2015 ANNUAL REPORT

WORKING TO STRENGTHEN EVERY COMMUNITY WE SERVE.

Central Bancshares, Inc.

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

OUR SENSE OF COMMUNITY IS AS STRONG INSIDE OUR BANK AS OUTSIDE OF IT.

Central Bank was recognized by *American Banker* magazine as one of the "Best Banks to Work For" in 2015 – the third year in a row. Only 50 banks in the country were awarded this honor. Banks were evaluated on workplace policies, practices, demographics and employee surveys to assess the experiences and attitudes of individual employees, according to *American Banker*.

AMERICAN BANKER
BEST BANKS TO WORK FOR 2015

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

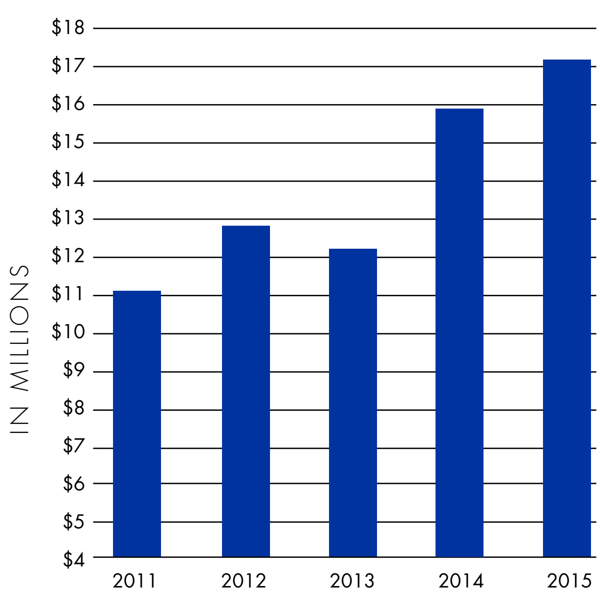
Refer to Marketing for copies: Central Bank & Trust Co., 300 West Vine Street, Lexington, KY 40507

FINANCIAL HIGHLIGHTS

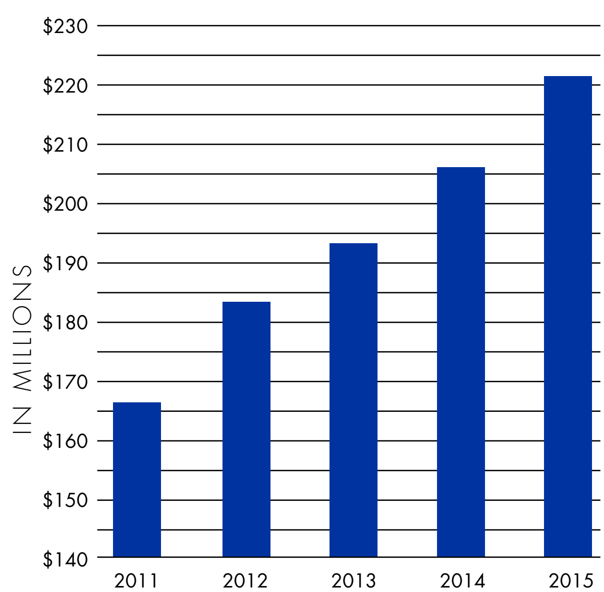
As of and for the 12 months ended December 31 (in thousands except share data)

	2015	2014	2013	2012	2011
RESULTS OF OPERATIONS:					
Net income	$ 17,138	$ 15,950	$ 12,151	$ 12,881	$ 11,017
Net income per share	49.26	45.84	34.92	37.02	31.67
Cash dividends per share	2.00	1.00	0.00	0.00	0.00
Book value per share at year end	637.37	590.45	554.11	518.24	479.72
AT DECEMBER 31:					
Assets	$ 2,192,412	$ 2,107,664	$ 2,092,494	$ 2,175,447	$ 2,145,012
Earning assets	2,062,535	1,969,362	1,946,193	2,000,062	1,956,857
Loans, net	1,658,973	1,624,108	1,602,143	1,645,063	1,644,350
Deposits	1,834,873	1,765,510	1,754,833	1,876,715	1,858,077
Shareholders' equity	221,755	205,430	192,788	180,308	166,906
AVERAGES:					
Assets	$ 2,144,248	$ 2,083,948	$ 2,108,671	$ 2,142,606	$ 2,131,380
Earning assets	2,009,677	1,940,195	1,955,785	1,970,267	1,954,373
Loans, net	1,631,982	1,611,568	1,565,460	1,626,098	1,683,941
Deposits	1,798,520	1,749,203	1,781,992	1,852,678	1,847,550
Shareholders' equity	214,419	200,720	186,890	174,441	162,532
PERFORMANCE RATIOS:					
Return on average assets	0.80%	0.77%	0.58%	0.60%	0.52%
Return on average shareholders' equity	7.99%	7.95%	6.50%	7.38%	6.78%
Average shareholders' equity to average assets	10.00%	9.63%	8.86%	8.14%	7.63%
Dividend payout ratio	4.06%	2.18%	0.00%	0.00%	0.00%
Net interest margin (tax equivalent)	3.66%	3.85%	3.64%	3.74%	3.97%
CAPITAL RATIOS:					
Total capital to risk-weighted assets	13.8%	13.5%	13.4%	12.4%	11.8%
Tier I capital to risk-weighted assets	12.6%	12.2%	12.1%	11.2%	10.6%
Common equity Tier 1 to risk-weighted assets	11.5%	N/A	N/A	N/A	N/A
Tier I capital to average assets	10.7%	10.2%	10.0%	9.3%	8.8%

Net Income



Shareholders' Equity



THE PEOPLE IN OUR COMMUNITIES MAKE US STRONGER. WE WORK TO RETURN THE FAVOR.

SUNRISE CHILDREN'S SERVICES

This past year, Central Bank was one of the sponsors of The Sunrise Classic Golf Tournament at Valhalla Golf Club in Louisville. This annual fundraiser benefits Sunrise Children's Services, which has offices serving all of Kentucky. Sunrise is a home for children who have been abused and neglected – children whose lives have been scarred by unspeakable physical, sexual or emotional abuse – and who have been removed from their homes.

HORSES & HOPE

Central Bank helped sponsor a Horses & Hope mobile cancer screening and education van. The van is equipped to deliver mobile mammography along with services for cervical, colon, lung, prostate, skin and head/neck cancers. In addition to receiving cancer prevention and early-detection services, patients are connected to local resources for care and support.

UNIVERSITY OF KENTUCKY-UNIVERSITY OF LOUISVILLE EMBA PROGRAM

The commonwealth's two preeminent public universities, the University of Kentucky and the University of Louisville, forged a partnership to enhance the knowledge and practices of area business executives. The Executive MBA is a unique program that draws upon the experience and expertise of the outstanding faculties from both schools.

Central Bank partnered with the two universities to sponsor events in both Lexington and Louisville throughout the year.


DAVE RAMSEY INSTRUCTIONAL EVENTS

To help enhance our communities' financial literacy, Central Bankers facilitate courses and hold sessions based on the teachings of Dave Ramsey, a renowned author, talk show host and personal finance expert.


RONALD MCDONALD HOUSE

Central Bank donates to the Ronald McDonald House, which provides a caring "home away from home" at little or no cost for families whose children are hospitalized at UK Children's Hospital.


TO OUR SHAREHOLDERS, CUSTOMERS AND COMMUNITIES

As Central Bank concluded six decades of service to the Commonwealth in 2015, we were very pleased to achieve record performance. We experienced a year of record earnings, strong customer growth and an increased share of a continually evolving digital space for many of our customers. These achievements have created expanded consumer and business relationship opportunities with our banking, investment, insurance and wealth management services.

With the economy showing promising signs of improvement and consumer confidence on the rise, Central and Northern Kentucky and Jefferson County have experienced notable customer growth as well as increased awareness of our integrated service offerings. As a community banking institution, we recognize our responsibility to support economic development in these areas we call home. And as residents of those same areas, we have a vested interest in seeing our efforts succeed for all our citizens.

We continue, as always, to focus our efforts on the rapidly developing needs of our customers. As a result of this commitment, we pledge to take an active role, both in the communities we serve and online, where our customers increasingly go for their banking needs. We are dedicated to their success and will continue to work even harder to ensure we consistently outperform their expectations.

PERFORMANCE

These financial highlights for the Company include Central Bank & Trust Co. and its subsidiaries – Central Investment Center, Inc., and Central Insurance Services – and Central Bank of Jefferson County. We have provided a detailed discussion of our financial results in the Management's Discussion and Analysis, beginning on page 6.

- Net income rose by 7.45 percent, to $17,138,000 or $49.26 per share. In 2014 earnings were $15,950,000 or $45.84 per share.
- Return on average assets climbed to .80 percent, compared to .77 percent in 2014.
- Deposits saw a substantial increase of 3.9 percent, ending the year with $1.83 billion.
- Loans increased by two percent, ending the year at $1.66 billion.
- Shareholders' equity grew significantly this year to $222 million, which highlights our commitment to a solid future for our Company.

While we are pleased by the record level of earnings achieved in 2015, we will continue to strive for even better performance as our customers engage in opportunities presented by an improved economy.

PRODUCTS

Motivated by a successful ebanking upgrade in 2014, our dedicated Operations staff worked diligently throughout the year to continue improving our online and mobile banking systems. Central***NET*** featured enhanced navigation and branding to offer multiple viewing options as a response to customer preferences. And those preferences are consistently moving to mobile banking for consumer and business customers, allowing them to utilize cash management services on-the-go. Almost 54% of our online customers now are actively using the mobile channel.

As always, maintaining the highest level of security for our customers and their information has been a top priority. Chip card technology was introduced to both our debit and credit cards toward the end of the year. Other plans for more secure payments, such as Apple Pay,™ are already in progress and are scheduled for release in 2016.

Another exciting development was the addition of Central Student Checking to our line of checking products. Through the collaborative effort of several bank departments, we were able to both identify and meet the need for an account which focused on the growing population of students in the communities we serve. We are hopeful about the long-term connections we will be able to build with these young customers.

Commercial banking has been expanding as more businesses take advantage of the modest economic recovery to pursue growth throughout our state.

Additional efforts to serve more of our customers' growing needs continue to be led by our Mortgage, Wealth Management, Insurance and Investment staffs. Their success has served not only to strengthen our reputation as a leader in the banking industry, but also to solidify our position as a full-service financial institution. Through exceptional and consistent customer service, along with the latest technology and financial tools, we continue to surpass expectations across all our service lines.

LOOKING FORWARD TO 2016

Yet again, Central Bank is in a strategically enviable position to continue growing in 2016. With customer service that remains unmatched by any of our competitors, continued advances within online and mobile banking, and an unwavering focus on the communities we serve, we are positioned to deliver another successful year.

As with every year, our focus remains firmly set on the best customer service offered by any bank in our markets. We will not only continue this tradition of exceptional customer service, we will also compete with even the largest banks in terms of innovation and mobile availability. We realize the average person's lifestyle is changing rapidly, and we promise to be available to our customers, both in person and in whichever digital platform they prefer.

RETIREES/HONOREES

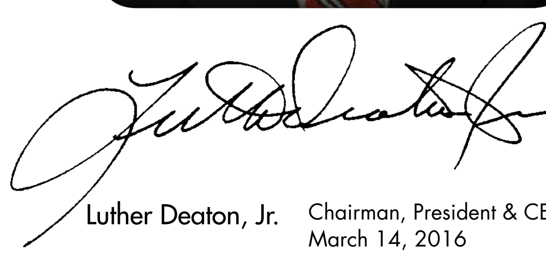
In the last year, nine long-term employees completed their service to reach well-earned retirements. Anne Carter (Operations, 37 years), Beverly Bond (Special Assets, 30 years), Rose Douglass (Human Resources, 25 years), Joann Fletcher (Image Processing, 16 years), Jenny Catchen (Private Banking, 11 years), Mary Ann Duncan (Retail Banking, 10 years), Mer Grayson (Northern Kentucky Board Chairman, 10 years), Tom Porter (Nicholasville – Commercial Lending, 10 years) and Joe Nienaber (Northern Kentucky – Retail Banking, seven years) were dedicated Central Bankers who served our Bank and their customers with distinction. We congratulate them on their achievements.

WITH APPRECIATION

As with every year, the support and guidance of our directors are critical to our success. Their collective experience and expertise serve as exceptional resources, offering insight to our local markets. Without the leadership of our directors, we would not be successful. Early in 2016 we were fortunate to add Wilbert W. (Wil) James, Jr., to the Central Bancshares Board of Directors. Mr. James, who has served as President of Toyota Motor Manufacturing, Kentucky, Inc. (TMMK), since 2010, oversees a nearly $6 billion operation which employs over 7,500 people in Georgetown, Kentucky.

As economic conditions continue to improve, we can be confident that our Bank is in the hands of a competent and caring staff. We call them Central Bankers. They are the foundation of this Company, and I am so grateful to them for their commitment to service and to our customers. For that reason, we are honored to be recognized as a Best Bank to Work For in 2015 by *American Banker* magazine.

Most important, I would like to thank our customers. Their unending dedication makes Central Bank the trusted community bank that is celebrated statewide. They never cease to recognize our tireless efforts to serve them, and for that we are eternally grateful. I am honored to have an exceptional team of employees and wonderful customers with me as I look forward to the promising years to come.



