

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549  
**FORM 10-Q**

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2024  
Or  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-31220

**COMMUNITY TRUST BANCORP, INC.**

*(Exact name of registrant as specified in its charter)*

**Kentucky**

*(State or other jurisdiction of incorporation or organization)*

**61-0979818**

*(IRS Employer Identification No.)*

**346 North Mayo Trail**

**P.O. Box 2947**

**Pikeville, Kentucky**

*(Address of principal executive offices)*

**41502**

*(Zip code)*

**(606) 432-1414**

*(Registrant's telephone number)*

Securities registered pursuant to Section 12(b) of the Act:

**Common Stock**

*(Title of class)*

**CTBI**

*(Trading symbol)*

**The NASDAQ Global Select Market**

*(Name of exchange on which registered)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No

Indicate by check mark whether the registrant has submitted electronically every interactive data file required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐

Accelerated Filer ☒

Non-accelerated Filer ☐

Smaller Reporting Company ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

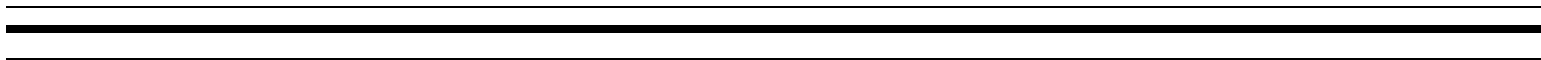
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐

No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common stock – 18,052,147 shares outstanding at July 31, 2024



**CAUTIONARY STATEMENT  
REGARDING FORWARD LOOKING STATEMENTS**

Certain of the statements contained herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Community Trust Bancorp, Inc.'s ("CTBI") actual results may differ materially from those included in the forward-looking statements. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," and "could." These forward-looking statements involve risks and uncertainties including, but not limited to, economic conditions, portfolio growth, the credit performance of the portfolios, including bankruptcies, and seasonal factors; changes in general economic conditions including the performance of financial markets, prevailing inflation and interest rates, realized gains from sales of investments, gains from asset sales, and losses on commercial lending activities; the effects of epidemics, pandemics, or other infectious disease outbreaks; results of various investment activities; the effects of competitors' pricing policies, changes in laws and regulations, competition, and demographic changes on target market populations' savings and financial planning needs; industry changes in information technology systems on which we are highly dependent; failure of acquisitions to produce revenue enhancements or cost savings at levels or within the time frames originally anticipated or unforeseen integration difficulties; and the resolution of legal proceedings and related matters. In addition, the banking industry in general is subject to various monetary, operational, and fiscal policies and regulations, which include, but are not limited to, those determined by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau, and state regulators, whose policies, regulations, and enforcement actions could affect CTBI's results. These statements are representative only on the date hereof, and CTBI undertakes no obligation to update any forward-looking statements made.

**PART I - FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

The accompanying information has not been audited by our independent registered public accountants; however, in the opinion of management such information reflects all adjustments necessary for a fair presentation of the results for the interim period. All such adjustments are of a normal and recurring nature.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America or those normally made in the Registrant's annual report on Form 10-K. Accordingly, the reader of the Form 10-Q should refer to the Registrant's Form 10-K for the year ended December 31, 2023 for further information in this regard.

**Community Trust Bancorp, Inc.**  
**Condensed Consolidated Balance Sheets**

|                                                                                                                                  | (unaudited)<br>June 30<br>2024 | December 31<br>2023 |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------|
| <i>(dollars in thousands)</i>                                                                                                    |                                |                     |
| <b>Assets:</b>                                                                                                                   |                                |                     |
| Cash and due from banks                                                                                                          | \$ 54,935                      | \$ 58,833           |
| Interest bearing deposits                                                                                                        | 106,726                        | 212,567             |
| Cash and cash equivalents                                                                                                        | 161,661                        | 271,400             |
| Certificates of deposit in other banks                                                                                           | 245                            | 245                 |
| Debt securities available-for-sale at fair value (amortized cost of \$1,232,879 and \$1,301,244, respectively)                   | 1,090,322                      | 1,163,724           |
| Equity securities at fair value                                                                                                  | 3,054                          | 3,158               |
| Loans held for sale                                                                                                              | 350                            | 152                 |
| Loans                                                                                                                            | 4,261,247                      | 4,050,906           |
| Allowance for credit losses                                                                                                      | (52,148)                       | (49,543)            |
| Net loans                                                                                                                        | 4,209,099                      | 4,001,363           |
| Premises and equipment, net                                                                                                      | 47,178                         | 45,311              |
| Operating right-of-use assets                                                                                                    | 12,084                         | 12,607              |
| Finance right-of-use assets                                                                                                      | 3,037                          | 3,096               |
| Federal Home Loan Bank stock                                                                                                     | 9,135                          | 4,712               |
| Federal Reserve Bank stock                                                                                                       | 4,887                          | 4,887               |
| Goodwill                                                                                                                         | 65,490                         | 65,490              |
| Bank owned life insurance                                                                                                        | 100,839                        | 101,461             |
| Mortgage servicing rights                                                                                                        | 7,749                          | 7,665               |
| Other real estate owned                                                                                                          | 1,626                          | 1,616               |
| Deferred tax asset                                                                                                               | 29,990                         | 28,141              |
| Accrued interest receivable                                                                                                      | 24,442                         | 23,575              |
| Other assets                                                                                                                     | 33,151                         | 31,093              |
| <b>Total assets</b>                                                                                                              | <b>\$ 5,804,339</b>            | <b>\$ 5,769,696</b> |
| <b>Liabilities and shareholders' equity:</b>                                                                                     |                                |                     |
| Deposits:                                                                                                                        |                                |                     |
| Noninterest bearing                                                                                                              | \$ 1,241,514                   | \$ 1,260,690        |
| Interest bearing                                                                                                                 | 3,492,284                      | 3,463,932           |
| Total deposits                                                                                                                   | 4,733,798                      | 4,724,622           |
| Repurchase agreements                                                                                                            | 227,576                        | 225,245             |
| Federal funds purchased                                                                                                          | 500                            | 500                 |
| Advances from Federal Home Loan Bank                                                                                             | 324                            | 334                 |
| Long-term debt                                                                                                                   | 64,130                         | 64,241              |
| Operating lease liability                                                                                                        | 12,441                         | 12,958              |
| Finance lease liability                                                                                                          | 3,439                          | 3,435               |
| Accrued interest payable                                                                                                         | 12,260                         | 7,389               |
| Other liabilities                                                                                                                | 30,548                         | 28,764              |
| <b>Total liabilities</b>                                                                                                         | <b>5,085,016</b>               | <b>5,067,488</b>    |
| <b>Shareholders' equity:</b>                                                                                                     |                                |                     |
| Preferred stock, 300,000 shares authorized and unissued                                                                          | -                              | -                   |
| Common stock, \$5.00 par value, shares authorized 25,000,000; shares issued and outstanding 2024 – 18,025,763; 2023 – 17,999,840 | 90,129                         | 89,999              |
| Capital surplus                                                                                                                  | 232,179                        | 231,130             |
| Retained earnings                                                                                                                | 504,116                        | 484,400             |
| Accumulated other comprehensive loss, net of tax                                                                                 | (107,101)                      | (103,321)           |
| <b>Total shareholders' equity</b>                                                                                                | <b>719,323</b>                 | <b>702,208</b>      |
| <b>Total liabilities and shareholders' equity</b>                                                                                | <b>\$ 5,804,339</b>            | <b>\$ 5,769,696</b> |

See notes to condensed consolidated financial statements.

**Community Trust Bancorp, Inc.**  
**Condensed Consolidated Statements of Income and Comprehensive Income**  
*(unaudited)*

