
Gina Enslinger <i>Assistant Vice President</i>	Edward Barnes <i>Executive Vice President & Chief Financial Officer</i>	Operations	Angela D. Campbell <i>BSA/AML & Operations Officer</i>	Investment Management	Rob Wessel <i>Vice President</i>
Angela M. Friesz <i>Assistant Vice President</i>	Robin Oliver <i>Senior Vice President</i>	Laura Schweitzer <i>Executive Vice President</i>	WEALTH MANAGEMENT	Timothy D. Fyffe <i>Senior Vice President</i>	Justin Whipple <i>Vice President</i>
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Pamela Matney <i>Retail Banking Officer</i>	James R. Nall <i>Assistant Vice President</i>	Operations	Loan Services	Alicia Jordan <i>Vice President</i>	Mark Ruddell <i>Vice President</i>
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Ashley N. Rodgers <i>Retail Banking Officer</i>	Stephen C. Kelly <i>Executive Vice President</i>	Personal Trust	Shawn Presnell <i>Vice President</i>	Christopher Thomason <i>Vice President</i>	Ballard "Cash" Cassidy <i>Financial Advisor</i>
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Cathy K. Combs <i>Senior Vice President</i>	Doug Flynn <i>Correspondent Banking Officer</i>	Eloise G. Penn <i>Vice President</i>	Eloise G. Penn <i>Vice President</i>	Ross Barnette <i>President</i>	
Diane Williams <i>Client Services Officer</i>		Anna Hovekamp <i>Assistant Vice President</i>	Anna Hovekamp <i>Assistant Vice President</i>		

OFFICERS

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Central Bank, Georgetown	Alan S. VanArsdall <i>Market President</i>	Mortgage Lending	Mortgage Lending	David Bond <i>Vice President & Retail Development Officer</i>
Kimberly E. Marshall <i>Market President</i>	Cathy Lowe <i>Vice President</i>	Dennis Barnes <i>Assistant Vice President</i>	Lee Coleman <i>Assistant Vice President</i>	Elaine Fawbush <i>Assistant Vice President</i>
Jennifer J. Roberts <i>Vice President</i>	Jill Slone <i>Assistant Vice President</i>	Retail Banking	Amy Turner <i>Assistant Vice President</i>	Casey Steitz <i>Retail Banking Officer</i>
Patricia Voigt <i>Vice President</i>	Kathy Moore <i>Retail Banking Officer</i>	Troy Fedders <i>Vice President</i>		Tanner Greenwell <i>Retail Banking Officer</i>
Jennifer Baldwin <i>Assistant Vice President</i>	Brandy Osborne <i>Commercial Lending Officer</i>	Jeffrey Wagner <i>Vice President</i>	Central Bank, Jefferson County	Private Banking
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Ashley Weir <i>Vice President</i>	Marcus P. Hanks <i>Vice President</i>	Private Banking	Mark Wheeler <i>Market President</i>	Mary Littrell <i>Vice President</i>
Central Bank, Madison County	Monna Treadway <i>Assistant Vice President</i>	John Finley <i>Senior Vice President</i>	Lisa S. Grant, CRCM <i>Vice President & Compliance Officer</i>	Jim Morris <i>Vice President</i>
Jeff Fultz <i>Market President</i>	Central Bank, Northern Kentucky	Karen Hartig <i>Vice President</i>	Commercial Banking	Wealth Management
Cameron Abney <i>Senior Vice President & Senior Market Lender</i>	James Uebel <i>Market President</i>	Larry Luebbbers <i>Vice President</i>	Amy Sullivan <i>Senior Vice President</i>	Bill Kaiser <i>Vice President</i>
Scott Johnson <i>Vice President</i>	Brett Blackwell <i>Senior Vice President & Senior Market Lender</i>	Central Bank, Winchester	Joan Strafer <i>Vice President</i>	
Ken Riley <i>Vice President</i>	Donald Benzinger <i>Vice President</i>	Glenn Leveridge <i>Market President</i>	Cynthia Caldwell <i>Assistant Vice President</i>	
		Tim M. Duncan <i>Senior Vice President</i>		

NOTES



centralbank.com

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



Member FDIC