Luther Deaton, Jr.
Chairman, President & CEO
March 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Central Bancshares, Inc. (the "Company"), a bank holding company located in Lexington, Ky., is the parent company of Central Bank & Trust Co. and Central Bank of Jefferson County, Inc. At December 31, 2015, the Company had 26 full-service banking centers located in Boone, Clark, Fayette, Jefferson, Jessamine, Kenton, Madison and Scott counties; a full-service brokerage business; and a full-service insurance agency.

RESULTS OF OPERATIONS

The Company reported net income of $17.14 million for 2015, or $49.26 per share compared to $15.95 million for 2014, or $45.84 per share. Return on average equity was 7.99 percent and return on average assets was 0.80 percent for 2015, compared with 7.95 percent and 0.77 percent for 2014. During 2015, net interest income decreased by $903,000, provision for loan losses decreased by $2.3 million, and non-interest income increased by $4.1 million, which more than offset an increase in non-interest expense of $3.1 million.

Net interest income decreased primarily as a result of lower rates earned on loans, partially offset by lower rates paid on deposits and the reduction of $4.8 million in subordinated debentures in March 2015 as the Company used existing cash to pay off this higher rate debt. Provision for loan losses declined mainly due to the decline in delinquent loans, the decline in classified loans, and lower net charge-offs during 2015. Nonperforming asset levels also improved in 2015, primarily as a result of the decline in other real estate owned from $10.3 million at December 31, 2014, to $5.8 million at December 31, 2015. During 2015, the Company added $1.8 million to other real estate owned; however, the Company also successfully reduced other real estate owned through sales of $4.6 million or write-downs of other real estate owned of $1.9 million.

NET INTEREST INCOME

Net interest income in 2015 was $72.5 million compared to $73.4 million in 2014, a decrease of 1.23 percent, due to a decline in interest income of $2.4 million, partially offset by a decline in interest expense of $1.5 million. Net interest margin, which represents tax equivalent net interest income divided by average interest-earning assets, decreased by 19 basis points from 3.85 percent in 2014 to 3.66 percent in 2015. For computational purposes, non-accrual loans are included in interest-earning assets.

During 2015, the tax equivalent rate on interest-earning assets decreased by 28 basis points from 4.24 percent for 2014 to 3.96 percent for 2015 as average interest-earning assets increased by $69.1 million. Overall, the average balance of assets earning lower rates such as federal funds sold increased and the average balance of assets earning higher rates, such as loans and securities decreased. The decline in the average rate on loans from 4.91 percent in 2014 to 4.73 percent in 2015 had the largest impact on the decline in interest income. In addition, average loans decreased $2.5 million or 0.15 percent to $1.63 billion for 2015. Competition for loans and the market pressure on rates continued to be a challenge in 2015.

The average balance of securities decreased $22.7 million or 9.17 percent to $224.5 million in 2015, while the average tax equivalent rate increased from 1.01 percent in 2014 to 1.12 percent in 2015. Average federal funds sold increased by $94.3 million or 126.35 percent to $169.0 million in 2015, while the average rate on federal funds sold remained nearly unchanged at 0.25 percent in 2014 and 0.26 percent in 2015. The yield curve continued to be relatively flat for 2015 but did exhibit some vitality at points during the year. Overall liquidity levels remained strong in 2015 and management continued to seek out the appropriate balance between the safety of higher liquidity levels, and its corresponding lower rate, versus the interest rate risk inherent in obtaining a higher rate for a longer term investment.

While the average rate on interest-earning assets decreased by 28 basis points from 2014 to 2015, the cost of interest-bearing liabilities declined 10 basis points over the same period. Lackluster overall loan demand in conjunction with industry-wide increases in the availability of deposits continued to ease competitive pressure to acquire funding. The Company was able to lower its cost on interest-bearing deposit accounts from an average of 0.45 percent in 2014 to 0.39 percent in 2015. This was accomplished primarily in the certificate of deposit products as customers migrated away from this traditionally term-based deposit into the higher liquid interest-bearing transaction and non-interest bearing products. The short-term borrowing volume remained relatively flat and the average rate on short-term borrowings remained at 0.10 percent for 2015 and 2014.

In addition, the average balance and rate of long-term borrowings, consisting of Federal Home Loan Bank advances and subordinated debentures, declined from $30.5 million in 2014 to $23.0 million in 2015. The majority of the decrease was related to a decline in the average balance of subordinated debentures due to the redemption of $4.8 million of subordinated debt on March 31, 2015. As of December 31, 2015, the Company had $20.7 million of subordinated debentures, of which $5.2 million was at a fixed rate of 10.0% and the remaining subordinated debt outstanding of $15.5 million has a variable rate of interest equal to the sum of the three-month London Interbank Offered Rate (LIBOR) and 1.75 percent, which was 2.26 percent at year-end 2015. The Company plans to retire the remainder of the higher fixed

NET INTEREST MARGIN ANALYSIS
(in thousands)

	2015			2014		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Interest-earning assets						
Loans (TE)	$ 1,631,982	$ 77,216	4.73%	$ 1,634,480	$ 80,187	4.91%
Federal funds sold	168,978	434	0.26%	74,655	188	0.25%
Federal Home Loan Bank stock	6,751	270	4.00%	6,796	275	4.05%
Securities (TE)	224,512	2,508	1.12%	247,176	2,501	1.01%
Total interest-earning assets (TE)	**$ 2,032,223**	**80,428**	**3.96%**	**$ 1,963,107**	**83,151**	**4.24%**
Interest-bearing liabilities						
Deposits						
NOW accounts	$ 298,770	494	0.17%	$ 274,219	391	0.14%
Savings deposits	108,703	76	0.07%	97,522	68	0.07%
Money market deposits	435,331	767	0.18%	409,129	726	0.18%
Time deposits	427,559	3,561	0.83%	494,073	4,503	0.91%
Total deposits	1,270,363	4,898	0.39%	1,274,943	5,688	0.45%
Short-term borrowings	87,563	88	0.10%	88,417	89	0.10%
Long-term borrowings	23,041	1,054	4.57%	30,476	1,726	5.66%
Total interest-bearing liabilities	**$ 1,380,967**	**6,040**	**0.44%**	**$ 1,393,836**	**7,503**	**0.54%**
NET INTEREST MARGIN (TE)		**$ 74,388**	**3.66%**		**$ 75,648**	**3.85%**

(TE) Income and rate stated at a tax-equivalent basis for nontaxable loans and securities.

rate debt in 2016. The average rate on long-term borrowings declined from 5.66 percent to 4.57 percent from 2014 to 2015, largely in response to the repayment of the higher rate subordinated debt.

The Company's average loan-to-deposit ratio decreased from 93.44 percent in 2014 to 90.74 percent in 2015 as the average balance of loans declined by $2.5 million and total average deposits increased by $49.3 million, mainly due to increases in non-interest bearing deposits.

The table above reflects information regarding the Company's average balances, interest income or expense, and average rates by each major balance sheet category for the years ended December 31, 2015 and 2014.

The table below reflects the changes in net interest income in 2015 and 2014 due to changes in rates and volumes computed on a tax-equivalent basis.

TAXABLE EQUIVALENT RATE/VOLUME ANALYSIS
(in thousands)

	2015/2014			2014/2013		
		Increase/Decrease Due To			Increase/Decrease Due To	
	Net Change	Rate	Volume	Net Change	Rate	Volume
Interest income						
Loans	$ (2,971)	$ (2,853)	$ (118)	$ (190)	$ (2,309)	$ 2,119
Federal funds sold	246	1	245	(203)	(33)	(170)
Federal Home Loan Bank stock	(5)	(3)	(2)	(20)	(10)	(10)
Securities	7	261	(254)	246	180	66
Total interest income	(2,723)	(2,594)	(129)	(167)	(2,172)	2,005
Interest expense						
Deposits						
NOW accounts	103	61	42	(22)	(35)	13
Savings deposits	8	0	8	(3)	(11)	8
Money market deposits	41	(6)	47	(186)	(153)	(33)
Time deposits	(942)	(390)	(552)	(2,381)	(1,547)	(834)
Short-term borrowings	(1)	(1)	0	0	0	0
Long-term borrowings	(672)	(100)	(572)	(1,017)	(445)	(572)
Total interest expense	(1,463)	(436)	(1,027)	(3,609)	(2,191)	(1,418)
Net interest income	**$ (1,260)**	**$ (2,158)**	**$ 898**	**$ 3,442**	**$ 19**	**$ 3,423**

NON-INTEREST INCOME

Total non-interest income was $35.6 million in 2015, an increase of $4.1 million from 2014. Mortgage banking income increased by $1.3 million from $3.0 million in 2014 to $4.3 million in 2015 as secondary market mortgage activity increased. Service charges on deposits continued to be challenged in 2015 as this source of income continued to adjust to recent consumer protection legislation. Net losses on sales and write-downs of other real estate properties declined significantly from $4.0 million in 2014 to $1.8 million in 2015 due to the decline in the number of properties held by the Company as well as the stabilization of real estate values on the properties held and, therefore, less need for write-downs.

The Company generated $6.6 million in fees from its trust services during 2015, an increase of $758,000 from 2014, or 13.06 percent. At year-end 2015, total assets under management in the Trust Department stood at $1.45 billion, an increase of $148.6 million from $1.30 billion at year-end 2014.

Insurance commissions earned through Central Insurance Services, Inc. remained stable, declining slightly from $4.3 million in 2014 to $4.1 million in 2015, representing a 3.27 percent decrease. Central Investment Center, Inc., generated revenue of $2.2 million in 2015 which is also a decrease of 7.47 percent from $2.3 million in 2014.

Service charges on deposit accounts declined $612,000 or 6.97 percent from $8.8 million in 2014 to $8.2 million in 2015 as consumer protection legislation and greater competition for fees from outside the banking industry continue to drive down the volume of overdraft fee income.

Mortgage banking income increased substantially from $3.0 million in 2014 to $4.3 million in 2015, an increase of $1.3 million or 44.53 percent. Loans originated for sale were $206.8 million in 2015 compared to $143.1 million in 2014, an increase of $63.7 million as interest rates remained historically low and both re-financing activity and home purchase activity increased.

One residual impact of the recent economic difficulties was the higher level of foreclosed real estate. Other real estate owned is property that has been foreclosed upon, or has been returned to the Bank in lieu of payment of customer debt. At December 31, 2015, the Company held $5.8 million in other real estate, which is a decline of $4.5 million from year-end 2014. Other real estate owned is recorded at fair value less estimated costs to sell the properties. During 2015, the Company realized net gains or losses on the disposal of other real estate and write-downs to the fair value of other real estate totaling $1.8 million, which is a decrease of $2.2 million from $4.0 million recorded in 2014. Management is focused on reducing the level of other real estate owned, which helps to reduce expenses on properties held, and is comfortable that the other real estate portfolio is properly recorded at its estimated fair value less costs to sell as of December 31, 2015.

NON-INTEREST EXPENSE

Non-interest expense for 2015 totaled $86.9 million, an increase of $3.1 million or 3.75 percent from 2014. While salaries and benefits expense, occupancy and equipment expense, processing charges, and advertising and business development expense increased, declines in other real estate owned expenses, FDIC insurance expense, and other non-interest expenses offset a portion of those increases.

Salaries and benefits are the largest component of non-interest expense, totaling $42.8 million in 2015, an increase of $2.8 million, or 7.07 percent from 2014. The higher 2015 expense was largely attributed to higher incentive payouts due to increased profitability of the Company and higher benefit costs which continue to increase in the current economic environment, as well as increases in the number of personnel. On December 31, 2015, the Company employed 484 full-time equivalent employees compared to 474 full-time equivalent employees at the same date in 2014.

ANALYSIS OF NON-INTEREST INCOME

(in thousands)

	2015	2014	2013	2015/2014 CHANGE	2015/2014 %	2014/2013 CHANGE	2014/2013 %
Trust fees	$ 6,560	$ 5,802	$ 5,363	$ 758	13.06 %	$ 439	8.19 %
Service charges on deposit accounts	8,173	8,785	8,949	(612)	(6.97)%	(164)	(1.83)%
Mortgage banking income	4,294	2,971	4,627	1,323	44.53 %	(1,656)	(35.79)%
Card and interchange fees	5,724	5,298	4,834	426	8.04 %	464	9.60 %
Electronic banking fees	4,885	4,587	4,447	298	6.50 %	140	3.15 %
Net loss and write-downs of OREO	(1,806)	(4,013)	(2,180)	2,207	(55.00)%	(1,833)	84.08 %
Other non-interest income	7,723	8,029	9,601	(306)	(3.81)%	(1,572)	(16.37)%
Total non-interest income	$ 35,553	$ 31,459	$ 35,641	$ 4,094	13.01 %	$ (4,182)	(11.73)%

Expenses related to loan collection efforts, including legal fees, and costs related to holding other real estate owned have been elevated for the past several years, but declined substantially in 2014 and, even further in 2015. Management believes the declining number of other real estate owned properties, coupled with gradually improving economic conditions, will result in further declines in collection effort and other real estate owned expenses in 2016.