|                                                                                 | Three Months Ended<br>June 30 |                  | Six Months Ended<br>June 30 |                  |
|---------------------------------------------------------------------------------|-------------------------------|------------------|-----------------------------|------------------|
|                                                                                 | 2024                          | 2023             | 2024                        | 2023             |
| <i>(in thousands except per share data)</i>                                     |                               |                  |                             |                  |
| <b>Interest income:</b>                                                         |                               |                  |                             |                  |
| Interest and fees on loans, including loans held for sale                       | \$ 67,264                     | \$ 55,822        | \$ 131,980                  | \$ 107,769       |
| Interest and dividends on securities                                            |                               |                  |                             |                  |
| Taxable                                                                         | 6,332                         | 6,811            | 13,062                      | 13,569           |
| Tax exempt                                                                      | 653                           | 669              | 1,312                       | 1,351            |
| Interest and dividends on Federal Reserve Bank and Federal Home Loan Bank stock | 175                           | 172              | 384                         | 346              |
| Interest on Federal Reserve Bank deposits                                       | 2,121                         | 1,289            | 4,712                       | 2,639            |
| Other, including interest on federal funds sold                                 | 103                           | 64               | 200                         | 148              |
| <b>Total interest income</b>                                                    | <b>76,648</b>                 | <b>64,827</b>    | <b>151,650</b>              | <b>125,822</b>   |
| <b>Interest expense:</b>                                                        |                               |                  |                             |                  |
| Interest on deposits                                                            | 27,144                        | 18,462           | 54,820                      | 32,853           |
| Interest on repurchase agreements and federal funds purchased                   | 2,641                         | 2,190            | 5,216                       | 3,806            |
| Interest on advances from Federal Home Loan Bank                                | 15                            | 7                | 15                          | 50               |
| Interest on long-term debt                                                      | 1,170                         | 1,089            | 2,330                       | 2,118            |
| <b>Total interest expense</b>                                                   | <b>30,970</b>                 | <b>21,748</b>    | <b>62,381</b>               | <b>38,827</b>    |
| <b>Net interest income</b>                                                      | <b>45,678</b>                 | <b>43,079</b>    | <b>89,269</b>               | <b>86,995</b>    |
| Provision for credit losses                                                     | 2,972                         | 2,009            | 5,628                       | 3,125            |
| <b>Net interest income after provision for credit losses</b>                    | <b>42,706</b>                 | <b>41,070</b>    | <b>83,641</b>               | <b>83,870</b>    |
| <b>Noninterest income:</b>                                                      |                               |                  |                             |                  |
| Deposit related fees                                                            | 7,308                         | 7,513            | 14,319                      | 14,800           |
| Gains on sales of loans, net                                                    | 119                           | 115              | 164                         | 236              |
| Trust and wealth management income                                              | 3,736                         | 3,351            | 7,253                       | 6,430            |
| Loan related fees                                                               | 1,320                         | 1,197            | 2,672                       | 2,042            |
| Bank owned life insurance                                                       | 1,815                         | 735              | 3,107                       | 1,593            |
| Brokerage revenue                                                               | 683                           | 388              | 1,173                       | 736              |
| Securities gains (losses)                                                       | (474)                         | 165              | (103)                       | 383              |
| Other noninterest income                                                        | 1,201                         | 1,292            | 2,257                       | 2,218            |
| <b>Total noninterest income</b>                                                 | <b>15,708</b>                 | <b>14,756</b>    | <b>30,842</b>               | <b>28,438</b>    |
| <b>Noninterest expense:</b>                                                     |                               |                  |                             |                  |
| Officer salaries and employee benefits                                          | 4,132                         | 3,574            | 8,373                       | 7,726            |
| Other salaries and employee benefits                                            | 15,459                        | 14,731           | 31,340                      | 29,487           |
| Occupancy, net                                                                  | 2,375                         | 2,181            | 4,753                       | 4,483            |
| Equipment                                                                       | 714                           | 714              | 1,364                       | 1,440            |
| Data processing                                                                 | 2,669                         | 2,383            | 5,187                       | 4,686            |
| Bank franchise tax                                                              | 424                           | 419              | 848                         | 838              |
| Legal fees                                                                      | 297                           | 381              | 515                         | 649              |
| Professional fees                                                               | 681                           | 531              | 1,295                       | 1,079            |
| Advertising and marketing                                                       | 856                           | 704              | 1,433                       | 1,524            |
| FDIC insurance                                                                  | 645                           | 610              | 1,287                       | 1,216            |
| Repossession expense                                                            | 297                           | 98               | 523                         | 329              |
| Other noninterest expense                                                       | 3,873                         | 4,699            | 7,724                       | 9,458            |
| <b>Total noninterest expense</b>                                                | <b>32,422</b>                 | <b>31,025</b>    | <b>64,642</b>               | <b>62,915</b>    |
| <b>Income before income taxes</b>                                               | <b>25,992</b>                 | <b>24,801</b>    | <b>49,841</b>               | <b>49,393</b>    |
| Income taxes                                                                    | 6,493                         | 5,397            | 11,663                      | 10,676           |
| <b>Net income</b>                                                               | <b>19,499</b>                 | <b>19,404</b>    | <b>38,178</b>               | <b>38,717</b>    |
| <b>Other comprehensive gain (loss):</b>                                         |                               |                  |                             |                  |
| Unrealized holding gains (losses) on debt securities available-for-sale:        |                               |                  |                             |                  |
| Unrealized holding gains (losses) arising during the period                     | (312)                         | (11,828)         | (5,037)                     | 12,888           |
| Less: Reclassification adjustments for realized gains included in net income    | 1                             | 0                | 1                           | 4                |
| Tax expense (benefit)                                                           | (79)                          | (2,951)          | (1,258)                     | 5,046            |
| Other comprehensive gain (loss), net of tax                                     | (234)                         | (8,877)          | (3,780)                     | 7,838            |
| <b>Comprehensive income</b>                                                     | <b>\$ 19,265</b>              | <b>\$ 10,527</b> | <b>\$ 34,398</b>            | <b>\$ 46,555</b> |

|                                             |    |        |    |        |    |        |    |        |
|---------------------------------------------|----|--------|----|--------|----|--------|----|--------|
| Basic earnings per share                    | \$ | 1.09   | \$ | 1.09   | \$ | 2.13   | \$ | 2.17   |
| Diluted earnings per share                  | \$ | 1.09   | \$ | 1.08   | \$ | 2.13   | \$ | 2.16   |
|                                             |    |        |    |        |    |        |    |        |
| Weighted average shares outstanding-basic   |    | 17,939 |    | 17,884 |    | 17,932 |    | 17,877 |
| Weighted average shares outstanding-diluted |    | 17,959 |    | 17,890 |    | 17,951 |    | 17,885 |

See notes to condensed consolidated financial statements.

**Consolidated Statements of Changes in Shareholders' Equity**  
**Quarterly**  
*(unaudited)*

| <i>(in thousands except per share and share amounts)</i> | <b>Common<br/>Shares</b> | <b>Common<br/>Stock</b> | <b>Capital<br/>Surplus</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss),<br/>Net of Tax</b> | <b>Total</b> |
|----------------------------------------------------------|--------------------------|-------------------------|----------------------------|------------------------------|----------------------------------------------------------------------------------|--------------|
| <b>Balance, March 31, 2024</b>                           | 18,019,349               | \$ 90,096               | \$ 231,626                 | \$ 492,869                   | \$ (106,867)                                                                     | \$ 707,724   |
| Net income                                               |                          |                         |                            | 19,499                       |                                                                                  | 19,499       |
| Other comprehensive income (loss)                        |                          |                         |                            |                              | (234)                                                                            | (234)        |
| Cash dividends declared \$(0.46 per share)               |                          |                         |                            | (8,252)                      |                                                                                  | (8,252)      |
| Issuance of common stock                                 | 7,165                    | 36                      | 245                        |                              |                                                                                  | 281          |
| Vesting of restricted stock                              | (423)                    | (2)                     | 2                          |                              |                                                                                  | 0            |
| Forfeiture of restricted stock                           | (328)                    | (1)                     | 1                          |                              |                                                                                  | 0            |
| Stock-based compensation                                 |                          |                         | 305                        |                              |                                                                                  | 305          |
| <b>Balance, June 30, 2024</b>                            | 18,025,763               | \$ 90,129               | \$ 232,179                 | \$ 504,116                   | \$ (107,101)                                                                     | \$ 719,323   |

| <i>(in thousands except per share and share amounts)</i> | <b>Common<br/>Shares</b> | <b>Common<br/>Stock</b> | <b>Capital<br/>Surplus</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss),<br/>Net of Tax</b> | <b>Total</b> |
|----------------------------------------------------------|--------------------------|-------------------------|----------------------------|------------------------------|----------------------------------------------------------------------------------|--------------|
| <b>Balance, March 31, 2023</b>                           | 17,976,345               | \$ 89,881               | \$ 229,333                 | \$ 450,044                   | \$ (112,437)                                                                     | \$ 656,821   |
| Net income                                               |                          |                         |                            | 19,404                       |                                                                                  | 19,404       |
| Other comprehensive income (loss)                        |                          |                         |                            |                              | (8,877)                                                                          | (8,877)      |
| Cash dividends declared \$(0.44 per share)               |                          |                         |                            | (7,870)                      |                                                                                  | (7,870)      |
| Issuance of common stock                                 | 8,604                    | 43                      | 237                        |                              |                                                                                  | 280          |
| Vesting of restricted stock                              | (1,249)                  | (6)                     | 6                          |                              |                                                                                  | 0            |
| Stock-based compensation                                 |                          |                         | 367                        |                              |                                                                                  | 367          |
| <b>Balance, June 30, 2023</b>                            | 17,983,700               | \$ 89,918               | \$ 229,943                 | \$ 461,578                   | \$ (121,314)                                                                     | \$ 660,125   |

See notes to condensed consolidated financial statements.

**Consolidated Statements of Changes in Shareholders' Equity**  
**Year-to-Date**  
**(unaudited)**

| <i>(in thousands except per share and share amounts)</i> | <b>Common<br/>Shares</b> | <b>Common<br/>Stock</b> | <b>Capital<br/>Surplus</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss),<br/>Net of Tax</b> | <b>Total</b> |
|----------------------------------------------------------|--------------------------|-------------------------|----------------------------|------------------------------|----------------------------------------------------------------------------------|--------------|
| <b>Balance, December 31, 2023</b>                        | 17,999,840               | \$ 89,999               | \$ 231,130                 | \$ 484,400                   | \$ (103,321)                                                                     | \$ 702,208   |
| Net income                                               |                          |                         |                            | 38,178                       |                                                                                  | 38,178       |
| Other comprehensive income (loss)                        |                          |                         |                            |                              | (3,780)                                                                          | (3,780)      |
| Cash dividends declared \$(0.92 per share)               |                          |                         |                            | (16,501)                     |                                                                                  | (16,501)     |
| Issuance of common stock                                 | 36,191                   | 181                     | 391                        |                              |                                                                                  | 572          |
| Issuance of restricted stock                             | 15,000                   | 75                      | (75)                       |                              |                                                                                  | 0            |
| Vesting of restricted stock                              | (22,831)                 | (114)                   | 114                        |                              |                                                                                  | 0            |
| Forfeiture of restricted stock                           | (2,437)                  | (12)                    | 12                         |                              |                                                                                  | 0            |
| Stock-based compensation                                 |                          |                         | 607                        |                              |                                                                                  | 607          |
| Cumulative effect of FASB adjustment                     |                          |                         |                            | (1,961)                      |                                                                                  | (1,961)      |
| <b>Balance, June 30, 2024</b>                            | 18,025,763               | \$ 90,129               | \$ 232,179                 | \$ 504,116                   | \$ (107,101)                                                                     | \$ 719,323   |

