

Quarterly Statement of Condition Second Quarter, June 30, 2013

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



Showing you the way.

 Central Bancshares, Inc.

Central Bancshares' 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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Financial Highlights

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|------------------|------------------|------------------|------------------|------------------|
| Results of Operations: | | | | | |
| Net income | \$ 6,170,299 | \$ 6,236,462 | \$ 5,778,375 | \$ 3,390,596 | \$ 706,583 |
| Net income per share | 17.73 | 17.92 | 16.61 | 9.75 | 2.03 |
| Cash dividends per share | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 |
| Book value per share at quarter end | 535.26 | 498.53 | 466.11 | 443.68 | 415.54 |
| At June 30: | | | | | |
| Assets | \$ 2,101,380,243 | \$ 2,130,888,177 | \$ 2,108,346,500 | \$ 2,120,360,611 | \$ 1,976,240,150 |
| Earning assets | 1,945,033,310 | 1,952,972,650 | 1,929,807,015 | 1,935,439,283 | 1,800,049,239 |
| Net loans and leases | 1,561,373,874 | 1,634,177,922 | 1,681,483,283 | 1,751,086,986 | 1,602,842,572 |
| Deposits | 1,775,738,596 | 1,838,962,932 | 1,824,806,829 | 1,788,472,396 | 1,646,789,078 |
| Shareholders' equity | 186,228,698 | 173,450,399 | 162,169,002 | 154,365,749 | 144,575,076 |
| Performance Ratios: | | | | | |
| Return on average assets | 0.59% | 0.59% | 0.55% | 0.33% | 0.07% |
| Return on average shareholders' equity | 6.75% | 7.33% | 7.29% | 4.45% | 0.97% |
| Average shareholders' equity to average assets | 8.11% | 7.38% | 6.78% | 6.62% | 6.75% |
| Net charge-offs to average loans and leases | 0.32% | 0.22% | 0.29% | 0.40% | 0.23% |
| Allowance for credit losses as a percentage of quarter end loans and leases | 1.64% | 1.85% | 1.45% | 1.19% | 1.42% |
| Net interest margin (tax equivalent) | 3.60% | 3.86% | 4.08% | 3.98% | 3.44% |

Note: 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, 2013 | June 30, 2012 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Cash and due from banks | \$ 43,200,971 | \$ 45,162,392 |
| Federal funds sold | 126,200,000 | 147,200,000 |
| <i>Total cash and cash equivalents</i> | <u>169,400,971</u> | <u>192,362,392</u> |
| Securities | 250,328,448 | 160,205,983 |
| Loans and leases, net of unearned income | 1,587,327,721 | 1,612,175,466 |
| Allowance for credit losses | (25,953,847) | (30,238,425) |
| <i>Loans and leases, net</i> | <u>1,561,373,874</u> | <u>1,581,937,041</u> |
| Premises and equipment, net | 37,042,337 | 38,707,003 |
| Federal Home Loan Bank stock | 7,050,900 | 7,050,900 |
| Intangible assets | 15,089,071 | 15,583,659 |
| Prepaid expenses and other assets | 61,094,642 | 71,986,933 |
| Assets held for sale, Salt Lick Deposit Bank | \$ 0 | \$ 63,054,266 |
| Total assets | <u>2,101,380,243</u> | <u>2,130,888,177</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits: | | |
| Non-interest bearing | \$ 416,896,583 | \$ 391,708,591 |
| Interest bearing | 1,358,842,013 | 1,385,461,909 |
| <i>Total deposits</i> | <u>1,775,738,596</u> | <u>1,777,170,500</u> |
| Customer sweep accounts | 86,126,769 | 52,125,398 |
| Federal Home Loan Bank advances | 2,833,580 | 13,728,892 |
| Long term debt payable | 37,600,000 | 37,600,000 |
| Other liabilities | 12,852,600 | 11,999,326 |
| Liabilities held for sale, Salt Lick Deposit Bank | 0 | 64,813,662 |
| <i>Total liabilities</i> | <u>1,915,151,545</u> | <u>1,957,437,778</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 | 179,570,592 | 166,756,108 |
| Accumulated other comprehensive income (loss) | (3,711,582) | (3,675,397) |
| <i>Total shareholders' equity</i> | <u>186,228,698</u> | <u>173,450,399</u> |
| Total liabilities and shareholders' equity | <u>\$ 2,101,380,243</u> | <u>\$ 2,130,888,177</u> |

Consolidated Income Statements

(For six months ended)

| | June 30, 2013 | June 30, 2012 |
|---|---------------------|---------------------|
| INTEREST INCOME | | |
| Interest and fees on loans | \$ 39,187,694 | \$ 43,158,921 |
| Interest on securities | 1,046,163 | 885,914 |
| Interest on short term investments | 207,312 | 187,415 |
| | <u>40,441,169</u> | <u>44,232,250</u> |
| INTEREST EXPENSE | | |
| Interest on deposits | 4,791,047 | 6,173,405 |
| Interest on borrowed funds | 1,414,703 | 1,586,375 |
| | <u>6,205,750</u> | <u>7,759,780</u> |
| Net interest income | 34,235,419 | 36,472,470 |
| Provision for credit losses | 4,251,000 | 5,724,472 |
| Net interest income after provision for credit losses | <u>29,984,419</u> | <u>30,747,998</u> |
| OTHER INCOME | | |
| Service charges on deposit accounts | 4,403,886 | 4,812,113 |
| Service charges on loans | 5,786,688 | 5,101,435 |
| Wealth management income | 5,672,418 | 5,396,569 |
| Other income | 2,104,761 | 1,387,320 |
| | <u>17,967,753</u> | <u>16,697,437</u> |
| OTHER EXPENSES | | |
| Salaries | 16,168,145 | 15,681,830 |
| Benefits | 3,830,685 | 3,540,820 |
| Occupancy | 8,384,190 | 8,512,158 |
| Other non-interest expenses | 12,662,666 | 13,460,648 |
| | <u>41,045,686</u> | <u>41,195,456</u> |
| Income before provision for income taxes | 6,906,486 | 6,249,979 |
| Provision for income taxes | 736,187 | 13,517 |
| Net income | <u>\$ 6,170,299</u> | <u>\$ 6,236,462</u> |
| Basic earnings per share | \$ 17.73 | \$ 17.92 |

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