INCOME TAXES

The Company recorded income tax expense of $3.1 million in 2015 compared to $2.0 million in 2014 representing effective tax rates of 15.31 percent for 2015 and 11.03 percent for 2014. The Company's tax-planning strategy includes the holding of municipal securities and the participation in Industrial Revenue Bond lending for nonprofit organizations to increase tax-exempt income. The Company is also a limited partner in 16 low-income housing projects and a historic renovation project for which it receives tax credits, and is an investor in a Community Development Entity for which it receives New Market Tax Credits. It is the culmination of these investing activities which lowers the overall effective tax rate to the levels experienced in 2015 and 2014.

FINANCIAL CONDITION

At December 31, 2015, total assets of the Company were $2.19 billion, an increase of $84.7 million, or 4.02 percent, compared to total assets at December 31, 2014. During 2015, management continued a strategy of controlled growth in order to strengthen the Company's capital ratios and to utilize on-balance sheet liquidity for asset deployment. Earning assets totaled $2.06 billion on December 31, 2015, or 94.08 percent of total assets. The Company's net loans increased $34.9 million, or 2.15 percent, federal funds sold increased by $21.0 million, or 17.21 percent, and the securities portfolio increased by $35.8 million, or 17.05 percent.

EARNING ASSETS

Gross loans outstanding totaled $1.68 billion at December 31, 2015, an increase of $33.8 million, or 2.05 percent. Loan demand in all areas remained mixed during 2015. While the Company did experience an increase in commercial real estate loans and residential real estate loans, the commercial loan portfolio declined. The real estate market, particularly commercial real estate, picked up some in 2015; however, the demand for commercial loans declined and some commercial loan customers were able to pay off their loans earlier than expected.

The Company is mindful of the importance of managing exposure to credit risk. This is accomplished through diversification of the loan portfolio, not only by loan type, but by industry and customer. Diversification by industry and geographic region within the Company's loan portfolio helps to maintain acceptable credit risk exposure. Concentrations of credit are monitored on a monthly basis for compliance with internal and external policies. As a result, management believes there is no undue concentration in any single sector.

On-balance sheet liquidity has been at all-time highs during 2014 and 2015. Non-interest bearing deposits increased by $69.9 million from year-end 2014 to year-end 2015 and management deployed some of these funds into securities and some into federal funds sold. In addition, management was able to use the on-balance sheet liquidity to fund the $33.8 million increase in gross loans.

DEPOSITS

Total deposits were $1.83 billion at year end 2015, an increase of $69.4 million, or 3.93 percent from December 31, 2014. Interest bearing deposits remained relatively unchanged with a decrease of $492,000 year over year and non-interest bearing deposits increased by $69.9 million from year-end 2014 to year-end 2015, an increase of 13.78 percent.

ANALYSIS OF NON-INTEREST EXPENSE

(in thousands)

				2015/2014		2014/2013	
	2015	2014	2013	CHANGE	%	CHANGE	%
Salaries and benefits	$ 42,795	$ 39,968	$ 40,414	$ 2,827	7.07 %	$ (446)	(1.10)%
Occupancy and equipment	17,626	17,190	16,837	436	2.54 %	353	2.10 %
Processing charges	5,445	5,428	5,096	17	0.31 %	332	6.51 %
Advertising and business development	5,473	4,544	3,621	929	20.44 %	923	25.49 %
Professional services	2,167	2,360	2,593	(193)	(8.18)%	(233)	(8.99)%
FDIC insurance expense	1,707	1,810	1,898	(103)	(5.69)%	(88)	(4.64)%
Other non-interest expense	11,668	12,441	13,724	(773)	(6.21)%	(1,283)	(9.35)%
Total non-interest expense	$ 86,881	$ 83,741	$ 84,183	$ 3,140	3.75 %	$ (442)	(0.53)%

Management concentrated its efforts on maintaining current customer relationships, while reducing the cost of funding particularly in certificates of deposit. As a result, the Company continued to experience significant growth in demand deposit, NOW, money market and savings balances. The Company offers fixed-rate certificates of deposit with maturities ranging from seven days to five years; however, with the continuing low levels of market rates, demand for these products continues to be low.

SHORT-TERM BORROWINGS

Short-term borrowing sources consist primarily of repurchase agreements and sweep accounts of commercial customers. The cash management services offered by the Company continue to be a valued service for our commercial deposit customers. The balance in commercial sweep accounts totaled $93.9 million at December 31, 2015, which was an increase of $3.5 million from $90.4 million at December 31, 2014. These accounts are overnight repurchase agreements requiring a direct pledge from the Company's investment portfolio.

LONG-TERM BORROWINGS

The Company's long-term borrowings consist of advances from the Federal Home Loan Bank and subordinated debentures. At December 31, 2015, the Company had $715,000 outstanding in advances from the Federal Home Loan Bank compared to $2.8 million at December 31, 2014. The advances outstanding at December 31, 2015, mature between January 2022 and December 2027, and have a weighted average rate of 2.44 percent at December 31, 2015. Each advance is payable at its maturity, with a prepayment penalty. The advances are borrowed under a blanket lien agreement, and are collateralized by Federal Home Loan Bank stock and eligible first mortgage loans.

In March 2005, Central Bancshares KY Statutory Trust I, a trust formed by the Company, closed a pooled private offering of 15,000 trust preferred securities with a liquidation amount of $1,000 per security. The Company issued $15.5 million of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The subordinated debentures mature on June 15, 2035, and have a variable rate of interest equal to the sum of the three-month London Interbank Offered Rate (LIBOR) and 1.75 percent, which was 2.26 percent on December 31, 2015.

In March 2009, Central Bancshares KY Statutory Trust III, a trust formed by the Company, closed a private offering of 22,600 trust preferred securities with a liquidation amount of $1,000 per security. The Company issued $23.3 million of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust.
The subordinated debentures mature on March 31, 2039, and have a 10.0 percent fixed rate of interest. The Company may redeem the subordinated debentures issued in 2009, in whole or in part, in a principal amount, with integral multiples of $1,000, on or after March 31, 2014, at 100 percent of the principal amount, plus accrued and unpaid interest.
As such, on March 31, 2014, the Company redeemed $13.2 million of the subordinated debentures, and on March 31, 2015, the Company redeemed an additional $4.8 million. Management expects to redeem the remaining $5.2 million of subordinated debentures during 2016.

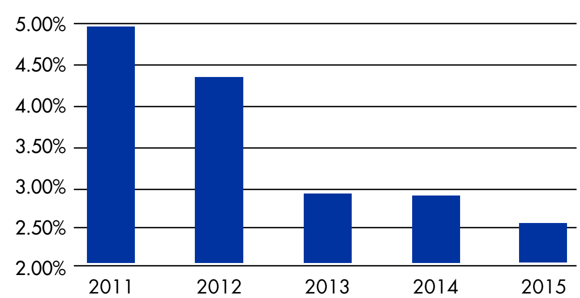
The trust preferred securities are included in Tier 1 capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

ALLOWANCE FOR LOAN LOSSES

At December 31, 2015, the allowance for loan losses was $21.8 million, or 1.30 percent of gross loans outstanding, compared with $23.0 million, or 1.40 percent at December 31, 2014. The provision for loan losses during 2015 was $961,000 compared to $3.2 million during 2014. Lower levels of net charge-offs and impaired loans contributed to the lower level of provision and allowance for loan losses in 2015 as compared to the prior year.

The performance of the loan portfolio during 2015 demonstrated a marked improvement. Net charge-offs in 2015 were $2.2 million, compared to $4.1 million in 2014, a decline of $1.9 million. Net charge-offs as a percentage of average loans were 0.13 percent in 2015 compared to 0.25 percent in 2014. Loans delinquent 90 days or more and still accruing, increased from $15.5 million at December 31, 2014, to $22.8 million at December 31, 2015; however, non-accrual loans declined from $37.7 million at December 31, 2014, to $33.7 million at December 31, 2015, and non-performing loans as a percentage of loans decreased from 2.30 percent at December 31, 2014, to 2.13 percent at December 31, 2015. The following table depicts past-due loan levels over the past five years.

Delinquency



ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

(in thousands)

	2015	2014	2013	2012	2011
Allowance for loan losses					
Balance January 1	$ 23,037	$ 23,913	$ 27,480	$ 28,783	$ 22,803
Provision for loan losses	961	3,217	8,775	12,179	16,301
Allowance sold with sale of subsidiary	-	-	(640)	-	-
Less: Net charge-offs	(2,158)	(4,093)	(11,702)	(13,482)	(10,321)
Balance December 31	$ 21,840	$ 23,037	$ 23,913	$ 27,480	$ 28,783
Average loans, net of unearned income	$ 1,631,982	$ 1,635,738	$ 1,592,481	$ 1,656,284	$ 1,709,584
Loans, net of unearned income, at year-end	$ 1,680,813	$ 1,647,145	$ 1,626,056	$ 1,672,543	$ 1,673,133
Nonperforming loans at year-end	$ 35,754	$ 37,895	$ 38,389	$ 56,041	$ 52,502
Other real estate owned at year-end	$ 5,806	$ 10,332	$ 13,151	$ 20,958	$ 25,624
Ratios:					
Provision for loan losses to average loans	0.06%	0.20%	0.55%	0.74%	0.95%
Net charge-offs to average loans	0.13%	0.25%	0.73%	0.81%	0.60%
Allowance for loan losses to loans	1.30%	1.40%	1.47%	1.64%	1.72%
Allowance for loan losses to nonperforming loans	61.08%	60.79%	62.29%	49.04%	54.82%
Nonperforming loans to loans	2.13%	2.30%	2.36%	3.35%	3.14%
Nonperforming assets to total assets	1.90%	2.29%	2.46%	3.54%	3.64%
Nonperforming assets to shareholders' equity and allowance for loan losses	17.06%	21.11%	23.78%	37.06%	39.92%
Total delinquent loans at year-end	2.53%	2.89%	2.93%	4.37%	4.97%

In addition, there was improvement in the level of adversely classified loans and the level of impaired loans during 2015. A loan is considered to be impaired when it is probable that all principal and interest amounts will not be collected in accordance with the original loan terms. Loans deemed to be impaired declined from $80.0 million at December 31, 2014, to $75.1 million at December 31, 2015, a decrease of $4.9 million. The provision and allowance for loan losses are based on management's ongoing review of the loan portfolio and other qualitative factors on a monthly basis and are subject to review by the Board of Directors and the periodic evaluation by various regulatory authorities. While management uses the best information available at the time of the evaluation and is comfortable with the overall adequacy of the allowance for loan losses at December 31, 2015, future adjustments may be necessary if economic conditions worsen or if assumptions in the evaluation differ substantially from actual results.

CAPITAL

Capital adequacy guidelines of the regulatory agencies – and additionally for banks – prompt corrective action regulations and involve quantitative measures of assets, liabilities and certain off-balance-sheet items. As of January 1, 2015, new capital guidelines from the Basel Committee on Banking Supervision (Basel III rules) became effective with all of the requirements being phased in over a multi-year schedule and fully phased in by January 1, 2019. Capital ratios were strengthened during 2015, even with the implementation of the new Basel III rules and the redemption of the $4.8 million in subordinated debentures which were part of Tier 1 capital.

In order for a bank holding company to be considered "well capitalized," a company must maintain a Total capital to risk-weighted assets ratio of 10.0 percent, a Tier I capital to risk-weighted assets ratio of 8.0 percent, a Common Tier 1 equity to risk-weighted assets ratio of 6.5 percent, and a Tier I capital to average assets ratio of 5.0 percent. On December 31, 2015, the Company had a Total capital to risk-weighted assets ratio of 13.8 percent, a Tier I capital to risk-weighted assets ratio of 12.6 percent, a Common Tier 1 equity to risk-weighted assets ratio of 11.5 percent and a Tier I capital to average assets ratio of 10.7 percent.