| <i>(in thousands except per share and share amounts)</i> | <b>Common<br/>Shares</b> | <b>Common<br/>Stock</b> | <b>Capital<br/>Surplus</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss),<br/>Net of Tax</b> | <b>Total</b> |
|----------------------------------------------------------|--------------------------|-------------------------|----------------------------|------------------------------|----------------------------------------------------------------------------------|--------------|
| <b>Balance, December 31, 2022</b>                        | 17,918,280               | \$ 89,591               | \$ 229,012                 | \$ 438,596                   | \$ (129,152)                                                                     | \$ 628,047   |
| Net income                                               |                          |                         |                            | 38,717                       |                                                                                  | 38,717       |
| Other comprehensive income (loss)                        |                          |                         |                            |                              | 7,838                                                                            | 7,838        |
| Cash dividends declared \$(0.88 per share)               |                          |                         |                            | (15,735)                     |                                                                                  | (15,735)     |
| Issuance of common stock                                 | 34,722                   | 174                     | 384                        |                              |                                                                                  | 558          |
| Issuance of restricted stock                             | 52,865                   | 264                     | (264)                      |                              |                                                                                  | 0            |
| Vesting of restricted stock                              | (21,377)                 | (107)                   | 107                        |                              |                                                                                  | 0            |
| Forfeiture of restricted stock                           | (790)                    | (4)                     | 4                          |                              |                                                                                  | 0            |
| Stock-based compensation                                 |                          |                         | 700                        |                              |                                                                                  | 700          |
| <b>Balance, June 30, 2023</b>                            | 17,983,700               | \$ 89,918               | \$ 229,943                 | \$ 461,578                   | \$ (121,314)                                                                     | \$ 660,125   |

See notes to condensed consolidated financial statements.

**Community Trust Bancorp, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
*(unaudited)*

|                                                                                   | Six Months Ended<br>June 30 |                   |
|-----------------------------------------------------------------------------------|-----------------------------|-------------------|
| <i>(in thousands)</i>                                                             | 2024                        | 2023              |
| <b>Cash flows from operating activities:</b>                                      |                             |                   |
| Net income                                                                        | \$ 38,178                   | \$ 38,717         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                             |                   |
| Depreciation and amortization                                                     | 2,420                       | 2,561             |
| Deferred taxes                                                                    | 251                         | 242               |
| Stock-based compensation                                                          | 687                         | 788               |
| Provision for credit losses                                                       | 5,628                       | 3,125             |
| Write-downs of other real estate owned and other repossessed assets               | 49                          | 106               |
| Gains on sale of mortgage loans held for sale                                     | (164)                       | (236)             |
| Securities gains                                                                  | (1)                         | (4)               |
| Fair value adjustments in equity securities                                       | 104                         | (379)             |
| Gains on sale of assets, net                                                      | (68)                        | (325)             |
| Proceeds from sale of mortgage loans held for sale                                | 6,160                       | 9,098             |
| Funding of mortgage loans held for sale                                           | (6,194)                     | (8,991)           |
| Amortization of securities premiums and discounts, net                            | 1,257                       | 1,454             |
| Change in cash surrender value of bank owned life insurance                       | (2,492)                     | (1,029)           |
| Changes in lease liabilities                                                      | (513)                       | (678)             |
| Mortgage servicing rights:                                                        |                             |                   |
| Fair value adjustments                                                            | (18)                        | 334               |
| New servicing assets created                                                      | (66)                        | (96)              |
| Changes in:                                                                       |                             |                   |
| Accrued interest receivable                                                       | (867)                       | (665)             |
| Other assets                                                                      | (4,862)                     | (1,421)           |
| Accrued interest payable                                                          | 4,871                       | 3,387             |
| Other liabilities                                                                 | 1,718                       | (5,364)           |
| <b>Net cash provided by operating activities</b>                                  | <b>46,078</b>               | <b>40,624</b>     |
| <b>Cash flows from investing activities:</b>                                      |                             |                   |
| Securities available-for-sale (AFS):                                              |                             |                   |
| Purchase of AFS securities                                                        | (13,109)                    | (8,820)           |
| Proceeds from sales of AFS securities                                             | 1,084                       | 18,561            |
| Proceeds from prepayments, calls, and maturities of AFS securities                | 79,134                      | 56,666            |
| Change in loans, net                                                              | (213,641)                   | (220,647)         |
| Purchase of premises and equipment                                                | (3,705)                     | (2,081)           |
| Proceeds from sale and retirement of premises and equipment                       | 0                           | 296               |
| Purchase of Federal Home Loan Bank stock                                          | (4,423)                     | 0                 |
| Proceeds from sale of stock by Federal Home Loan Bank                             | 0                           | 131               |
| Proceeds from sale of other real estate owned and repossessed assets              | 298                         | 739               |
| Additional investment in other real estate owned and repossessed assets           | (12)                        | (40)              |
| Liquidation of cash surrender value of bank owned life insurance                  | 1,806                       | 0                 |
| Proceeds from settlement of bank owned life insurance                             | 1,308                       | 0                 |
| <b>Net cash used in investing activities</b>                                      | <b>(151,260)</b>            | <b>(155,195)</b>  |
| <b>Cash flows from financing activities:</b>                                      |                             |                   |
| Change in deposits, net                                                           | 9,176                       | 90,517            |
| Change in repurchase agreements and federal funds purchased, net                  | 2,331                       | 13,589            |
| Proceeds from Federal Home Loan Bank advances                                     | 100,000                     | 100,000           |
| Payments on advances from Federal Home Loan Bank                                  | (100,010)                   | (100,010)         |
| Proceeds from long-term debt/other borrowings                                     | 0                           | 6,563             |
| Repayment of long-term debt/other borrowings                                      | (111)                       | (54)              |
| Issuance of common stock                                                          | 572                         | 558               |
| Dividends paid                                                                    | (16,515)                    | (15,733)          |
| <b>Net cash provided by (used in) financing activities</b>                        | <b>(4,557)</b>              | <b>95,430</b>     |
| Net decrease in cash and cash equivalents                                         | (109,739)                   | (19,141)          |
| Cash and cash equivalents at beginning of period                                  | 271,400                     | 128,686           |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 161,661</b>           | <b>\$ 109,545</b> |
| <b>Supplemental disclosures:</b>                                                  |                             |                   |
| Income taxes paid                                                                 | \$ 10,891                   | \$ 12,308         |
| Interest paid                                                                     | 57,510                      | 35,440            |
| Non-cash activities:                                                              |                             |                   |

|                                                                                |     |       |
|--------------------------------------------------------------------------------|-----|-------|
| Loans to facilitate the sale of other real estate owned and repossessed assets | 197 | 1,022 |
| Common stock dividends accrued, paid in subsequent quarter                     | 277 | 281   |
| Real estate acquired in settlement of loans                                    | 474 | 175   |
| Right-of-use assets obtained in exchange for new operating lease liabilities   | 0   | 364   |

See notes to condensed consolidated financial statements.

**Community Trust Bancorp, Inc.**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

**Note 1 - Summary of Significant Accounting Policies**

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (which consist of normal recurring adjustments) necessary, to present fairly the condensed consolidated financial position as of June 30, 2024, the results of operations, other comprehensive income (loss), and the changes in shareholders' equity for the three and six months ended June 30, 2024 and 2023, and the cash flows for the six months ended June 30, 2024 and 2023. In accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, these statements do not include certain information and footnote disclosures required by GAAP for complete annual financial statements. The results of operations, other comprehensive income (loss), and the changes in shareholders' equity for the three and six months ended June 30, 2024 and 2023 and the cash flows for the six months ended June 30, 2024 and 2023 are not necessarily indicative of the results to be expected for the full year. The condensed consolidated balance sheet as of December 31, 2023 has been derived from the audited consolidated financial statements of Community Trust Bancorp, Inc. ("CTBI") for that period. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2023, included in our annual report on Form 10-K.

**Principles of Consolidation** – The unaudited condensed consolidated financial statements include the accounts of CTBI and its separate and distinct, wholly owned subsidiaries Community Trust Bank, Inc. ("CTB") and Community Trust and Investment Company. All significant intercompany transactions have been eliminated in consolidation.

**New Accounting Standards –**

➤ **Facilitation of the Effects of Reference Rate Reform on Financial Reporting** – In December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which extends the period of time preparers can utilize the reference rate reform relief guidance. The amendments in ASU No. 2022-06 are effective for all entities upon issuance. In 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The objective of the guidance in Topic 848 is to provide relief during the temporary transition period, so the FASB included a sunset provision within Topic 848 based on expectations of when the London Interbank Offered Rate ("LIBOR") would cease being published. The amendments in ASU No. 2020-04 provide optional guidance for a limited time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting and provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. This ASU applies only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022. In 2021, the UK Financial Conduct Authority delayed the intended cessation date of certain tenors of USD LIBOR to June 30, 2023. To ensure the relief in Topic 848 covers the period of time during which a significant number of modifications may take place, ASU No. 2022-06 defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848.

