


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.

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 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.

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, Hamburg Place

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 Cassady
*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.	Danny C. Noland <i>Vice President</i>	Loan Processing	Mortgage Lending	Rebecca Haddix <i>Vice President</i>	E. Sean Proffit <i>Vice President</i>
Luther Deaton, Jr. <i>Chairman, President & CEO</i>	COMMERCIAL BANKING	Donna M. Turner <i>Vice President</i>	Paul R. Thornsberry <i>Senior Vice President</i>	Catherine Himes <i>Vice President</i>	Brian D. Catron <i>Application Development Officer</i>
Joan D. Kincaid <i>Vice Chairman</i>	Gregory A. Bibb <i>Executive Vice President</i>	Special Assets	Megan Barlow <i>Vice President</i>	Lorraine Kinley <i>Vice President</i>	Chris Schum <i>Information Security Officer</i>
Anne B. Carter <i>Vice President</i>	Credit Administration	Ellen Sharp <i>Vice President</i>	Paul B. Drake <i>Vice President</i>	Vina Risner <i>Vice President</i>	RETAIL BANKING
Ranee Leland <i>Vice President & Corporate Secretary</i>	Jason A. Smith <i>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>
C. Gregory Stacy <i>Treasurer</i>	Samuel Collins <i>Senior Credit Analyst</i>	Julie Szymanski <i>Assistant Vice President</i>	Jarred W. Paul <i>Commercial Mortgage Officer</i>	Lisa Hart <i>Assistant Vice President</i>	Michael Gartner <i>Senior Vice President</i>
Central Bank, Lexington	Loan Review	Becky Mullins <i>Special Assets Officer</i>	Small Business	HUMAN RESOURCES	Chris McGaughey <i>CRA Community Development Officer</i>
ADMINISTRATION	Marie A. Young <i>Vice President</i>	Commercial Lending	Ernest W. Dolihite <i>Senior Vice President</i>	Rose Douglass <i>Executive Vice President</i>	Banking Centers
Luther Deaton, Jr. <i>Chairman, President & CEO</i>	David Chrisman <i>Senior Vice President</i>	Mark Kaufmann <i>Senior Vice President</i>	Richard D. Hartley <i>Vice President</i>	Amy Manning <i>Vice President</i>	Karen Burton <i>Assistant Vice President</i>
Ranee Leland <i>Vice President & Corporate Secretary</i>	D. Keith Preston <i>Vice President</i>	Mark R. Fox <i>Vice President</i>	Terri A. Jones <i>Vice President</i>	Shelia Plymale <i>Vice President</i>	Lana Alexander <i>Retail Banking Officer</i>
Auditing	Leigh M. Carr <i>Assistant Vice President</i>	David Ross <i>Vice President</i>	Central Bank Mortgage	June Carpenter <i>Human Resources Officer</i>	Jeffrey Benton <i>Retail Banking Officer</i>
Craig L. Daniels, CPA <i>Senior Vice President</i>	LeeAnn Layne <i>Assistant Vice President</i>	Jake Schirmer <i>Vice President</i>	Ed Workman <i>Senior Vice President</i>	TECHNOLOGY SERVICES	Gina Ensinger <i>Retail Banking Officer</i>
Lisa S. Grant, CRCM <i>Vice President & Compliance Officer</i>	Michael Williams <i>Assistant Vice President</i>	Stephen J. Mallory <i>Assistant Vice President</i>	Susan Bradley <i>Vice President</i>	Julia Bondra <i>Executive Vice President</i>	Angela M. Friesz <i>Retail Banking Officer</i>
Donna J. Craven, CRCM <i>Vice President</i>	Loan Services	Shane Anderson <i>Commercial Lending Officer</i>	Tom Breathitt <i>Vice President</i>	Anna Clayton <i>Vice President</i>	Barbara Johnson <i>Retail Banking Officer</i>
	Laura L. Schweitzer <i>Senior Vice President</i>	Consumer Lending	Brad Fields <i>Vice President</i>	Kevin J. Lippert <i>Vice President</i>	Pamela Lancaster <i>Retail Banking Officer</i>
	Timothy R. Austin <i>Assistant Vice President</i>	Jerry F. Smalley <i>Vice President</i>			

OFFICERS

Laura M. Owens
Retail Banking Officer

Philip Rochester
Retail Banking Officer

Ashley N. Rodgers
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

Mark Kendall
*Financial Planning
Officer*

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 K. Catron
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 Luebbbers
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*

Jospeh McMahan
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