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Central Bancshares, Inc.
Lexington, Kentucky

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Central Bancshares, Inc., which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Bancshares, Inc., as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP
Louisville, Kentucky
March 4, 2016

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

CONSOLIDATED BALANCE SHEETS

(in thousands except share data)

	December 31 2015		2014	
ASSETS				
Cash and due from financial institutions	$	40,197	$	40,681
Federal funds sold		143,000		122,000
Total cash and cash equivalents		183,197		162,681
Available for sale securities		117,871		119,801
Held to maturity securities		127,712		90,016
Total securities		245,583		209,817
Loans held for sale		8,148		6,606
Loans, net of allowance of $21,840 and $23,037		1,658,973		1,624,108
Premises and equipment, net		36,925		37,123
Other real estate owned		5,806		10,332
Interest receivable		5,294		5,196
Federal Home Loan Bank stock, at cost		6,751		6,751
Goodwill		14,313		14,313
Other intangible assets		80		320
Other assets		27,342		30,417
Total assets	$	2,192,412	$	2,107,664
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Non-interest bearing	$	576,745	$	506,890
Interest bearing		1,258,128		1,258,620
Total deposits		1,834,873		1,765,510
Federal funds purchased and repurchase agreements		94,395		90,889
Federal Home Loan Bank advances		715		2,789
Subordinated debentures		20,742		25,542
Interest payable		244		300
Other liabilities		19,688		17,204
Total liabilities		1,970,657		1,902,234
SHAREHOLDERS' EQUITY				
Common stock, $10 par value, 350,000 shares authorized, 347,922 shares issued		3,479		3,479
Additional paid-in capital		6,890		6,890
Retained earnings		217,595		201,153
Accumulated other comprehensive income (loss)		(6,209)		(6,092)
Total shareholders' equity		221,755		205,430
Total liabilities and shareholders' equity	$	2,192,412	$	2,107,664

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands except share data)

	Years Ended December 31 2015	2014
INTEREST AND DIVIDEND INCOME		
Loans, including fees	$ 75,364	$ 77,964
Securities:		
Taxable	2,476	2,480
Tax-exempt	21	23
Federal funds sold and other	703	463
	78,564	80,930
INTEREST EXPENSE		
Deposits	4,898	5,688
Subordinated debentures	893	1,589
Other borrowings	249	226
	6,040	7,503
Net interest income	72,524	73,427
Provision for loan losses	961	3,217
Net interest income after provision for loan losses	71,563	70,210
NON-INTEREST INCOME		
Service charges on deposit accounts	8,173	8,785
Mortgage banking income	4,294	2,971
Card and interchange fees	5,724	5,298
Trust fees	6,560	5,802
Electronic banking	4,885	4,587
Net loss on sales and write-downs of other real estate owned	(1,806)	(4,013)
Other fees and income	7,723	8,029
	35,553	31,459
NON-INTEREST EXPENSE		
Salaries and benefits	42,795	39,968
Occupancy and equipment	17,626	17,190
Processing charges	5,445	5,428
Advertising and business development	5,473	4,544
Card and interchange expenses	4,182	3,925
Professional services	2,167	2,360
FDIC assessment	1,707	1,810
Other real estate owned, net	450	1,417
Other	7,036	7,099
	86,881	83,741
Income before income taxes	20,235	17,928
Income taxes	3,097	1,978
Net income	$ 17,138	$ 15,950
Basic earnings per share	$ 49.26	$ 45.84
Weighted average number of common shares outstanding	347,922	347,922

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands except share data)

	Years Ended December 31 2015		2014	
OPERATING ACTIVITIES				
Net income	$	17,138	$	15,950
Adjustments to reconcile net income to net cash from operating activities:				
Provision for loan losses		961		3,217
Depreciation and amortization		7,287		8,221
Net loss on sales and write-downs of other real estate owned		1,806		4,013
Net gain on sale of loans		(4,193)		(2,872)
Net change in:				
Loans held for sale		2,651		(995)
Interest receivable		(98)		42
Other assets		723		1,840
Interest payable		(56)		(42)
Other liabilities		2,484		1,541
Net cash from operating activities		28,703		30,915
INVESTING ACTIVITIES				
Available for sale securities:				
Purchases		(30,155)		(5,000)
Sales		9,967		-
Maturities, calls and return of principal		21,728		51,279
Held to maturity securities:				
Purchases		(74,436)		-
Maturities, calls and return of principal		36,606		16,385
Net change in loans		(37,657)		(35,619)
Purchases of premises and equipment		(4,090)		(3,472)
Proceeds from sale of other real estate owned		4,551		6,504
Redemption of FHLB stock		-		300
Net cash from investing activities		(73,486)		30,377
FINANCING ACTIVITIES				
Net change in deposits		69,363		10,677
Net change in federal funds purchased and repurchase agreements		3,506		456
Repayment of Federal Home Loan Bank advances		(2,074)		(30)
Redemption of subordinated debentures		(4,800)		(13,200)
Cash dividends paid		(696)		(348)
Net cash from financing activities		65,299		(2,445)
Net change in cash and cash equivalents		20,516		58,847
Cash and cash equivalents, beginning of year		162,681		103,834
Cash and cash equivalents, end of year	$	183,197	$	162,681
Supplemental cash flow information:				
Interest paid	$	6,100	$	7,545
Income taxes paid		3,240		545
Supplemental noncash disclosures:				
Transfers from loans to other real estate owned	$	1,831	$	7,698

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands except share data)

Years Ended December 31, 2015 and 2014	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, January 1, 2014	**$ 3,479**	**$ 6,890**	**$ 185,551**	**$ (3,132)**	**$ 192,788**
Net income	-	-	15,950	-	15,950
Cash dividends declared ($1 per share)	-	-	(348)	-	(348)
Other comprehensive income (loss)				(2,960)	(2,960)
Balances, December 31, 2014	**3,479**	**6,890**	**201,153**	**(6,092)**	**205,430**
Net income	-	-	17,138	-	17,138
Cash dividends declared ($2 per share)	-	-	(696)	-	(696)
Other comprehensive income (loss)				(117)	(117)
Balances, December 31, 2015	**$ 3,479**	**$ 6,890**	**$ 217,595**	**$ (6,209)**	**$ 221,755**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands except share data)

	Years Ended December 31 2015	2014
Net income	**$ 17,138**	$ 15,950
Other comprehensive income (loss):		
Unrealized gains/losses on securities:		
Unrealized holding gain (loss) arising during the period	**55**	581
Tax effect	**(19)**	(203)
Net of tax	**36**	378
Defined benefit pension plans:		
Net gain (loss) arising during the period	**(235)**	(5,135)
Tax effect	**82**	1,797
Net of tax	**(153)**	(3,338)
Total other comprehensive income (loss)	**(117)**	(2,960)
Comprehensive income	**$ 17,021**	$ 12,990

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(in thousands except share data)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Nature of Operations: The consolidated financial statements include the accounts of Central Bancshares, Inc. (the "Company"), its wholly-owned Subsidiaries, Central Bank & Trust Co. and Central Bank of Jefferson County, Inc. (the "Banks"), and Central Bank & Trust Co.'s wholly-owned Subsidiaries, Central Investment Center, Inc., Central Insurance Services, Inc., CB Investment Managers, LLC, Central Bank Title Agency, LLC, and CBT Real Estate Holdings, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

The Banks grant commercial, consumer and residential loans to customers primarily located in Fayette, Boone, Kenton, Clark, Jessamine, Madison, Scott, Jefferson and surrounding counties in Kentucky. The Banks provide full banking services, including trust services. Although the Banks have diversified loan portfolios, a substantial portion of their debtors' ability to honor their contracts is dependent upon the local economy. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate. Other financial instruments, which potentially represent concentrations of credit risk, include cash and cash equivalents held in other financial institutions. Central Investment Center, Inc. offers non-deposit investment products, including mutual funds, annuities, and certain debt and equity securities. Central Insurance Services, Inc. is a licensed agent for life, health, title, and property and casualty insurance. CBT Real Estate Holdings, LLC holds and disposes of real estate acquired in settlement of loans.

Subsequent Events: The Company has evaluated subsequent events for recognition and disclosure through March 4, 2016, which is the date the financial statements were available to be issued.

Estimates in the Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows: Cash and cash equivalents include cash on hand, amounts due from financial institutions, and federal funds sold with maturities under 90 days. Net cash flows are reported for customer loan and deposit transactions, and federal funds purchased and repurchase agreements.

Securities: The Banks classify their security portfolios into two categories: available for sale and held to maturity. Securities are classified as available for sale when they might be sold before maturity. Securities are classified as held to maturity when management has the positive intent and ability to hold them to maturity. The Banks have no trading securities.

Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax. Securities held to maturity are stated at amortized cost.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments except for mortgage-backed securities where prepayments are anticipated. Gains and losses on dispositions are recorded on the trade date and based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method.

Management evaluates securities for other-than-temporary impairment ("OTTI") at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for loan losses. Loan origination fees, net of certain direct origination costs, are deferred and the net amount is amortized as a yield adjustment over the life of the related loans.

Interest income is accrued on the principal balance. Classes of commercial and real estate loans are placed on nonaccrual, with interest income discontinued, at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Classes of consumer loans may be placed on nonaccrual if sufficient collateral exists, but are typically charged off no later than 120 days past due. All interest accrued but not received on loans placed on nonaccrual is reversed against interest income. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

For all loan classes, payments received on nonaccrual loans are applied to principal only using the cost recovery method if the Company estimates that collection of all principal is not reasonably assured. If all principal is reasonably assured, payments on nonaccrual loans may be applied to interest income on the cash basis. Loans of all classes are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

For all loan classes, past due status is based on the contractual terms of the loan.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired. Loans of all classes are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Nonaccrual loans of certain classes are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Interest income on impaired loans is recognized on the cash basis unless the loan is a troubled debt restructured loan performing under its modified terms. Large groups of smaller balance homogeneous loans, such as consumer loans, are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures. If such loans are part of a borrowing relationship in which other types of loans have been individually evaluated for impairment, they also are individually evaluated.

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component of the allowance covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent three years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; aggregate indebtedness of significant borrowing relationships; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments and their associated risks have been identified:

- Commercial loans are dependent on the strength of the industries of the related borrowers and the success of their businesses. Commercial loans are advanced for equipment purchases or to provide working capital or meet other financing needs of business enterprises. These loans may be secured by accounts receivable, inventory, equipment or other business assets. Financial information is obtained from the borrowers and guarantors to evaluate ability to repay the loans.

- Commercial real estate loans are dependent on the industries tied to these loans as well as the local commercial real estate market. Commercial real estate loans include completed projects as well as construction loans. The loans are secured by the real estate, and appraisals are obtained to support the loan amount. Financial information is obtained from the borrower(s) and guarantor(s) and/or an evaluation of the project's cash flows is performed to evaluate the borrower's ability to repay the loan.

- Residential real estate loans are affected by the local residential real estate market and the local economy. The Bank evaluates the borrower's repayment ability through a review of financial information obtained from the borrower. Appraisals or evaluations are obtained to support the loan amount.

- Consumer loans, including installment loans and credit card receivables, are dependent on local economies. Consumer loans are generally secured by consumer assets, but may be unsecured. The Bank evaluates the borrower's repayment ability through a review of financial information obtained from the borrower.

Mortgage Banking Activities: Mortgage loans originated and intended for sale in the secondary market are classified as held for sale and carried at the lower of aggregate cost or fair value as determined by outstanding commitments from investors. Gains on sales generated from mortgage banking activities are based on the difference between the selling price and the carrying value of the related loan sold.

The Company enters into commitments to originate certain mortgage loans whereby the interest rate on the loans is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. The period of time between issuance of a loan commitment, loan closing and the sale of the loan generally ranges from 30 to 90 days. The Company protects itself from changes in interest rates through the use of best efforts forward delivery contracts, whereby the Company commits to sell a loan at the time the borrower commits to an interest rate with the intent that the buyer has assumed interest rate risk on the loan. If the underlying loan does not close, there is no obligation on the Company's part to deliver the loan to the investor. As a result, the Company is not exposed to losses nor will it realize significant gains related to its rate lock commitments due to changes in interest rates. The correlation between the rate lock commitments and the best efforts contracts is very high due to their similarity. Because of this high correlation, no gain or loss occurs on the rate lock commitments.

The Company primarily sells loans servicing released. A small amount of loans are sold servicing retained; servicing rights are recognized as assets for the allocated value of retained servicing rights on loans sold. Servicing rights are initially recorded at fair value based on market prices for comparable mortgage servicing contracts. Servicing rights are expensed in proportion to, and over the period of, estimated net servicing revenues. Impairment is evaluated based on the fair value of the rights, using groupings of the underlying loans as to interest rates. Any impairment of a grouping is reported as a valuation allowance.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income. Servicing fee income, gains on sales of mortgage loans held for sale and amortization of mortgage servicing rights are reported on the income statement as mortgage banking income.

Premises and Equipment: Land is carried at cost. Premises are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Furniture, fixtures and equipment are depreciated using an accelerated method. Leasehold improvements are amortized on the straight-line method over the shorter of the estimated useful lives of the improvements or the terms of the related leases.

Income Taxes: Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company recognizes a tax benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

Federal Home Loan Bank (FHLB) Stock: The Banks are members of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Foreclosed Assets: Assets acquired through or instead of loan foreclosure are initially recorded at fair value, less selling costs, when acquired, establishing a new cost basis. If fair value declines subsequent to acquisition, a valuation allowance is recorded through expense. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Operating costs incurred after acquisition are expensed.

Goodwill and Other Intangible Assets: Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Goodwill and other intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exist that indicate a goodwill impairment test should be performed. The Company has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the Company's balance sheet. Other intangible assets consisting of customer relationship intangibles arising from acquisitions are amortized on the straight-line method over their estimated useful lives, which range from 8 to 10 years.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Trust Department: Revenues from trust department services are recorded on the cash basis, which approximates the accrual basis, in accordance with customary banking practice. Securities and other properties, except cash deposits, held by the trust department in a fiduciary or agency capacity are not included in the consolidated financial statements since such items are not assets of the Company.

Investment in Limited Partnerships: Central Bank & Trust Co. is a limited equity partner in 16 low-income housing projects and one historic renovation project. The investments are accounted for using the equity method and are included in other assets. At year-end 2015, remaining funding commitments were $770.

Benefit Plans: Pension expense is the net of interest cost, return on plan assets, and amortization of gains and losses not immediately recognized. Employee stock ownership and 401(k) plan expense is the amount contributed determined by Board decision. Deferred compensation plan expense is allocated over years of service.

All ESOP shares are allocated to participants as of the end of each fiscal year. Compensation expense is based on the price paid for the shares acquired by the plan during the year. Since all ESOP shares are allocated to participants, all dividends reduce retained earnings.