On January 27, 2023, CTBI received notice from the trustee of the trust subsidiary, that based on their review of the junior subordinated debentures and the related trust preferred securities (the "TRUPS Documents"), after application of the LIBOR Act (as implemented by the Final Regulations (defined below), the "LIBOR Act") and the final regulations of the Board of Governors of the Federal Reserve System issued on December 16, 2022 implementing the LIBOR Act (the "Final Regulations"), the TRUPS Documents issued by the trust subsidiary do not provide a replacement rate for Applicable LIBOR (a "Replacement Rate") or include other fallback provisions which would apply on the first London banking day after June 30, 2023 (the "LIBOR Replacement Date"). Absent an amendment to the TRUPS Documents, some other change in applicable law, rule, regulation, or some other development, the LIBOR Act as implemented by the Final Regulations provides that (i) on and after the LIBOR Replacement Date, 3-month CME Term SOFR or 6-month CME Term SOFR (as defined in the Final Regulations) as adjusted by the relevant spread adjustment, which is 0.26161 percent or 0.42826 percent, shall be the benchmark replacement for the Applicable LIBOR in the TRUPS Documents and (ii) all applicable benchmark replacement conforming changes (as specified in the Final Regulations) will become an integral part of the TRUPS Documents, without any action by any party.

➤ **Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions** – In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement Topic 820: Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The FASB issued this ASU to (1) clarify the guidance in Topic 820, *Fair Value Measurement*, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) amend a related illustrative example, and (3) introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments in this ASU also require the following disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet; (2) the nature and remaining duration of the restriction(s); and (3) the circumstances that could cause a lapse in the restriction(s). For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. The adoption of the ASU did not have a significant impact to our consolidated financial statements.

➤ **FASB Improves the Accounting for Investments in Tax Credit Structures** – The FASB issued ASU No. 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, which is intended to improve the accounting and disclosures for investments in tax credit structures. This ASU is a consensus of the FASB’s Emerging Issues Task Force (“EITF”). This ASU allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This ASU responds to stakeholder feedback that the proportional amortization method provides investors and other allocators of capital with a better understanding of the returns from investments that are made primarily for the purpose of receiving income tax credits and other income tax benefits. Reporting entities were previously permitted to apply the proportional amortization method only to qualifying tax equity investments in low-income housing tax credit (“LIHTC”) structures. In recent years, stakeholders asked the FASB to extend the application of the proportional amortization method to qualifying tax equity investments that generate tax credits through other programs, which resulted in the EITF addressing this issue. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.

As a result of the implementation of this ASU, we recorded a cumulative effect impact that reduced retained earnings by \$2.0 million during the first quarter 2024. Additionally, we had a decrease in amortization expense, recognized in other direct expenses, that totaled \$0.7 million for the three months ended December 31, 2023. The amortization expense included in income tax expense for each of the three months ended June 30, 2024 and March 31, 2024 was \$0.8 million. The amount of income tax credits and other tax benefits recognized during each of these quarters was \$1.1 million and was included in income tax expense on the statement of income and in net income on the statement of cash flows. We had \$17.6 million in tax investments at June 30, 2024 included in other assets on the balance sheet. There were no non-income tax related activities or other returns received that were recognized outside of income tax expense and the statement of income and the statement of cash flows. There were also no significant modifications or events that resulted in a change in the nature of the investment or change in the relationship with the underlying projects. No investment income or loss was included in pre-tax income, and no impairment was recognized during the quarter resulting from the forfeiture or ineligibility of income tax credits or other circumstances. At June 30, 2024, there was \$5.0 million in unfunded commitments. Of the amount outstanding, the contribution schedule is as follows:

| <i>(in thousands)</i> |    | <b>Unfunded<br/>Commitments</b> |
|-----------------------|----|---------------------------------|
| <b>Amount due in:</b> |    |                                 |
| 2024                  | \$ | 1,835                           |
| 2025                  |    | 2,000                           |
| 2026                  |    | 315                             |
| 2027                  |    | 146                             |
| 2028                  |    | 146                             |
| After                 |    | 508                             |

➤ **FASB Issues Standard that Enhance Income Tax Disclosures** – In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which addresses requests for improved income tax disclosures from investors, lenders, creditors, and other allocators of capital that use the financial statements to make capital allocation decisions. The new update is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The ASU is intended to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures. CTBI does not intend to early adopt. We do not anticipate a significant impact to our consolidated financial statements.

### **Significant Accounting Policies –**

The preparation of consolidated financial statements in conformity with GAAP requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our consolidated financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to our consolidated financial statements.

We believe the application of accounting policies and the estimates required therein are reasonable. These accounting policies and estimates are constantly reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

We have identified the following significant accounting policies:

**Investments** – Management determines the classification of securities at purchase. We classify debt securities into held-to-maturity, trading, or available-for-sale categories. Held-to-maturity (“HTM”) securities are those which we have the positive intent and ability to hold to maturity and are reported at amortized cost. In accordance with the FASB Accounting Standards Codification (“ASC”) 320, *Investments – Debt Securities*, investments in debt securities that are not classified as held-to-maturity shall be classified in one of the following categories and measured at fair value in the statement of financial position:

- a. Trading securities. Securities that are bought and held principally for the purpose of selling them in the near term (thus held for only a short period of time) shall be classified as trading securities. Trading generally reflects active and frequent buying and selling, and trading securities are generally used with the objective of generating profits on short-term differences in price.
- b. Available-for-sale securities. Investments not classified as trading securities (nor as HTM securities) shall be classified as available-for-sale (“AFS”) securities.

We do not have any securities that are classified as trading securities. AFS securities are reported at fair value, with unrealized gains and losses included as a separate component of shareholders' equity, net of tax. If declines in fair value are other than temporary, the carrying value of the securities is written down to fair value as a realized loss with a charge to income for the portion attributable to credit losses and a charge to other comprehensive income for the portion that is not credit related.

For AFS debt securities in an unrealized loss position, we evaluate the securities to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-related factors or non-credit related factors. Any impairment that is not credit-related is recognized in accumulated other comprehensive income, net of tax. Credit-related impairment is recognized as an allowance for credit losses ("ACL") for AFS debt securities on the consolidated balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Accrued interest receivable on AFS debt securities is excluded from the estimate of credit losses. Both the ACL for AFS debt securities and the adjustment to net income may be reversed if conditions change. However, if we intend to sell an impaired AFS debt security or more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount would be recognized in earnings with a corresponding adjustment to the security's amortized cost basis. Because the security's amortized cost basis is adjusted to fair value, there is no ACL for AFS debt securities in this situation.

In evaluating AFS debt securities in unrealized loss positions for impairment and the criteria regarding its intent or requirement to sell such securities, we consider the extent to which fair value is less than amortized cost, whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuers' financial condition, among other factors. There were no credit related factors underlying unrealized losses on AFS debt securities at June 30, 2024 and December 31, 2023, therefore, no ACL for AFS securities was recorded.

Changes in the ACL for AFS debt securities are recorded as expense. Losses are charged against the ACL for AFS debt securities when management believes the uncollectability of an AFS debt security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Gains or losses on disposition of debt securities are computed by specific identification for those securities. Interest and dividend income, adjusted by amortization of purchase premium or discount, is included in earnings.

HTM securities are subject to an allowance for lifetime expected credit losses, determined by adjusting historical loss information for current conditions and reasonable and supportable forecasts. The forward-looking evaluation of lifetime expected losses will be performed on a pooled basis for debt securities that share similar risk characteristics. These allowances for expected losses must be made by the holder of the HTM debt security when the security is purchased. At June 30, 2024 and 2023, CTBI held no securities designated as HTM.

CTBI accounts for equity securities in accordance with ASC 321, *Investments – Equity Securities*. ASC 321 requires equity investments (except those accounted for under the equity method and those that result in the consolidation of the investee) to be measured at fair value, with changes in fair values recognized in net income.

Equity securities with a readily determinable fair value are required to be measured at fair value, with changes in fair value recognized in net income. Equity securities without a readily determinable fair value are carried at cost, less any impairment, if any, plus or minus changes resulting from observable price changes for identical or similar investments. As permitted by ASC 321-10-35-2, CTBI can make an irrevocable election to subsequently measure an equity security without a readily determinable fair value, and all identical or similar investments of the same issuer, including future purchases of identical or similar investments of the same issuer, at fair value. CTBI has made this election for our Visa Class B equity securities. The fair value of these securities was determined by a third party service provider using Level 3 inputs as defined in ASC 820, *Fair Value Measurement*, and changes in fair value are recognized in income.

**Loans** – Loans with the ability and the intent to be held until maturity and/or payoff are reported at the carrying value of unpaid principal reduced by unearned interest, an ACL, and unamortized deferred fees or costs and premiums. Income is recorded on the level yield basis. Interest accrual is discontinued when management believes, after considering economic and business conditions, collateral value, and collection efforts, that the borrower's financial condition is such that collection of interest is doubtful. Any loan greater than 90 days past due must be well secured and in the process of collection to continue accruing interest. Cash payments received on nonaccrual loans generally are applied against principal, and interest income is only recorded once principal recovery is reasonably assured. Loans are not reclassified as accruing until principal and interest payments remain current for a period of time, generally six months, and future payments appear reasonably certain. Loan origination and commitment fees and certain direct loan origination costs are deferred and the net amount amortized over the estimated life of the related loans, or commitments as a yield adjustment.

**Allowance for Credit Losses** – CTBI accounts for the ACL under ASC 326. CTBI measures expected credit losses of financial assets on a collective (pool) basis using the discounted cash flow method when the financial assets share similar risk characteristics. Loans that do not share risk characteristics are evaluated on an individual basis. Regardless of an initial measurement method, once it is determined that foreclosure is probable, the ACL is measured based on the fair value of the collateral as of the measurement date. As a practical expedient, the fair value of the collateral may be used for a loan when determining the ACL for which the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty. The fair value shall be adjusted for selling costs when foreclosure is probable. For collateral-dependent financial assets, the credit loss expected may be zero if the fair value less costs to sell exceed the amortized cost of the loan. Loans shall not be included in both collective assessments and individual assessments.

In the event that collection of principal becomes uncertain, CTBI has policies in place to reverse accrued interest in a timely manner. Therefore, CTBI elected ASU 2019-04 which allows that accrued interest would continue to be presented separately and not part of the amortized cost of the loan. The methodology used by CTBI is developed using the current loan balance, which is then compared to amortized cost balances to analyze the impact. The difference in amortized cost basis versus consideration of loan balances impacts the ACL calculation by one basis point and is considered immaterial.

We maintain an ACL at a level that is appropriate to cover estimated credit losses on individually evaluated loans, as well as estimated credit losses inherent in the remainder of the loan and lease portfolio. Credit losses are charged and recoveries are credited to the ACL.

We utilize an internal risk grading system for commercial credits. Those credits that meet the following criteria are subject to individual evaluation: the loan has an outstanding bank share balance of \$1 million or greater and meets one of the following criteria: (i) has a criticized risk rating, (ii) is in nonaccrual status, (iii) the borrower is experiencing financial difficulty with significant payment delay, or (iv) is 90 days or more past due. The borrower's cash flow, adequacy of collateral coverage, and other options available to CTBI, including legal remedies, are evaluated. We evaluate the collectability of both principal and interest when assessing the need for loss provision. Historical loss rates are analyzed and applied to other commercial loan segments not subject to individual evaluation.

Homogenous loans, such as consumer installment, residential mortgages, and home equity lines are not individually risk graded. The associated ACL for these loans is measured in pools with similar risk characteristics under ASC 326.

When any secured commercial loan is considered uncollectable, whether past due or not, a current assessment of the value of the underlying collateral is made. If the balance of the loan exceeds the fair value of the collateral, the loan is placed on nonaccrual and the loan is charged down to the value of the collateral less estimated cost to sell. For commercial loans greater than \$1 million that are categorized as individually evaluated based on the criteria listed above, a specific reserve is established if a loss is determined to be possible and then charged-off once it is probable. When the foreclosed collateral has been legally assigned to CTBI, the estimated fair value of the collateral less costs to sell is then transferred to other real estate owned or other repossessed assets, and a charge-off is taken for any remaining balance. When any unsecured commercial loan is considered uncollectable the loan is charged off no later than at 90 days past due.

All closed-end consumer loans (excluding conventional 1-4 family residential loans and installment and revolving loans secured by real estate) are charged off no later than 120 days (five monthly payments) delinquent. If a loan is considered uncollectable, it is charged off earlier than 120 days delinquent. For conventional 1-4 family residential loans and installment and revolving loans secured by real estate, when a loan is 90 days past due, a current assessment of the value of the real estate is made. If the balance of the loan exceeds the fair value of the property, the loan is placed on nonaccrual. Foreclosure proceedings are normally initiated after 120 days. When the foreclosed property has been legally assigned to CTBI, the fair value less estimated costs to sell is transferred to other real estate owned and the remaining balance is taken as a charge-off.

CTBI utilizes third party software and discounted cash flow loss rate methodologies for all loan segments. Within the discount cash flow calculation, an effective yield of the instrument is calculated, net of the impacts of prepayment assumptions, and the instrument expected cash flows. The expected cash flows were modeled considering probability of default and segment-specific loss given default (“LGD”) risk factors, utilizing the software’s proprietary database of financial institutions’ filings, evaluated first by geography and asset size and then with the utilization of standard deviations, to assure relevance to CTBI’s loan segments along with CTBI’s own loss history. Cash flows are then discounted at that effective yield to produce an instrument-level net present value (“NPV”) of expected cash flows. An ACL is established for the difference between the instrument’s NPV and amortized cost basis. Any changes in NPV between periods is recorded as provision for credit losses. The modeling of expected prepayment speeds, curtailment rates, and time to recovery are based on historical internal data and adjusted, if necessary, based on the reasonable and supportable forecast of economic conditions. Management incorporates qualitative factors to loss estimates used to derive CTBI’s total ACL including delinquency trends, current economic conditions and trends, strength of supervision and administration of the loan portfolio, levels of underperforming loans, underwriting exceptions, and industry concentrations. Forecast factors include gross domestic product, retail and food service sales, and S&P/Case-Shiller US National Home Price Index. Management continually reevaluates the other subjective factors included in our ACL analysis.

**Goodwill and Core Deposit Intangible** – We evaluate total goodwill and core deposit intangible for impairment, based upon ASC 350, Intangibles-Goodwill and Other, using fair value techniques including multiples of price/equity. Goodwill and core deposit intangible are evaluated for impairment on an annual basis or as other events may warrant.

The balance of goodwill, at \$65.5 million, has not changed since January 1, 2015.

**Income Taxes** – Income tax expense is based on the taxes due on the consolidated tax return plus deferred taxes based on the expected future tax benefits and consequences of temporary differences between carrying amounts and tax bases of assets and liabilities, using enacted tax rates. Any interest and penalties incurred in connection with income taxes are recorded as a component of income tax expense in our consolidated financial statements. During the six months ended June 30, 2024 and 2023, CTBI has not recognized a significant amount of interest expense or penalties in connection with income taxes.

**Estimated Credit Losses on Off-Balance Sheet Credit Exposures Recognized as Other Liabilities** – CTBI estimates expected credit losses over the contractual period in which it has exposure to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by CTBI. The ACL on off-balance sheet credit exposures recognized in other liabilities, is adjusted as an expense in other non-interest expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated lives. Estimating credit losses on unfunded commitments requires CTBI to consider the following categories of off-balance sheet credit exposure: unfunded commitments to extend credit, unfunded lines of credit, and standby letters of credit. Each of these unfunded commitments is then analyzed for a probability of funding to calculate a probable funding amount. The life of loan loss factor by related portfolio segment from the loan ACL calculation is then applied to the probable funding amount to calculate the estimated credit losses on off-balance sheet credit exposures recognized as other liabilities.

## Note 2 – Stock-Based Compensation

Restricted stock expense for the three months ended June 30, 2024 and 2023 was \$344 thousand and \$411 thousand, respectively, including \$40 thousand and \$44 thousand, respectively, in dividends paid for those periods. Restricted stock expense for the six months ended June 30, 2024 and 2023 was \$687 thousand and \$788 thousand, respectively, including \$80 thousand and \$88 thousand, respectively, in dividends paid for those periods. As of June 30, 2024, there was a total of \$2.9 million of unrecognized compensation expense related to restricted stock grants that will be recognized as expense as the awards vest over a weighted average period of 2.8 years. There were no shares of restricted stock granted during the three months ended June 30, 2024 and 2023. There were 15,000 and 52,865 shares of restricted stock granted during the six months ended June 30, 2024 and 2023, respectively. The restricted stock was issued pursuant to the terms of CTBI's 2015 Stock Ownership Incentive Plan. The restrictions on the restricted stock will lapse ratably over four years, subject to such employee's continued employment. However, in the event of certain participant employee termination events occurring within 24 months of a change in control of CTBI or the death of the participant, the restrictions will lapse, and in the event of the participant's disability, the restrictions will lapse on a pro rata basis. The Compensation Committee will have discretion to review and revise restrictions applicable to a participant's restricted stock in the event of the participant's retirement. There were 328 shares of restricted stock forfeited during the three months ended June 30, 2024, and no shares forfeited during the three months ended June 30, 2023. There were 2,437 and 790 shares of restricted stock forfeited during the six months ended June 30, 2024 and 2023, respectively.

There was no compensation expense related to stock option grants for the six months ended June 30, 2024 and 2023. As of June 30, 2024, there was no unrecognized compensation expense related to unvested stock option awards, as all stock option awards have fully vested. There were no stock options granted in the first six months of 2024 or 2023.

## Note 3 – Securities

The amortized cost and fair value of debt securities at June 30, 2024 are summarized as follows:

### Available-for-Sale

| <i>(in thousands)</i>                                       | Amortized<br>Cost   | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value          |
|-------------------------------------------------------------|---------------------|------------------------------|-------------------------------|---------------------|
| U.S. Treasury and government agencies                       | \$ 364,730          | \$ 115                       | \$ (25,844)                   | \$ 339,001          |
| State and political subdivisions                            | 310,609             | 15                           | (52,482)                      | 258,142             |
| U.S. government sponsored agency mortgage-backed securities | 488,253             | 323                          | (64,477)                      | 424,099             |
| Asset-backed securities                                     | 69,287              | 8                            | (215)                         | 69,080              |
| <b>Total available-for-sale securities</b>                  | <b>\$ 1,232,879</b> | <b>\$ 461</b>                | <b>\$ (143,018)</b>           | <b>\$ 1,090,322</b> |

The amortized cost and fair value of debt securities at December 31, 2023 are summarized as follows:

#### Available-for-Sale

| <i>(in thousands)</i>                                       | Amortized<br>Cost   | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value          |
|-------------------------------------------------------------|---------------------|------------------------------|-------------------------------|---------------------|
| U.S. Treasury and government agencies                       | \$ 381,268          | \$ 121                       | \$ (26,572)                   | \$ 354,817          |
| State and political subdivisions                            | 313,147             | 88                           | (48,290)                      | 264,945             |
| U.S. government sponsored agency mortgage-backed securities | 518,836             | 36                           | (62,136)                      | 456,736             |
| Asset-backed securities                                     | 87,993              | 0                            | (767)                         | 87,226              |
| <b>Total available-for-sale securities</b>                  | <b>\$ 1,301,244</b> | <b>\$ 245</b>                | <b>\$ (137,765)</b>           | <b>\$ 1,163,724</b> |

The amortized cost and fair value of debt securities at June 30, 2024 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

| <i>(in thousands)</i>                                       | Available-for-Sale  |                     |
|-------------------------------------------------------------|---------------------|---------------------|
|                                                             | Amortized<br>Cost   | Fair Value          |
| Due in one year or less                                     | \$ 104,141          | \$ 101,751          |
| Due after one through five years                            | 290,732             | 264,573             |
| Due after five through ten years                            | 140,454             | 119,488             |
| Due after ten years                                         | 140,012             | 111,331             |
| U.S. government sponsored agency mortgage-backed securities | 488,253             | 424,099             |
| Asset-backed securities                                     | 69,287              | 69,080              |
| <b>Total debt securities</b>                                | <b>\$ 1,232,879</b> | <b>\$ 1,090,322</b> |

During the three months ended June 30, 2024, we had a net securities loss of \$474 thousand, consisting of a pre-tax gain of \$1 thousand on calls of AFS securities and an unrealized loss of \$475 thousand from the fair value adjustment of equity securities. During the three months ended June 30, 2023, we had an unrealized gain of \$165 thousand from the fair value adjustment of equity securities.