Fair Value of Financial Instruments: Fair values of financial instruments, as more fully disclosed in Note 10, are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Earnings Per Share: Basic earnings per share is net income divided by the weighted average number of shares outstanding during the period. The Company has no shares outstanding which are potentially dilutive.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, net of related income tax, and changes in the funded status of the defined benefit pension plans, net of related income tax. Accumulated other comprehensive income (loss) is recognized as a separate component of equity. The accumulated comprehensive income (loss) at December 31, 2015 of $(6,209) was comprised of $(6,359) related to the defined benefit and non-qualified pension plans and $150 related to unrealized gains and losses on available for sale securities. The accumulated comprehensive income (loss) at December 31, 2014 of $(6,092) was comprised of $(6,215) related to the defined benefit and non-qualified pension plans and $123 related to unrealized gains and losses on available for sale securities.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe that there now are such matters that will have a material effect on the consolidated financial statements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Banks to the holding company or by the holding company to shareholders.

Restrictions on Cash: Included in cash and due from financial institutions are certain deposits held at the Federal Reserve Bank or maintained in vault cash in accordance with average balance requirements specified by the Federal Reserve. The average balance requirement was $35,404 and $31,786 at December 31, 2015 and 2014. These funds earn interest at an interest rate determined by the Federal Reserve.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current year presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

Adoption of New Accounting Standards: In January 2014, the FASB issued ASU 2014-04, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 31-40) – Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure.* ASU 2014-04 amended existing guidance to clarify when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan should be derecognized and the real estate recognized. These amendments clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either: (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These amendments are effective for public business entities for annual periods and interim periods within those annual periods beginning after December 15, 2014. The adoption of this standard did not have a material effect on the Company's operating results or financial condition.

NOTE 2 – SECURITIES

The fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2015				
U.S. government sponsored entities and agencies	$ 54,524	$ 139	$ (127)	$ 54,536
Agency mortgage-backed securities: residential	47,880	394	(77)	48,197
Corporate bonds	15,222	-	(84)	15,138
	$ 117,626	$ 533	$ (288)	$ 117,871
2014				
U.S. government sponsored entities and agencies	$ 44,219	$ 77	$ (155)	$ 44,141
Agency mortgage-backed securities: residential	70,392	629	(362)	70,659
Corporate bonds	5,000	1	-	5,001
	$ 119,611	$ 707	$ (517)	$ 119,801

The carrying amount, unrecognized gains and losses, and fair value of securities held to maturity were as follows:

	Carrying Amount	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
2015				
U.S. government sponsored entities and agencies	$ 68,250	$ 8	$ (50)	$ 68,208
Agency mortgage-backed securities: residential	42,446	158	(188)	42,416
States and political subdivisions	17,016	147	(40)	17,123
	$ 127,712	$ 313	$ (278)	$ 127,747
2014				
U.S. government sponsored entities and agencies	$ 32,456	$ 16	$ (573)	$ 31,899
Agency mortgage-backed securities: residential	44,186	158	(145)	44,199
States and political subdivisions	13,374	121	(2)	13,493
	$ 90,016	$ 295	$ (720)	$ 89,591

The amortized cost and fair value of debt securities at December 31, 2015 are shown by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without penalties. Mortgage-backed securities not due at a single maturity date are shown separately.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ -	$ -	$ 2,000	$ 2,002
Due from one to five years	17,349	17,287	83,266	83,329
Due from five to ten years	1,259	1,273	-	-
Due after ten years	51,138	51,114	-	-
Agency mortgage-backed securities: residential	47,880	48,197	42,446	42,416
Total	$ 117,626	$ 117,871	$ 127,712	$ 127,747

Securities with a carrying amount of $148,935 and $130,719 at December 31, 2015 and 2014, were pledged to secure public deposits and repurchase agreements.

At December 31, 2015 and 2014, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10 percent of shareholders' equity.

Proceeds from the sale of securities were $9,967 in 2015, and there were no gross gains or losses associated with sales. There were no sales of securities in 2014.

Securities with unrealized losses at year-end 2015 and 2014, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are shown below.

Description of Securities	Less than 12 Months Fair Value	Less than 12 Months Unrealized Loss	12 Months or More Fair Value	12 Months or More Unrealized Loss	Total Fair Value	Total Unrealized Loss
2015						
Available for sale:						
U.S. government sponsored entities and agencies	$ 27,250	$ (106)	$ 4,649	$ (21)	$ 31,899	$ (127)
Agency mortgage-backed securities: residential	7,629	(5)	8,954	(72)	16,583	(77)
Corporate bonds	4,916	(84)	-	-	4,916	(84)
Total available for sale	$ 39,795	$ (195)	$ 13,603	$ (93)	$ 53,398	$ (288)
2014						
Available for sale:						
U.S. government sponsored entities and agencies	$ 97	$ -	$ 24,819	$ (155)	$ 24,916	$ (155)
Agency mortgage-backed securities: residential	11,168	(125)	12,250	(237)	23,418	(362)
Total available for sale	$ 11,265	$ (125)	$ 37,069	$ (392)	$ 48,334	$ (517)

Description of Securities	Less than 12 Months Fair Value	Less than 12 Months Unrecognized Loss	12 Months or More Fair Value	12 Months or More Unrecognized Loss	Total Fair Value	Total Unrecognized Loss
2015						
Held to maturity:						
U.S. government sponsored entities and agencies	$ 55,500	$ (50)	$ -	$ -	$ 55,500	$ (50)
Agency mortgage-backed securities: residential	28,511	(122)	1,844	(66)	30,355	(188)
States and political subdivisions	6,329	(40)	-	-	6,329	(40)
Total held to maturity	$ 90,340	$ (212)	$ 1,844	$ (66)	$ 92,184	$ (278)
2014						
Held to maturity:						
U.S. government sponsored entities and agenciess	$ -	$ -	$ 29,927	$ (573)	$ 29,927	$ (573)
Agency mortgage-backed securities: residential	2,363	(61)	13,401	(84)	15,764	(145)
States and political subdivisions	498	(2)	-	-	498	(2)
Total held to maturity	$ 2,861	$ (63)	$ 43,328	$ (657)	$ 46,189	$ (720)

Unrealized losses on debt securities have not been recognized into income because the issued bonds are of high credit quality (rated AA or higher) as of December 31, 2015 and at acquisition date, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The fair value is expected to recover as the bonds approach maturity.

NOTE 3 – LOANS

Loans at December 31 were as follows:

	2015	2014
Commercial	$ 332,819	$ 399,527
Commercial real estate	793,366	713,714
Residential real estate	482,181	462,117
Installment	66,015	65,221
Credit card receivables	7,611	7,594
	1,681,992	1,648,173
Deferred loan fees, net	(1,179)	(1,028)
Allowance for loan losses	(21,840)	(23,037)
Loans, net	$ 1,658,973	$ 1,624,108

The following table presents the activity in the allowance for loan losses by segment of loans for the years ended December 31, 2015 and 2014:

	Commercial	Commercial Real Estate	Residential Real Estate	Installment	Credit Card Receivables	Unallocated	Total
2015							
Allowance for loan losses:							
Beginning balance	$ 6,044	$ 11,056	$ 4,613	$ 985	$ 241	$ 98	$ 23,037
Provision for loan losses	(554)	2,487	(2,124)	488	109	555	961
Loans charged off	(991)	(1,320)	(468)	(1,392)	(285)	-	(4,456)
Recoveries	562	588	348	722	78	-	2,298
Total ending allowance balance	$ 5,061	$ 12,811	$ 2,369	$ 803	$ 143	$ 653	$ 21,840
2014							
Allowance for loan losses:							
Beginning balance	$ 5,224	$ 10,164	$ 6,716	$ 1,280	$ 282	$ 247	$ 23,913
Provision for loan losses	3,141	1,280	(1,422)	300	67	(149)	3,217
Loans charged off	(2,451)	(1,106)	(995)	(1,418)	(171)	-	(6,141)
Recoveries	130	718	314	823	63	-	2,048
Total ending allowance balance	$ 6,044	$ 11,056	$ 4,613	$ 985	$ 241	$ 98	$ 23,037

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by segment of loans and based on impairment method as of December 31, 2015 and 2014:

	Commercial	Commercial Real Estate	Residential Real Estate	Installment	Credit Card Receivables	Unallocated	Total
2015							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ 561	$ 3,634	$ 1,678	$ 60	$ -	$ -	$ 5,933
Collectively evaluated for impairment	4,500	9,177	691	743	143	653	15,907
Total ending allowance balance	$ 5,061	$ 12,811	$ 2,369	$ 803	$ 143	$ 653	$ 21,840
Loans:							
Individually evaluated for impairment	$ 6,350	$ 51,610	$ 16,923	$ 174	$ 6	$ -	$ 75,063
Collectively evaluated for impairment	326,469	741,756	465,258	65,841	7,605	-	1,606,929
Total ending loans balance	$ 332,819	$ 793,366	$ 482,181	$ 66,015	$ 7,611	$ -	$ 1,681,992
2014							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ 866	$ 2,671	$ 2,239	$ 103	$ -	$ -	$ 5,879
Collectively evaluated for impairment	5,178	8,385	2,374	882	241	98	17,158
Total ending allowance balance	$ 6,044	$ 11,056	$ 4,613	$ 985	$ 241	$ 98	$ 23,037
Loans:							
Individually evaluated for impairment	$ 14,869	$ 47,613	$ 17,179	$ 342	$ 7	$ -	$ 80,010
Collectively evaluated for impairment	384,658	666,101	444,938	64,879	7,587	-	1,568,163
Total ending loans balance	$ 399,527	$ 713,714	$ 462,117	$ 65,221	$ 7,594	$ -	$ 1,648,173

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2015:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
December 31, 2015						
With no related allowance recorded:						
Commercial	$ 1,183	$ 1,035	$ -	$ 3,131	$ 1	$ 1
Commercial real estate	9,123	8,392	-	13,087	216	216
Residential real estate	2,545	2,378	-	4,527	48	48
Installment	-	-	-	96	-	-
Credit card receivables	6	6	-	7	1	1
Subtotal	12,857	11,811	-	20,848	266	266
With an allowance recorded:						
Commercial	$ 6,622	$ 5,315	$ 561	$ 7,844	$ 245	$ 245
Commercial real estate	44,687	43,218	3,634	30,228	847	847
Residential real estate	15,178	14,545	1,678	14,441	477	477
Installment	193	174	60	37	-	-
Credit card receivables	-	-	-	-	-	-
Subtotal	66,680	63,252	5,933	52,550	1,569	1,569
Total	$ 79,537	$ 75,063	$ 5,933	$ 73,398	$ 1,835	$ 1,835

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for partial charge-offs.

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2014:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
December 31, 2014						
With no related allowance recorded:						
Commercial	$ 13,820	$ 13,337	$ -	$ 13,942	$ 484	$ 484
Commercial real estate	43,542	41,318	-	41,668	1,999	1,999
Residential real estate	9,766	8,702	-	11,361	337	337
Installment	211	156	-	194	3	3
Credit card receivables	7	7	-	7	1	1
Subtotal	67,346	63,520	-	67,172	2,824	2,824
With an allowance recorded:						
Commercial	$ 1,533	$ 1,532	$ 866	$ 1,007	$ 14	$ 14
Commercial real estate	6,433	6,295	2,671	5,648	141	141
Residential real estate	8,478	8,477	2,239	8,199	173	173
Installment	189	186	103	70	7	7
Credit card receivables	-	-	-	-	-	-
Subtotal	16,633	16,490	5,879	14,924	335	335
Total	$ 83,979	$ 80,010	$ 5,879	$ 82,096	$ 3,159	$ 3,159

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for partial charge-offs.

Nonaccrual loans and loans past due over 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The following table presents the recorded investment in nonaccrual loans and loans past due over 90 days still on accrual by class of loans as of December 31, 2015 and 2014:

	Nonaccrual		Loans Past Due Over 90 Days Still Accruing	
	2015	2014	2015	2014
Commercial	$ 2,794	$ 4,626	$ 224	$ 48
Commercial real estate	23,766	23,430	1,480	-
Residential real estate	6,726	9,103	319	113
Installment	348	535	61	1
Credit card receivables	23	12	13	27
Total	$ 33,657	$ 37,706	$ 2,097	$ 189

The following table presents the aging of the recorded investment in past due loans as of December 31, 2015 and 2014 by class of loans:

	30–89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
December 31, 2015					
Commercial	$ 524	$ 1,862	$ 2,386	$ 330,433	$ 332,819
Commercial real estate	1,236	17,304	18,540	774,826	793,366
Residential real estate	4,993	3,512	8,505	473,676	482,181
Installment	1,389	94	1,483	64,532	66,015
Credit card receivables	202	44	246	7,365	7,611
Total	$ 8,344	$ 22,816	$ 31,160	$ 1,650,832	$ 1,681,992
December 31, 2014					
Commercial	$ 1,879	$ 3,249	$ 5,128	$ 394,399	$ 399,527
Commercial real estate	4,254	6,068	10,322	703,392	713,714
Residential real estate	3,590	6,028	9,618	452,499	462,117
Installment	1,061	154	1,215	64,006	65,221
Credit card receivables	186	13	199	7,395	7,594
Total	$ 10,970	$ 15,512	$ 26,482	$ 1,621,691	$ 1,648,173

Related Party Loans: The Banks have entered into loan transactions with their directors, executive officers, significant shareholders and their affiliates (related parties). The aggregate amount of loans to such related parties was $2,247 and $2,502 at December 31, 2015 and 2014.