During the six months ended June 30, 2024, we had a net securities loss of \$103 thousand, consisting of a pre-tax gain of \$1 thousand realized on sales and calls of AFS securities and an unrealized loss of \$104 thousand from the fair value adjustment of equity securities. During the six months ended June 30, 2023, we had a net securities gain of \$383 thousand, consisting of a pre-tax gain of \$4 thousand realized on sales and calls of AFS securities and an unrealized gain of \$379 thousand from the fair value adjustment of equity securities.

#### Equity Securities at Fair Value

CTBI made the election permitted by ASC 321-10-35-2 to record its Visa Class B shares at fair value. Equity securities at fair value as of June 30, 2024 were \$3.1 million, as a result of a \$475 thousand decrease in the fair value in the second quarter 2024. The fair value of equity securities increased \$165 thousand in the second quarter 2023. No equity securities were sold during the six months ended June 30, 2024 and 2023.

The amortized cost of securities pledged as collateral, to secure public deposits and for other purposes, was \$687.5 million at June 30, 2024 and \$761.5 million at December 31, 2023.

The amortized cost of securities sold under agreements to repurchase amounted to \$334.0 million at June 30, 2024 and \$333.6 million at December 31, 2023.

CTBI evaluates its investment portfolio on a quarterly basis for impairment. The analysis performed as of June 30, 2024 indicates that all impairment is considered temporary, market and interest rate driven, and not credit-related. The percentage of total debt securities with unrealized losses as of June 30, 2024 was 95.9% compared to 97.3% as of December 31, 2023. The following table provides the amortized cost, gross unrealized losses, and fair value, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position as of June 30, 2024 that are not deemed to have credit losses.

**Available-for-Sale**

| <i>(in thousands)</i>                                       | <b>Amortized<br/>Cost</b> | <b>Gross<br/>Unrealized<br/>Losses</b> | <b>Fair Value</b>   |
|-------------------------------------------------------------|---------------------------|----------------------------------------|---------------------|
| <b>Less Than 12 Months</b>                                  |                           |                                        |                     |
| U.S. Treasury and government agencies                       | \$ 0                      | \$ 0                                   | \$ 0                |
| State and political subdivisions                            | 11,334                    | (343)                                  | 10,991              |
| U.S. government sponsored agency mortgage-backed securities | 7,686                     | (65)                                   | 7,621               |
| Asset-backed securities                                     | 1,948                     | (5)                                    | 1,943               |
| <b>Total &lt;12 months</b>                                  | <b>20,968</b>             | <b>(413)</b>                           | <b>20,555</b>       |
| <b>12 Months or More</b>                                    |                           |                                        |                     |
| U.S. Treasury and government agencies                       | 351,496                   | (25,844)                               | 325,652             |
| State and political subdivisions                            | 298,440                   | (52,139)                               | 246,301             |
| U.S. government sponsored agency mortgage-backed securities | 456,874                   | (64,412)                               | 392,462             |
| Asset-backed securities                                     | 60,440                    | (210)                                  | 60,230              |
| <b>Total ≥12 months</b>                                     | <b>1,167,250</b>          | <b>(142,605)</b>                       | <b>1,024,645</b>    |
| <b>Total</b>                                                |                           |                                        |                     |
| U.S. Treasury and government agencies                       | 351,496                   | (25,844)                               | 325,652             |
| State and political subdivisions                            | 309,774                   | (52,482)                               | 257,292             |
| U.S. government sponsored agency mortgage-backed securities | 464,560                   | (64,477)                               | 400,083             |
| Asset-backed securities                                     | 62,388                    | (215)                                  | 62,173              |
| <b>Total</b>                                                | <b>\$ 1,188,218</b>       | <b>\$ (143,018)</b>                    | <b>\$ 1,045,200</b> |

The analysis performed as of December 31, 2023 indicated that all impairment was considered temporary, market and interest rate driven, and not credit-related. The following table provides the amortized cost, gross unrealized losses, and fair value, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position as of December 31, 2023 that are not deemed to be other-than-temporarily impaired.

#### Available-for-Sale

| <i>(in thousands)</i>                                       | <b>Amortized<br/>Cost</b> | <b>Gross<br/>Unrealized<br/>Losses</b> | <b>Fair Value</b>   |
|-------------------------------------------------------------|---------------------------|----------------------------------------|---------------------|
| <b>Less Than 12 Months</b>                                  |                           |                                        |                     |
| U.S. Treasury and government agencies                       | \$ 3,761                  | \$ (5)                                 | \$ 3,756            |
| State and political subdivisions                            | 16,154                    | (1,250)                                | 14,904              |
| U.S. government sponsored agency mortgage-backed securities | 16,056                    | (289)                                  | 15,767              |
| Asset-backed securities                                     | 0                         | 0                                      | 0                   |
| <b>Total &lt;12 months</b>                                  | <b>35,971</b>             | <b>(1,544)</b>                         | <b>34,427</b>       |
| <b>12 Months or More</b>                                    |                           |                                        |                     |
| U.S. Treasury and government agencies                       | 361,038                   | (26,567)                               | 334,471             |
| State and political subdivisions                            | 284,397                   | (47,040)                               | 237,357             |
| U.S. government sponsored agency mortgage-backed securities | 500,763                   | (61,847)                               | 438,916             |
| Asset-backed securities                                     | 87,993                    | (767)                                  | 87,226              |
| <b>Total ≥12 months</b>                                     | <b>1,234,191</b>          | <b>(136,221)</b>                       | <b>1,097,970</b>    |
| <b>Total</b>                                                |                           |                                        |                     |
| U.S. Treasury and government agencies                       | 364,799                   | (26,572)                               | 338,227             |
| State and political subdivisions                            | 300,551                   | (48,290)                               | 252,261             |
| U.S. government sponsored agency mortgage-backed securities | 516,819                   | (62,136)                               | 454,683             |
| Asset-backed securities                                     | 87,993                    | (767)                                  | 87,226              |
| <b>Total</b>                                                | <b>\$ 1,270,162</b>       | <b>\$ (137,765)</b>                    | <b>\$ 1,132,397</b> |

#### U.S. Treasury and Government Agencies

The unrealized losses in U.S. Treasury and government agencies were caused by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than par which will equal amortized cost at maturity. CTBI does not intend to sell the investments and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost.

#### State and Political Subdivisions

The unrealized losses in securities of state and political subdivisions were caused by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than par which will equal amortized cost at maturity. CTBI does not intend to sell the investments before recovery of their amortized cost and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost.

#### U.S. Government Sponsored Agency Mortgage-Backed Securities

The unrealized losses in U.S. government sponsored agency mortgage-backed securities were caused by interest rate changes. CTBI expects to recover the amortized cost basis over the term of the securities. CTBI does not intend to sell the investments and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost.

## Asset-Backed Securities

The unrealized losses in asset-backed securities were caused by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than par which will equal amortized cost at maturity. CTBI does not intend to sell the investments and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost.

## Note 4 – Loans

Major classifications of loans, net of unearned income, deferred loan origination costs and fees, and net premiums on acquired loans, are summarized as follows:

| <i>(in thousands)</i>                 | <b>June 30<br/>2024</b> | <b>December 31<br/>2023</b> |
|---------------------------------------|-------------------------|-----------------------------|
| Hotel/motel                           | \$ 417,161              | \$ 395,765                  |
| Commercial real estate residential    | 480,418                 | 417,943                     |
| Commercial real estate nonresidential | 825,934                 | 778,637                     |
| Dealer floorplans                     | 76,222                  | 70,308                      |
| Commercial other                      | 352,041                 | 321,082                     |
| <b>Commercial loans</b>               | <b>2,151,776</b>        | <b>1,983,735</b>            |
| Real estate mortgage                  | 978,144                 | 937,524                     |
| Home equity lines                     | 154,311                 | 147,036                     |
| <b>Residential loans</b>              | <b>1,132,455</b>        | <b>1,084,560</b>            |
| Consumer direct                       | 157,327                 | 159,106                     |
| Consumer indirect                     | 819,689                 | 823,505                     |
| <b>Consumer loans</b>                 | <b>977,016</b>          | <b>982,611</b>              |
| <b>Loans and lease financing</b>      | <b>\$ 4,261,247</b>     | <b>\$ 4,050,906</b>         |

The loan portfolios presented above are net of unearned fees and unamortized premiums. Unearned fees included above totaled \$0.6 million as of June 30, 2024 and \$0.8 million as of December 31, 2023, while the unamortized premiums on the indirect lending portfolio totaled \$31.2 million as of June 30, 2024 and \$31.4 million as of December 31, 2023.

CTBI has segregated and evaluates our loan portfolio through nine portfolio segments with similar risk characteristics. CTBI serves customers in small and mid-sized communities in eastern, northeastern, central, and south central Kentucky, southern West Virginia, and northeastern Tennessee. Therefore, CTBI's exposure to credit risk is significantly affected by changes in these communities.

Hotel/motel loans are a significant concentration for CTBI, representing approximately 9.8% of total loans. This industry has unique risk characteristics as it is highly susceptible to changes in the domestic and global economic environments, which can cause the industry to experience substantial volatility. Additionally, any hotel/motel construction loans would be included in this segment as CTBI's construction loans are primarily completed as one loan going from construction to permanent financing. These loans are originated based on the borrower's ability to service the debt and secondarily based on the fair value of the underlying collateral.

Commercial real estate residential loans are commercial purpose construction and permanent financed loans for commercial purpose 1-4 family/multi-family properties. These loans are originated based on the borrower's ability to service the debt and secondarily based on the fair value of the underlying collateral.

Commercial real estate nonresidential loans are secured by nonfarm, nonresidential properties, farmland, and other commercial real estate. These loans are originated based on the borrower's ability to service the debt and secondarily based on the fair value of the underlying collateral. Construction for commercial real estate nonresidential loans are also included in this segment as these loans are generally one loan for construction to permanent financing.

Dealer floorplans consist of loans to dealerships to finance inventory and are collateralized under a blanket security agreement and without specific liens on individual units. This risk is mitigated by the use of periodic inventory audits. These audits are performed monthly and follow up is required on any out of compliance items identified. These audits are subject to increasing frequency when fact patterns suggest more scrutiny is required.

Commercial other loans consist of agricultural loans, receivable financing, loans to financial institutions, loans for purchasing or carrying securities, and other commercial purpose loans. Commercial loans are underwritten based on the borrower's ability to service debt from the business's underlying cash flows. As a general practice, we obtain collateral such as equipment, or other assets, although such loans may be uncollateralized but guaranteed.

Residential real estate loans are a mixture of fixed rate and adjustable rate first and second lien residential mortgage loans and also include real estate construction loans which are typically for owner-occupied properties. The terms of the real estate construction loans are generally short-term with permanent financing upon completion. As a policy, CTBI holds adjustable rate loans and sells the majority of our fixed rate first lien mortgage loans into the secondary market. Changes in interest rates or market conditions may impact a borrower's ability to meet contractual principal and interest payments. Residential real estate loans are secured by real property.

Home equity lines are primarily revolving adjustable rate credit lines secured by real property.

Consumer direct loans are a mixture of fixed rate and adjustable rate products comprised of unsecured loans, consumer revolving credit lines, deposit secured loans, and all other consumer purpose loans.

Indirect loans are primarily fixed rate consumer loans secured by automobiles, trucks, vans, and recreational vehicles originated at the selling dealership underwritten and purchased by CTBI's indirect lending department. Both new and used products are financed. Only dealers who have executed dealer agreements with CTBI participate in the indirect lending program.

Not included in the loan balances above were loans held for sale in the amount of \$0.4 million at June 30, 2024 and \$0.2 million at December 31, 2023.

The following tables present the balance in the ACL for the periods ended June 30, 2024, December 31, 2023 and June 30, 2023.

**Three Months Ended  
June 30, 2024**

| <i>(in thousands)</i>                 | <b>Beginning<br/>Balance</b> | <b>Provision<br/>Charged to<br/>Expense</b> | <b>Losses<br/>Charged Off</b> | <b>Recoveries</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------|------------------------------|---------------------------------------------|-------------------------------|-------------------|---------------------------|
| <b>ACL</b>                            |                              |                                             |                               |                   |                           |
| Hotel/motel                           | \$ 4,940                     | \$ (493)                                    | \$ 0                          | \$ 0              | \$ 4,447                  |
| Commercial real estate residential    | 4,128                        | 211                                         | 0                             | 10                | 4,349                     |
| Commercial real estate nonresidential | 8,178                        | 478                                         | 0                             | 50                | 8,706                     |
| Dealer floorplans                     | 721                          | (160)                                       | 0                             | 0                 | 561                       |
| Commercial other                      | 3,799                        | 149                                         | (679)                         | 116               | 3,385                     |
| Real estate mortgage                  | 10,325                       | 1,535                                       | (24)                          | 4                 | 11,840                    |
| Home equity                           | 1,304                        | 8                                           | 0                             | 6                 | 1,318                     |
| Consumer direct                       | 3,571                        | 131                                         | (189)                         | 91                | 3,604                     |
| Consumer indirect                     | 13,605                       | 1,113                                       | (1,944)                       | 1,164             | 13,938                    |
| <b>Total</b>                          | <b>\$ 50,571</b>             | <b>\$ 2,972</b>                             | <b>\$ (2,836)</b>             | <b>\$ 1,441</b>   | <b>\$ 52,148</b>          |

**Six Months Ended  
June 30, 2024**

| <i>(in thousands)</i>                 | <b>Beginning<br/>Balance</b> | <b>Provision<br/>Charged to<br/>Expense</b> | <b>Losses<br/>Charged Off</b> | <b>Recoveries</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------|------------------------------|---------------------------------------------|-------------------------------|-------------------|---------------------------|
| <b>ACL</b>                            |                              |                                             |                               |                   |                           |
| Hotel/motel                           | \$ 4,592                     | \$ (145)                                    | \$ 0                          | \$ 0              | \$ 4,447                  |
| Commercial real estate residential    | 4,285                        | 50                                          | 0                             | 14                | 4,349                     |
| Commercial real estate nonresidential | 7,560                        | 1,093                                       | 0                             | 53                | 8,706                     |
| Dealer floorplans                     | 659                          | (98)                                        | 0                             | 0                 | 561                       |
| Commercial other                      | 3,760                        | 263                                         | (846)                         | 208               | 3,385                     |
| Real estate mortgage                  | 10,197                       | 1,676                                       | (51)                          | 18                | 11,840                    |
| Home equity                           | 1,367                        | (57)                                        | 0                             | 8                 | 1,318                     |
| Consumer direct                       | 3,261                        | 934                                         | (722)                         | 131               | 3,604                     |
| Consumer indirect                     | 13,862                       | 1,912                                       | (3,884)                       | 2,048             | 13,938                    |
| <b>Total</b>                          | <b>\$ 49,543</b>             | <b>\$ 5,628</b>                             | <b>\$ (5,503)</b>             | <b>\$ 2,480</b>   | <b>\$ 52,148</b>          |

**Year Ended  
December 31, 2023**

| <i>(in thousands)</i>                 | <b>Beginning<br/>Balance</b> | <b>Provision<br/>Charged to<br/>Expense</b> | <b>Losses<br/>Charged Off</b> | <b>Recoveries</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------|------------------------------|---------------------------------------------|-------------------------------|-------------------|---------------------------|
| <b>ACL</b>                            |                              |                                             |                               |                   |                           |
| Hotel/motel                           | \$ 5,171                     | \$ (579)                                    | \$ 0                          | \$ 0              | \$ 4,592                  |
| Commercial real estate residential    | 4,894                        | (706)                                       | (28)                          | 125               | 4,285                     |
| Commercial real estate nonresidential | 9,419                        | (2,252)                                     | (294)                         | 687               | 7,560                     |
| Dealer floorplans                     | 1,776                        | (1,117)                                     | 0                             | 0                 | 659                       |
| Commercial other                      | 5,285                        | (91)                                        | (1,900)                       | 466               | 3,760                     |
| Real estate mortgage                  | 7,932                        | 2,364                                       | (140)                         | 41                | 10,197                    |
| Home equity                           | 1,106                        | 278                                         | (23)                          | 6                 | 1,367                     |
| Consumer direct                       | 1,694                        | 1,804                                       | (541)                         | 304               | 3,261                     |
| Consumer indirect                     | 8,704                        | 7,110                                       | (5,333)                       | 3,381             | 13,862                    |
| <b>Total</b>                          | <b>\$ 45,981</b>             | <b>\$ 6,811</b>                             | <b>\$ (8,259)</b>             | <b>\$ 5,010</b>   | <b>\$ 49,543</b>          |

**Three Months Ended  
June 30, 2023**

| <i>(in thousands)</i>                 | <b>Beginning<br/>Balance</b> | <b>Provision<br/>Charged to<br/>Expense</b> | <b>Losses<br/>Charged Off</b> | <b>Recoveries</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------|------------------------------|---------------------------------------------|-------------------------------|-------------------|---------------------------|
| <b>ACL</b>                            |                              |                                             |                               |                   |                           |
| Hotel/motel                           | \$ 5,287                     | \$ (95)                                     | \$ 0                          | \$ 0              | \$ 5,192                  |
| Commercial real estate residential    | 5,157                        | (1,384)                                     | (28)                          | 4                 | 3,749                     |
| Commercial real estate nonresidential | 9,010                        | (1,393)                                     | (9)                           | 189               | 7,797                     |
| Dealer floorplans                     | 1,694                        | (537)                                       | 0                             | 0                 | 1,157                     |
| Commercial other                      | 4,782                        | 2,387                                       | (1,073)                       | 80                | 6,176                     |
| Real estate mortgage                  | 7,917                        | 10                                          | (55)                          | 12                | 7,884                     |
| Home equity                           | 1,044                        | 76                                          | (13)                          | 1                 | 1,108                     |
| Consumer direct                       | 1,746                        | 807                                         | (82)                          | 92                | 2,563                     |
| Consumer indirect                     | 10,046                       | 2,138                                       | (693)                         | 901               | 12,392                    |
| <b>Total</b>                          | <b>\$ 46,683</b>             | <b>\$ 2,009</b>                             | <b>\$ (1,953)</b>             | <b>\$ 1,279</b>   | <b>\$ 48,018</b>          |