Troubled Debt Restructurings: The Company has allocated $2,676 and $3,070 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2015 and 2014. The Company has committed to lend additional amounts totaling up to $341 and $239 as of December 31, 2015 and 2014 to customers with outstanding loans that are classified as troubled debt restructurings.

During the years ended December 31, 2015 and 2014, the terms of certain loans were modified as troubled debt restructurings. The modification of the terms of such loans included one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a restructuring of the loan terms to reduce the payment and require only interest for a period of time.

The following table presents loans by segment modified as troubled debt restructurings that occurred during the years ended December 31, 2015 and 2014:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2015:			
Troubled debt restructurings:			
Commercial	8	$ 1,663	$ 1,663
Commercial real estate	15	14,839	14,889
Residential real estate	12	2,425	2,425
Installment	1	63	63
Total	36	$ 18,990	$ 19,040
December 31, 2014:			
Troubled debt restructurings:			
Commercial	14	$ 4,096	$ 4,100
Commercial real estate	21	14,128	14,129
Residential real estate	29	7,825	7,826
Installment	2	305	305
Total	66	$ 26,354	$ 26,360

The troubled debt restructurings described above increased the allowance for loan losses by $183 and resulted in charge-offs of $331 during the year ended December 31, 2015. The troubled debt restructurings described above increased the allowance for loan losses by $82 and resulted in charge-offs of $79 during the year ended December 31, 2014.

There was one commercial loan with a recorded investment of $13 for which there was a payment default within 12 months following the modification during the year ended December 31, 2015. There were four residential real estate loans with a recorded investment of $1,978 for which there was a payment default within 12 months following the modification during the year ended December 31, 2014. A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms.

The troubled debt restructuring that subsequently defaulted described above resulted in an increase in the allowance for loan losses of $13 and resulted in charge-offs of $13 during the year ended December 31, 2015. The troubled debt restructurings that subsequently defaulted described above resulted in a decrease in the allowance for loan losses of $15 and resulted in charge-offs of $55 during the year ended December 31, 2014.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Company's internal underwriting policy.

Credit Quality Indicators: The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes loans with an outstanding balance greater than $100 and non-homogeneous loans, such as commercial, commercial real estate and residential real estate loans, and homogeneous loans that are part of a borrowing relationship. This analysis is performed on a monthly basis. The Company uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. Loans listed as not rated are included in groups of homogeneous loans, such as home equity lines of credit, installment loans and credit card receivables. Credit quality indicators similar to those described above, including delinquency and other performance indicators, are used for loans that are not rated.

Based on the most recent analysis performed, the risk category of loans by class of loans was as follows:

	Pass	Special Mention	Substandard	Doubtful	Not Rated	Total
December 31, 2015						
Commercial	$ 316,325	$ 560	$ 15,934	$ -	$ -	$ 332,819
Commercial real estate	723,637	11,597	58,132	-	-	793,366
Residential real estate	354,623	4,872	16,478	-	106,208	482,181
Installment	-	4	87	-	65,924	66,015
Credit card receivables	-	15	21	-	7,575	7,611
	$ 1,394,585	$ 17,048	$ 90,652	$ -	$ 179,707	$ 1,681,992
December 31, 2014						
Commercial	$ 381,705	$ 657	$ 17,165	$ -	$ -	$ 399,527
Commercial real estate	647,870	17,162	48,682	-	-	713,714
Residential real estate	336,167	2,903	16,705	128	106,214	462,117
Installment	-	4	186	-	65,031	65,221
Credit card receivables	-	1	11	-	7,582	7,594
	$ 1,365,742	$ 20,727	$ 82,749	$ 128	$ 178,827	$ 1,648,173

NOTE 4 – MORTGAGE BANKING ACTIVITIES

Loans originated for sale in the secondary market and subsequently sold totaled $206,819 and $143,079 during 2015 and 2014. The Company had commitments to originate $14,349 in loans at December 31, 2015, which it intends to sell after the loans are closed.

Loans serviced for others, which are not reported as assets, totaled $44,653 and $48,072 at December 31, 2015 and 2014.

Activity for mortgage servicing rights included in other assets during 2015 and 2014 was as follows:

	2015	2014
Beginning of year	$ 188	$ 227
Originated	36	27
Amortized to expense	(60)	(66)
End of year	$ 164	$ 188

No valuation allowance for impaired servicing rights is considered necessary. The fair value of capitalized mortgage servicing rights was estimated to be $335 and $361 at year-end 2015 and 2014.

NOTE 5 – OTHER REAL ESTATE OWNED

Activity in other real estate owned was as follows:

	2015	2014
Other real estate owned, beginning of year	$ 10,332	$ 13,151
Acquisition and improvement	1,831	7,698
Proceeds from sales	(4,551)	(6,504)
Provision for valuation allowance	(1,935)	(3,953)
Net gain (loss) on sales	129	(60)
Other real estate owned, end of year	$ 5,806	$ 10,332

Activity in the valuation allowance was as follows:

	2015	2014
Beginning of year	$ 4,996	$ 7,856
Additions charged to expense	1,935	3,953
Reductions from sales	(2,775)	(6,813)
End of year	$ 4,156	$ 4,996

Expenses related to other real estate owned include:

	2015	2014
Net loss (gain) on sales	$ (129)	$ 60
Provision for valuation allowance	1,935	3,953
Operating expenses, net	450	1,417
	$ 2,256	$ 5,430

NOTE 6 – PREMISES AND EQUIPMENT

Premises and equipment at December 31 were as follows:

	2015	2014
Land	$ 2,991	$ 2,991
Buildings and improvements	21,549	21,133
Leasehold improvements	29,869	29,310
Furniture, fixtures and equipment	37,575	34,650
Construction in progress	1,151	1,012
	93,135	89,096
Accumulated depreciation	(56,210)	(51,973)
Total	$ 36,925	$ 37,123

Depreciation and amortization expense amounted to $4,288 and $4,220 in 2015 and 2014.

Operating Leases: The Company leases its main office, 12 banking center locations and its mortgage and insurance center in addition to its land leases for three banking centers. The Company currently subleases a portion of its space to six tenants. Rent expense for the Company was $5,418 and $5,076 in 2015 and 2014. Rent commitments under noncancelable operating leases, before considering renewal options that generally are present, net of subleases, were as follows:

2016	$ 5,217
2017	5,396
2018	5,412
2019	5,227
2020	5,072
Thereafter	16,658
	$ 42,982

NOTE 7 – GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill was $14,313 at December 31, 2015 and 2014.

Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. At December 31, 2015, the Company's reporting unit had positive equity and the Company performed a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment. Management also quantitatively determined the fair value of the reporting unit and compared it to its carrying amount. The result of this assessment supported the qualitative analysis.

Acquired intangible assets were as follows as of December 31:

	2015		2014	
	Gross Carrying Amount	**Accumulated Amortization**	Gross Carrying Amount	Accumulated Amortization
Customer relationship intangibles	**$ 4,924**	**$ 4,844**	$ 4,924	$ 4,604

Aggregate amortization expense was $240 for 2015 and $303 for 2014.

Estimated amortization expense is $80 for 2016 which will fully amortize the remaining intangible assets.

NOTE 8 – DEPOSITS

Time deposits that meet or exceed the FDIC insurance limit of $250 at year-end 2015 and 2014 were $117,780 and $139,685.

Scheduled maturities of time deposits for the next five years are as follows:

2016	$ 285,664
2017	55,847
2018	21,936
2019	14,136
2020	14,000
	$ 391,583

Deposits of directors and executive officers of the Banks and companies in which they have beneficial ownership were $23,565 and $22,065 at December 31, 2015 and 2014.

NOTE 9 – FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

At December 31, advances from the Federal Home Loan Bank were as follows:

	2015	2014
Maturities January 2022 through December 2027, fixed rates ranging from 2.00% to 5.50%, averaging 2.44% and 2.06% at year-end 2015 and 2014.	**$ 715**	$ 2,789

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances that are paid off earlier than maturity. The advances are borrowed under a blanket lien agreement. The advances are collateralized by Federal Home Loan Bank stock and first mortgage loans with an aggregate unpaid principal balance of $303,477 and $283,564 at December 31, 2015 and 2014. Based on this collateral and the holding of Federal Home Loan Bank stock, the Banks are eligible to borrow up to a total of $114,389 at year-end 2015. In addition, the Federal Home Loan Bank issues letters of credit on behalf of a subsidiary bank of the Company as security for certain deposit relationships, as the need arises. Outstanding letters of credit at December 31, 2015 and 2014 were $84,378 and $68,981.

Payment Information: There are no scheduled principal repayments associated with the advances over the next five years. The remaining balance of each advance is due at maturity.

Subordinated Debentures: In March 2009, Central Bancshares KY Statutory Trust III, a trust formed by the Company, closed a private placement offering of 22,600 trust preferred securities with a liquidation amount of $1 per security. The Company issued $23,278 of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The Company may redeem the subordinated debentures, in whole or in part, in a principal amount, with integral multiples of $1, on or after March 31, 2014 at 100% of the principal amount, plus accrued and unpaid interest. The subordinated debentures mature on March 31, 2039.

The subordinated debentures are also redeemable, in whole or in part from time to time, upon the occurrence of specific events defined within the trust indenture. The Company has the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. On March 31, 2014, the Company exercised its right to redeem 13,200 of the trust preferred securities for $13,200 in cash. On March 31, 2015, the Company exercised its right to redeem 4,800 of the trust preferred securities for $4,800 in cash. Thus, the subordinated debentures were $5,278 and $10,078 at December 31, 2015 and 2014 and have a fixed rate of interest of 10.00%. The Company's investment in the common stock of the trust was $678 and is included in other assets.

In March 2005, Central Bancshares KY Statutory Trust I, a trust formed by the Company, closed a pooled private offering of 15,000 trust preferred securities with a liquidation amount of $1 per security. The Company issued $15,464 of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The Company may redeem the subordinated debentures, in whole or in part, in a principal amount with integral multiples of $1, on or after June 15, 2010 at 100% of the principal amount, plus accrued and unpaid interest.

The subordinated debentures mature on June 15, 2035. The subordinated debentures are also redeemable, in whole or in part from time to time, upon the occurrence of specific events defined within the trust indenture. The Company has the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. The subordinated debentures have a variable rate of interest which was 2.26% at year-end 2015, equal to the sum of the three month London Interbank Offered Rate ("LIBOR") and 1.75%. The Company's investment in the common stock of the trust was $464 and is included in other assets.

The subordinated debentures may be included in Tier I capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

The Company has an outstanding line of credit for $10,000 from a commercial bank for the purpose of securing additional funds for capital infusion to its subsidiaries or for debt service needs. As of December 31, 2015, the Company had not drawn upon this line. Terms of the line of credit include a variable interest rate equal to the sum of prime as published in *The Wall Street Journal* and 0.50% (4.00% as of December 31, 2015) with a floor of 4.75%, and monthly payments of interest only with the balance due at maturity on September 30, 2016. The line of credit is secured by 100% of the stock of Central Bank & Trust Co.

NOTE 10 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values of investment securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Impaired Loans: At the time a loan is considered impaired, it is valued at the lower of cost or fair value. Impaired loans carried at fair value generally receive specific allocations of the allowance for loan losses. For collateral dependent loans, fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and the client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both collateral-dependent impaired loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once an appraisal is received, a member of the Loan Review Department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. On an annual basis, the Company compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraisal value to arrive at fair value. The most recent analysis performed indicated that discounts ranging from approximately 10% to 40% should be applied to all appraisal values, depending on the age of the appraisal and any known deterioration in value since the date of the appraisal.

Assets Measured on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (2015):			
Available for sale securities:			
U.S. government sponsored entities and agencies	$ -	$ **54,536**	$ -
Agency mortgage-backed securities: Residential	-	**48,197**	-
Corporate bonds	-	**15,138**	-
Assets (2014):			
Available for sale securities:			
U.S. government sponsored entities and agencies	$ -	$ 44,141	$ -
Agency mortgage-backed securities: Residential	-	70,659	-
Corporate bonds	-	5,001	-

There were no transfers between Level 1 and Level 2 during 2015 or 2014.

Assets Measured on a Non-Recurring Basis

Assets measured at fair value on a non-recurring basis are summarized below:

	Fair Value Measurements at December 31, Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (2015):			
Impaired loans:			
Commercial	$ -	$ -	$ 683
Commercial real estate	-	-	4,306
Residential real estate	-	-	5,681
Other real estate owned:			
Commercial real estate	-	-	4,330
Residential real estate	-	-	1,017
Assets (2014):			
Impaired loans:			
Commercial	$ -	$ -	$ 666
Commercial real estate	-	-	3,624
Residential real estate	-	-	6,238
Installment	-	-	83
Other real estate owned:			
Commercial real estate	-	-	7,482
Residential real estate	-	-	2,282

Impaired loans that are measured for impairment using the fair value of the collateral had a principal balance of $16,132, with a valuation allowance of $5,462 at December 31, 2015, resulting in $1,144 of additional provision for loan losses for the year ended December 31, 2015. Impaired loans that are measured for impairment using the fair value of the collateral had a principal balance of $16,490, with a valuation allowance of $5,879 at December 31, 2014, resulting in $2,377 of additional provision for loan losses for the year ended December 31, 2014.

Other real estate owned measured at fair value less costs to sell, had a net carrying amount of $5,347, which is made up of the outstanding balance of $9,503, net of a valuation allowance of $4,156 at December 31, 2015, resulting in an additional provision of $1,935 for the year ended December 31, 2015. Other real estate owned measured at fair value less costs to sell, had a net carrying amount of $9,764 which is made up of the outstanding balance of $14,760 net of a valuation allowance of $4,996 at December 31, 2014, resulting in an additional provision of $3,953 for the year ended December 31, 2014.

The following table presents qualitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2015 and 2014:

	Valuation Techniques	Fair Value	Asset Category	Unobservable Input(s)	Range (Weighted Average)
2015	Sales approach	$ 9,663	Other real estate owned, all classes of impaired loans	Adjustment for differences between the comparable sales, aging, and specific borrower information	4%–37% (22%)
	Income approach	$ 6,354	Other real estate owned, all classes of impaired loans	Adjustments for aging and specific borrower information	4%–15% (7%)
2014	Sales approach	$ 14,053	Other real estate owned, all classes of impaired loans	Adjustment for differences between the comparable sales, aging, and specific borrower information	4%–50% (29%)
	Income approach	$ 6,322	Other real estate owned, all classes of impaired loans	Adjustments for aging and specific borrower information	4%–6% (5%)

The carrying amount and estimated fair value of the Company's financial instruments at December 31 are as follows:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 183,197	$ 183,197	$ 162,681	$ 162,681
Available for sale securities	117,871	117,871	119,801	119,801
Held to maturity securities	127,712	127,747	90,016	89,591
Loans held for sale	8,148	8,148	6,606	6,606
Loans, net	1,658,973	1,654,927	1,624,108	1,620,595
Federal Home Loan Bank stock	6,751	N/A	6,751	N/A
Interest receivable	5,294	5,294	5,196	5,196
Financial liabilities:				
Deposits	$ 1,834,873	$ 1,833,930	$ 1,765,510	$ 1,765,157
Federal funds purchased and repurchase agreements	94,395	94,395	90,889	90,889
Federal Home Loan Bank advances	715	745	2,789	2,800
Subordinated debentures	20,742	26,767	25,542	31,749
Interest payable	244	244	300	300

The following is a summary of the fair value estimation methodologies, not previously presented, used by the Company for the financial instruments above:

The carrying amounts of cash and cash equivalents, and interest receivable and payable approximate fair value. The fair value of loans, excluding loans held for sale, is estimated by discounting the future cash flows using market rates currently offered for loans of similar remaining maturities. Loans held for sale are carried at the lower of cost or fair value, which is evaluated on a pool-level basis. The fair value of loans held for sale is estimated based upon binding contracts and quotes from third party investors. It is not practicable to determine the fair value of Federal Home Loan Bank stock due to restrictions placed on its transferability.

The fair value of non-interest bearing deposits is the amount payable on demand. The fair value of interest bearing deposits is estimated using market rates currently offered for deposits of similar remaining maturities. The carrying amount is the estimated fair value for federal funds purchased and repurchase agreements that reprice frequently and fully. The fair value of Federal Home Loan Bank advances and the subordinated debentures is estimated based on rates currently available to the Company for borrowings with similar terms and remaining maturities.

The estimated fair value of commitments to extend credit and standby letters of credit is estimated using fees currently charged for similar arrangements and is not material in relation to the consolidated financial statements.

NOTE 11 – INCOME TAXES

The provision for income taxes consists of the following:

	2015	2014
Current	$ 2,579	$ 1,114
Deferred	518	864
	$ 3,097	$ 1,978

The tax provision is less than that obtained by using the statutory federal income tax rates due to tax credits generated by Central Bank & Trust Co.'s limited partnership interest in 16 low-income housing projects, one New Market Tax Credit project, ownership of Qualified Zone Academy Bonds, and tax exempt interest income totaling $3,461 and $4,338 for 2015 and 2014.

Deferred tax assets and liabilities relate principally to unrealized losses on securities available for sale, adjustment for pension obligations, premises and equipment, mortgage servicing rights, the allowance for loan losses, Federal Home Loan Bank stock dividends, fair value adjustments, prepaid pension benefits, other real estate owned losses, partnership investments, and net operating loss carryforwards generated by Central Bank of Jefferson County prior to the Company's acquisition. At December 31, 2015, the Company had net operating loss carryforwards of $1,365 which expire in 2025. Deferred tax assets are recognized for net operating losses because the benefit is more likely than not to be realized. The utilization of the net operating loss carryforwards is limited annually under Internal Revenue Code Section 382.

The Company's deferred tax assets and deferred tax liabilities at December 31 were as follows:

	2015	2014
Deferred tax assets	$ 23,402	$ 24,018
Deferred tax liabilities	(7,230)	(7,405)
	$ 16,172	$ 16,613

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. No valuation allowance for the realization of deferred tax assets is considered necessary.

The Company has no unrecognized tax benefits as of December 31, 2015 and 2014. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next 12 months. Should the accrual of any interest or penalties relative to unrecognized tax benefits be necessary, it is the Company's policy to record such accruals in its income tax expense accounts; no such accruals existed as of December 31, 2015 and 2014. The Company and its subsidiaries file a consolidated U.S. Corporation federal income tax return and the Company and its non-bank subsidiaries file Kentucky Corporation income tax returns. The federal return is subject to examination by taxing authorities for all years after 2011 and the Kentucky returns are subject to examination by taxing authorities for all years after 2010. The Company has certain returns that are subject to examination for the 2004 tax year.

NOTE 12 – RETIREMENT PLANS

The Company has a funded noncontributory defined benefit pension plan covering substantially all employees with five or more years of service prior to December 31, 2009. The plan generally provides pension benefits that are based on compensation levels and years of service. Annual contribution to the plan is made according to established laws and regulations. Plan assets are primarily invested in equity securities, fixed income securities and cash equivalents. The plan provides defined benefits based on years of service and final average salary. The Company uses December 31 as the measurement date for its pension plans.

The Company also maintains a non-qualified supplemental pension plan covering certain key executives, which provides for benefit payments that exceed the limit for deductibility imposed by income tax regulations. The benefit obligation related to this unfunded plan was $4,176 and $3,789 at December 31, 2015 and 2014. Amounts recognized in accumulated other comprehensive income (loss) related to this plan at December 31, 2015 and 2014 were $(918) and $(1,004) and were the result of a net actuarial loss in the plan.

During 2009, the Company curtailed these defined benefit plans, fully vesting and freezing benefits for all employees. The Company expects to make no contributions to the plans in 2016.

Information about plan assets, obligations, contributions, and benefits paid follows:

	December 31, 2015	December 31, 2014
Benefit obligation	$ (32,131)	$ (31,587)
Fair value of plan assets	28,821	29,297
Funded status	$ (3,310)	$ (2,290)

	2015	2014
Employer contributions	$ -	$ -
Benefits paid	865	1,587

The following benefit payments are expected:

2016	$ 725
2017	1,185
2018	1,071
2019	1,129
2020	1,276
2021–2025	8,735

Amounts recognized in accumulated other comprehensive income (loss) at December 31, 2015 and 2014 were $(8,881) and $(8,558) and were the result of a net actuarial loss in the plan.

The accumulated benefit obligation was $32,131 and $31,587 at year-end 2015 and 2014.

Components of net periodic pension cost and other amounts recognized in other comprehensive income (loss) for 2015 and 2014 for the Company's defined benefit pension plans included the following:

	2015	2014
Interest cost on projected benefit obligation	$ 1,340	$ 1,261
Expected return on plan assets	(1,243)	(1,304)
Amortization of net gain (loss)	600	293
Net periodic pension cost	697	250
Net gain (loss)	923	4,424
Amortization of net gain (loss)	(600)	(293)
Total recognized in other comprehensive income (loss)	323	4,131
Total recognized in net periodic pension cost and other comprehensive income (loss)	$ 1,020	$ 4,381

The estimated net loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive income (loss) into net periodic pension cost over the next fiscal year was $630 and $600 as of December 31, 2015 and 2014.

The weighted-average assumptions used to determine net periodic pension cost were a discount rate and expected return on plan assets of 4.25% for 2015 and 4.50% for 2014. The weighted-average assumptions used to determine pension benefit obligations were a discount rate and expected return on plan assets of 4.25% for year-end 2015 and 2014.

Plan Assets: The Company's overall investment strategy is to achieve a mix of long-term growth and fixed income investments. The target allocations for plan assets for 2015 are to maintain an asset mix of approximately 40% equities and 60% fixed income debt securities. Equity securities primarily include investments in mutual funds and blue chip stocks. Fixed income debt securities include agency securities and municipal securities.

The weighted-average expected long-term rate of return is estimated based on current trends in the plan assets as well as projected future rates of return on those assets. The long-term rate of return considers historical returns.

The Company's pension plan asset allocation at year-end 2015 and 2014, and expected long-term rate of return by asset category are as follows:

Asset Class	Percentage of Plan Assets at Year-End 2015	2014	Weighted-Average Expected Long-Term Rate of Return
Equities:			
Common stock	27.02%	29.90%	6.00%–8.00%
Mutual funds	13.80	11.83	6.00%–8.00%
Real estate investment trust	2.01	1.88	6.00%–8.00%
Fixed income:			
Cash and cash equivalents	1.02	2.32	0.00%
Debt securities:			
U.S. government agency securities	0.00	0.00	4.00%
Obligations of states and political subdivisions	56.15	54.07	4.00%
	100.00%	100.00%	

Fair Value of Plan Assets: The Company used the following valuation methods and assumptions to estimate the fair value of assets held by the plan:

Equities: The fair values for equity securities, including common stock, mutual funds, and the real estate investment trust, are determined by quoted market prices (Level 1).

Fixed Income Debt Securities: The fair values for fixed income debt securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

The fair value of the plan assets at December 31, 2015 and 2014, by asset category, is as follows:

	Carrying Value	Fair Value Measurements at December 31 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2015				
Plan assets:				
Cash and cash equivalents	$ 294	$ 294	$ -	$ -
Equities:				
Common stock	7,786	7,786	-	-
Mutual funds	3,979	3,979	-	-
Real estate investment trust	579	579	-	-
Fixed income debt securities:				
U.S. government agency securities	1	-	1	-
Obligations of states and political subdivisions	16,182	-	16,182	-
Total plan assets	$ 28,821	$ 12,638	$ 16,183	$ -
2014				
Plan assets:				
Cash and cash equivalents	$ 681	$ 681	$ -	$ -
Equities:				
Common stock	8,760	8,760	-	-
Mutual funds	3,465	3,465	-	-
Real estate investment trust	551	551	-	-
Fixed income debt securities:				
U.S. government agency securities	1	-	1	-
Obligations of states and political subdivisions	15,839	-	15,839	-
Total plan assets	$ 29,297	$ 13,457	$ 15,840	$ -

There were no transfers between Level 1 and Level 2 during 2015 or 2014.

Deferred Compensation Plans: The Company maintains deferred compensation plans covering selected directors and key employees. Net deferred compensation expense was $94 and $309 in 2015 and 2014. The accrued liability associated with these plans of $1,070 and $976 at December 31, 2015 and 2014 is included in other liabilities.

Employee Stock Ownership Plan: The Company maintains an employee stock ownership plan (the "ESOP"). Contributions are determined annually by the Board of Directors in amounts not to exceed 15 percent of the total compensation of all participants. ESOP expense was $693 and $1,134 in 2015 and 2014. As of December 31, 2015 and 2014, a total of 37,532 and 37,715 shares with a fair value of $23,833 and $20,366 were allocated to active participants as well as $75 and $39 in cash. There were no unallocated shares. Any participant who receives a distribution of Company stock under the ESOP has the option to require the Company to repurchase the shares at fair value during a defined period within each of the succeeding two years. The total "put" obligation at December 31, 2015 is the fair value of all ESOP shares distributed in 2015 and shares to be distributed in 2016 to participants who had terminated as of year-end 2015. The Company has a right of first refusal with respect to distributed ESOP shares, which requires former participants to offer to sell their shares to the Company before selling them to another purchaser.

401(k) Retirement Plan: The Company has a 401(k) retirement plan. The Company determines annually the rate at which employee contributions will be matched and the maximum amount of employee contributions which will be matched. The Company made matching contributions totaling $1,359 and $1,363 in 2015 and 2014.

NOTE 13 – REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. The Company is a bank holding company and is subject to regulation by the Federal Reserve. Central Bank & Trust Co. and Central Bank of Jefferson County, Inc. operate under state bank charters and are subject to regulation by the Kentucky Department of Financial Institutions and the Federal Deposit Insurance Corporation.

Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule and fully phased in by January 1, 2019. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Capital amounts and ratios for December 31, 2014 are calculated using Basel I rules. Management believes as of December 31, 2015, the Company and Banks meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as are asset growth and expansion, and capital restoration plans are required. At year-end 2015 and 2014, the most recent regulatory notifications categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institutions' category.

Actual and required capital amounts and ratios are presented below:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2015						
Total Capital (to Risk-Weighted Assets):						
Consolidated	$ 250,997	13.8%	$ 145,922	8.0%	N/A	N/A
Central Bank & Trust Co.	227,359	13.4	135,336	8.0	$ 169,170	10.0%
Central Bank of Jefferson County, Inc.	19,809	14.6	10,874	8.0	13,592	10.0
Tier I Capital (to Risk-Weighted Assets):						
Consolidated	$ 229,157	12.6%	$ 109,441	6.0%	N/A	N/A
Central Bank & Trust Co.	206,918	12.2	101,502	6.0	$ 135,336	8.0%
Central Bank of Jefferson County, Inc.	18,410	13.5	8,155	6.0	10,874	8.0
Common Tier I (CET 1):						
Consolidated	$ 209,557	11.5%	$ 82,081	4.5%	N/A	N/A
Central Bank & Trust Co.	206,918	12.2	76,126	4.5	$ 109,960	6.5%
Central Bank of Jefferson County, Inc.	18,410	13.5	6,116	4.5	8,835	6.5
Tier I Capital (to Average Assets):						
Consolidated	$ 229,157	10.7%	$ 85,704	4.0%	N/A	N/A
Central Bank & Trust Co.	206,918	10.4	79,501	4.0	$ 99,376	5.0%
Central Bank of Jefferson County, Inc.	18,410	10.4	7,101	4.0	8,876	5.0
December 31, 2014						
Total Capital (to Risk-Weighted Assets):						
Consolidated	$ 233,724	13.4%	$ 139,391	8.0%	N/A	N/A
Central Bank & Trust Co.	209,526	13.1	127,808	8.0	$ 159,760	10.0%
Central Bank of Jefferson County, Inc.	18,573	12.8	11,583	8.0	14,479	10.0
Tier I Capital (to Risk-Weighted Assets):						
Consolidated	$ 211,944	12.2%	$ 69,696	4.0%	N/A	N/A
Central Bank & Trust Co.	189,536	11.9	63,904	4.0	$ 95,856	6.0%
Central Bank of Jefferson County, Inc.	17,340	12.0	5,792	4.0	8,688	6.0
Tier I Capital (to Average Assets):						
Consolidated	$ 211,944	10.2%	$ 83,249	4.0%	N/A	N/A
Central Bank & Trust Co.	189,536	9.9	76,731	4.0	$ 95,914	5.0%
Central Bank of Jefferson County, Inc.	17,340	9.6	7,240	4.0	9,051	5.0

The Company's principal source of funds is dividends received from the Banks. As state-chartered banks, Central Bank & Trust Co. and Central Bank of Jefferson County, Inc. are subject to the dividend restrictions set forth by Kentucky Revised Statutes. Under such restrictions, state-chartered banks may not pay dividends in excess of year-to-date net income combined with the preceding two years' undistributed net income or loss unless approval from the Kentucky Commissioner of Banking is obtained

Under the most restrictive dividend limitations described, the Banks could pay dividends in 2016 of $25,290 plus any 2016 earnings retained through the date of the dividend declaration.

NOTE 14 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Banks are parties to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of their customers. The financial instruments are commitments to extend credit, unused lines of credit and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become payable. The Banks use the same credit policies in making conditional obligations as they do for on-balance-sheet instruments.

At December 31, 2015 and 2014, the Banks had the following financial instruments:

	2015	2014
Standby letters of credit	$ 32,645	$ 32,637
Commitments to extend credit	$ 290,556	$ 172,548
Unused lines of credit	$ 290,835	$ 248,800

Standby letters of credit represent conditional commitments issued by the Banks to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as the credit risk involved in extending loans to customers. The Banks hold certificates of deposit and real estate as collateral supporting those commitments for which collateral is deemed necessary.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee.

Commitments are generally made for periods of 45 days or less. The Banks evaluate each customer's creditworthiness on a case-by-case basis. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Collateral held varies but may include accounts receivable, marketable securities, inventory, property and equipment, and income-producing properties.

BOARDS OF DIRECTORS

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
Retired
WKYT-TV

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

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
Market President

Randy Mason
Owner-Operator, McDonald's

W. Thomas Prather
Chairman, Central Bank,
Georgetown

Central Bank, Lexington Advisory Board of Directors

Rick Avare
MAP Entities

Jeremy Bates
General Manager, Bates
Security

Bill Brewer
Trustee, Poole Enterprises

Jed Bullard
Owner, E.D. Bullard Company

Kiki Courtelis
President, J & C Kentucky, Inc.

Michael Cox
President, Denham-Blythe
Co., Inc.

Dr. John Hobbs
Central Internal Medicine

Glenn Hoskins
Attorney, Webb, Hoskins,
Brown & Thompson, PSC

Dave Houchin
President, Intech
Contracting, LLC

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

Debbie Long
Owner, Dudley's on Short

Mark Nabity
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.

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
Market President

James Ernest Hillard
Owner, Middletown Industrial

Mike Rice
Owner, Cars of Kentucky, Inc.

Rita H. Smart
Owner, The Bennett House

Central Bank, Nicholasville Advisory Board of Directors

Joan D. Kincaid
Vice Chairman of the Board
Central Bancshares, Inc.

Sandra J. Adams
Owner, Zaxby's

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

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
Market President

Central Bank, Northern Kentucky Advisory Board of Directors

Mark Ayer
Managing Member
Reading Investments, LLC

Tonya Burns-Gerakos
Tonya Burns Law

Chris Carle
Senior Vice President, COO
St. Elizabeth Healthcare,
Florence

Helen Carroll
Retired, Community Relations
Toyota Motor Manufacturing

Joseph A. Creevy, M.D.
Retired Urologist

Merwin Grayson, Jr.
Chairman, Central Bank
Northern Kentucky

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

BOARDS OF DIRECTORS

Central Bank, Winchester Advisory Board of Directors

James Allen
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

William P. Malone
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.

Luther Deaton, Jr.
Chairman, President & CEO

Joan D. Kincaid
Vice Chairman

Susan L. Simmons
Vice President

Ranee Leland
Vice President
Corporate Secretary

C. Gregory Stacy
Treasurer

Central Bank, Lexington

ADMINISTRATION

Luther Deaton, Jr.
Chairman, President & CEO

Ranee Leland
Vice President
Corporate Secretary

Auditing

Craig L. Daniels, CPA
Executive Vice President

Lisa S. Grant, CRCM
Vice President &
Compliance Officer

Donna J. Craven, CRCM
Vice President

Danny C. Noland
Vice President

COMMERCIAL BANKING

Gregory A. Bibb
Executive Vice President

Corporate Services

Karen Rowland, CTP
Senior Vice President &
Corporate Treasury Manager

Tracy Reid, CTP
Vice President

Lisa K. Vickers
Vice President

Chris Campbell
Assistant Vice President

Allison Carter
Assistant Vice President

Matt Ratliff
Assistant Vice President

Credit Administration

Jason A. Smith
Vice President

Samuel Collins
Assistant Vice President

Chris Conkright
Credit Analyst Officer

Adam Rodgers
Credit Analyst Officer

Loan Review

Marie A. Young
Vice President

David Chrisman
Senior Vice President

D. Keith Preston
Vice President

Leigh M. Carr
Assistant Vice President

LeeAnn Layne
Assistant Vice President

Loan Processing

Donna M. Turner
Vice President

Special Assets

Ellen Sharp
Vice President

Steve Hall
Vice President

Julie Szymanski
Vice President

Becky Mullins
Special Assets Officer

Commercial Lending

Mark Kaufmann
Senior Vice President

Mark R. Fox
Vice President

David Ross
Vice President

Jake Schirmer
Vice President

Shane Anderson
Assistant Vice President

Stephen J. Mallory
Assistant Vice President

Consumer Lending

Jerry F. Smalley
Vice President

Mortgage Lending

Paul R. Thornsberry
Senior Vice President

Megan Barlow
Vice President

Paul B. Drake
Vice President

Jordan Owens
Assistant Vice President

Jarred W. Paull
Commercial Mortgage Officer

Small Business

Ernest W. Dolihite
Senior Vice President

Richard D. Hartley
Vice President

Terri A. Jones
Vice President

Jeff Murphy
Vice President

Central Bank Mortgage

Ed Workman
Senior Vice President

Susan Bradley
Vice President

Tom Breathitt
Vice President

Brad Fields
Vice President

Rebecca Haddix
Vice President

Catherine Himes
Vice President

Lorraine Kinley
Vice President

Vina Risner
Vice President

Brian W. West
Vice President

Lisa Hart
Assistant Vice President

Alicia Esenbock
Secondary Mortgage
Underwriter

HUMAN RESOURCES

Susan L. Simmons
Executive Vice President

Amy Manning
Senior Vice President

Shelia Plymale
Senior Vice President

June Carpenter
Human Resources Officer

TECHNOLOGY SERVICES

Julie Bondra
Executive Vice President

Anna Clayton
Vice President

Kevin J. Lippert
Vice President

E. Sean Profitt
Vice President

David Hake
Information Security Officer

Jason Hollis
Infrastructure Officer

OFFICERS

RETAIL BANKING

David L. Moore
Executive Vice President

Michael Gartner
Senior Vice President

Chris McGaughey
CRA Community Development Officer

Banking Centers

Karen Burton
Assistant Vice President

Gina Ensminger
Assistant Vice President

Angela M. Friesz
Assistant Vice President

Philip Rochester
Assistant Vice President

Lana Alexander
Retail Banking Officer

Jeffrey Benton
Retail Banking Officer

Sharon Bradley
Retail Banking Officer

Barbara Johnson
Retail Banking Officer

Pamela Matney
Retail Banking Officer

Laura M. Owens
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 & CFO

Robin Oliver
Senior Vice President

Lisa A. Williamson
Assistant Vice President

Mark Kendall
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

Laura Schweitzer
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

Loan Services

Timothy R. Austin
Assistant Vice President

Shawn Presnell
Vice President

Deposit Services

Lisa 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
Executive 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

Elizabeth Johns
Vice President

Eloise G. Penn
Vice President

Anna Hovekamp
Assistant Vice President

Carolyn Bishop
Trust Officer

Investment Management

Timothy D. Fyffe
Senior Vice President

Thomas Corr
Vice President

R. Scott King
Vice President

Private Banking

Gregory M. Shewmaker
Executive Vice President & Private Banking Manager

Rita L. Bugg
Vice President

Leslie Fannin
Vice President

Alicia Jordan
Vice President

Mark Ruddell
Vice President

Christopher Thomason
Vice President

Matthew Frank, CFP®
Assistant Vice President

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

OFFICERS

CENTRAL INVESTMENT CENTER, INC.

Jeff Ginnan
Executive Vice President & Senior Financial Advisor

Jeff Fields, CRPS®
Vice President & Financial Advisor

Tony Brown
Financial Advisor

Ballard "Cash" Cassady
Financial Advisor

Jim DeMoss
Financial Advisor

Deborah Fisher
Financial Advisor

Jacobus M. Ockers
Financial Advisor

Thomas E. Roberts, CFP®
Financial Advisor

Jennifer Wilson
Financial Advisor

CENTRAL BANK, GEORGETOWN

Kimberly E. Marshall
Market President

Jennifer J. Roberts
Vice President

Patricia Voigt
Vice President

Jennifer Baldwin
Assistant Vice President

Mortgage Lending

Ashley Weir
Vice President

CENTRAL BANK, MADISON COUNTY

Jeff Fultz
Market 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
Market President

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

James Uebel
Market President

Brett Blackwell
Senior Vice President & Senior Market Lender

Donald Benzinger
Vice President

Matthew E. Eilers
Vice President

Karen J. Homan
Vice President

Joshua Lehman
Assistant Vice President

Mortgage Lending

Dennis Barnes
Assistant Vice President

Retail Banking

Troy Fedders
Vice President

Jeffrey Wagner
Vice President

Diana Webster
Vice President

Private Banking

John Finley
Senior Vice President

Karen Hartig
Vice President

Larry Luebbers
Vice President

CENTRAL BANK, WINCHESTER

Glenn Leveridge
Market President

Tim M. Duncan
Senior Vice President

Tammy M. Carroll
Vice President

Lisa T. Earlywine
Vice President

Erica Parks
Commercial Lending Officer

Mortgage Lending

Lee Coleman
Assistant Vice President

Amy Turner
Assistant Vice President

CENTRAL BANK, JEFFERSON COUNTY

Luther Deaton, Jr.
CEO

Mark Wheeler
Market President

Jeff D. Jacob
Senior Vice President & Security, BSA & AML Officer

Lisa S. Grant, CRCM
Vice President & Compliance Officer

Commercial Banking

Amy Sullivan
Senior Vice President

Joan Strafer
Vice President

Cynthia Caldwell
Assistant Vice President

Mortgage Lending

Jeanie Gammon
Vice President

Retail Banking

David Bond
Vice President & Retail Development Officer

Elaine Fawbush
Assistant Vice President

Casey Steitz
Retail Banking Officer

Tanner Greenwell
Retail Banking Officer

Private Banking

Robert Slider
Senior Vice President

Mary Littrell
Vice President

Jim Morris
Vice President

Wealth Management

Bill Kaiser
Vice President

Central Bank

centralbank.com
(859) 253-6222
(800) 637-6884

EQUAL HOUSING LENDER