**Six Months Ended  
June 30, 2023**

| <i>(in thousands)</i>                 | <b>Beginning<br/>Balance</b> | <b>Provision<br/>Charged to<br/>Expense</b> | <b>Losses<br/>Charged Off</b> | <b>Recoveries</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------|------------------------------|---------------------------------------------|-------------------------------|-------------------|---------------------------|
| <b>ACL</b>                            |                              |                                             |                               |                   |                           |
| Hotel/motel                           | \$ 5,171                     | \$ 21                                       | \$ 0                          | \$ 0              | \$ 5,192                  |
| Commercial real estate residential    | 4,894                        | (1,198)                                     | (28)                          | 81                | 3,749                     |
| Commercial real estate nonresidential | 9,419                        | (1,946)                                     | (9)                           | 333               | 7,797                     |
| Dealer floorplans                     | 1,776                        | (619)                                       | 0                             | 0                 | 1,157                     |
| Commercial other                      | 5,285                        | 1,971                                       | (1,260)                       | 180               | 6,176                     |
| Real estate mortgage                  | 7,932                        | 31                                          | (95)                          | 16                | 7,884                     |
| Home equity                           | 1,106                        | 12                                          | (13)                          | 3                 | 1,108                     |
| Consumer direct                       | 1,694                        | 912                                         | (238)                         | 195               | 2,563                     |
| Consumer indirect                     | 8,704                        | 3,941                                       | (2,075)                       | 1,822             | 12,392                    |
| <b>Total</b>                          | <b>\$ 45,981</b>             | <b>\$ 3,125</b>                             | <b>\$ (3,718)</b>             | <b>\$ 2,630</b>   | <b>\$ 48,018</b>          |

Using the ACL software, forecasts include gross domestic product (GDP), retail sales and housing price index considerations. CTBI leverages economic projections from the Federal Open Market Committee to obtain various forecasts for unemployment rate and gross domestic product, the PNC forecast for the Case-Shiller National Home Price Index, and the Wells Fargo forecast for the Advanced Retail Sales. CTBI has elected to forecast the first four quarters of the credit loss estimate and revert to a long-run average of each considered economic factor, as permitted in ASC 326-20-30-9, over four quarters.

All periods during the reasonable and supportable forecast period are utilizing a forecasted probability of default. Loss driver analysis was performed during which regression models were built relating default rates of the various segments to the economic factors noted above. Historical loss data for both CTBI and segment-specific selected peers was incorporated from Federal Financial Institutions Examination Council call report data. For loss given default, the Frye-Jacobs LGD estimation technique was utilized in the ACL software, providing a risk curve that most approximates the asset class under consideration. Management elected to evaluate internal prepayment experience over a trailing timeframe to determine the appropriate prepayment and curtailment rates to be used in the credit loss estimate.

CTBI uses management judgement for qualitative loss factors such as delinquency trends, supervision and administration, quality control exceptions, collateral values, and industry concentrations. The ACL software allows management to approve a “worst case” scenario or a maximum loss rate for each segment. Qualitative dollars available for allocation then become the difference between the worst case and the ACL quantitative reserve estimate. Each factor is then given a risk weighting that is applied to determine a basis point allocation. The qualitative loss factors are as follows:

- Changes in delinquency trends by loan segment
- Changes in international, national, regional, and local conditions
- The effect of other external factors (i.e. competition, legal and regulatory requirements) on the level of estimated credit losses
- The existence and effect of any concentrations of credit and changes in the levels of such concentrations
- A supervision and administration allocation based on CTBI’s loan review process
- Exceptions in lending policies and procedures as measured by quarterly loan portfolio exceptions reports
- Changes in the nature and volume of the portfolio and terms of loans
- Changes in the experience, depth, and ability of lending management

Refer to Note 1 to the condensed consolidated financial statements for further information regarding our nonaccrual policy. Nonaccrual loans and loans 90 days past due and still accruing segregated by class of loans for both June 30, 2024 and December 31, 2023 were as follows:

| June 30, 2024                         |                                 |                              |                           |                                 |
|---------------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------------|
| (in thousands)                        | Nonaccrual Loans<br>with No ACL | Nonaccrual Loans<br>with ACL | 90+ and Still<br>Accruing | Total<br>Nonperforming<br>Loans |
| Hotel/motel                           | \$ 0                            | \$ 0                         | \$ 0                      | \$ 0                            |
| Commercial real estate residential    | 0                               | 661                          | 657                       | 1,318                           |
| Commercial real estate nonresidential | 0                               | 616                          | 4,448                     | 5,064                           |
| Commercial other                      | 235                             | 621                          | 796                       | 1,652                           |
| <b>Total commercial loans</b>         | <b>235</b>                      | <b>1,898</b>                 | <b>5,901</b>              | <b>8,034</b>                    |
| Real estate mortgage                  | 0                               | 2,387                        | 7,316                     | 9,703                           |
| Home equity lines                     | 0                               | 156                          | 760                       | 916                             |
| <b>Total residential loans</b>        | <b>0</b>                        | <b>2,543</b>                 | <b>8,076</b>              | <b>10,619</b>                   |
| Consumer direct                       | 0                               | 451                          | 91                        | 542                             |
| Consumer indirect                     | 0                               | 0                            | 635                       | 635                             |
| <b>Total consumer loans</b>           | <b>0</b>                        | <b>451</b>                   | <b>726</b>                | <b>1,177</b>                    |
| <b>Loans and lease financing</b>      | <b>\$ 235</b>                   | <b>\$ 4,892</b>              | <b>\$ 14,703</b>          | <b>\$ 19,830</b>                |

| December 31, 2023                     |                                 |                              |                           |                                 |
|---------------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------------|
| (in thousands)                        | Nonaccrual Loans<br>with No ACL | Nonaccrual Loans<br>with ACL | 90+ and Still<br>Accruing | Total<br>Nonperforming<br>Loans |
| Hotel/motel                           | \$ 0                            | \$ 0                         | \$ 0                      | \$ 0                            |
| Commercial real estate residential    | 0                               | 498                          | 1,059                     | 1,557                           |
| Commercial real estate nonresidential | 0                               | 680                          | 2,270                     | 2,950                           |
| Dealer floorplans                     | 0                               | 0                            | 0                         | 0                               |
| Commercial other                      | 236                             | 452                          | 162                       | 850                             |
| <b>Total commercial loans</b>         | <b>236</b>                      | <b>1,630</b>                 | <b>3,491</b>              | <b>5,357</b>                    |
| Real estate mortgage                  | 0                               | 1,996                        | 5,302                     | 7,298                           |
| Home equity lines                     | 0                               | 186                          | 557                       | 743                             |
| <b>Total residential loans</b>        | <b>0</b>                        | <b>2,182</b>                 | <b>5,859</b>              | <b>8,041</b>                    |
| Consumer direct                       | 0                               | 0                            | 15                        | 15                              |
| Consumer indirect                     | 0                               | 0                            | 555                       | 555                             |
| <b>Total consumer loans</b>           | <b>0</b>                        | <b>0</b>                     | <b>570</b>                | <b>570</b>                      |
| <b>Loans and lease financing</b>      | <b>\$ 236</b>                   | <b>\$ 3,812</b>              | <b>\$ 9,920</b>           | <b>\$ 13,968</b>                |

## Discussion of the Nonaccrual Policy

The accrual of interest income on loans is discontinued when management believes, after considering economic and business conditions, collateral value, and collection efforts, that the borrower's financial condition is such that the collection of interest is doubtful. Cash payments received on nonaccrual loans generally are applied against principal, and interest income is only recorded once principal recovery is reasonably assured. Any loans greater than 90 days past due must be well secured and in the process of collection to continue accruing interest. See Note 1 to the condensed consolidated financial statements for further discussion on our nonaccrual policy.

The following tables present CTBI's loan portfolio aging analysis, segregated by class, as of June 30, 2024 and December 31, 2023 (includes loans 90 days past due and still accruing as well):

| June 30, 2024                         |                        |                           |                      |                   |                     |                     |
|---------------------------------------|------------------------|---------------------------|----------------------|-------------------|---------------------|---------------------|
| (in thousands)                        | 30-59 Days<br>Past Due | 60-89<br>Days Past<br>Due | 90+ Days<br>Past Due | Total<br>Past Due | Current             | Total Loans         |
| Hotel/motel                           | \$ 0                   | \$ 0                      | \$ 0                 | \$ 0              | \$ 417,161          | \$ 417,161          |
| Commercial real estate residential    | 1,136                  | 187                       | 1,318                | 2,641             | 477,777             | 480,418             |
| Commercial real estate nonresidential | 1,017                  | 8,274                     | 4,779                | 14,070            | 811,864             | 825,934             |
| Dealer floorplans                     | 0                      | 0                         | 0                    | 0                 | 76,222              | 76,222              |
| Commercial other                      | 1,192                  | 516                       | 1,312                | 3,020             | 349,021             | 352,041             |
| <b>Total commercial loans</b>         | <b>3,345</b>           | <b>8,977</b>              | <b>7,409</b>         | <b>19,731</b>     | <b>2,132,045</b>    | <b>2,151,776</b>    |
| Real estate mortgage                  | 1,356                  | 3,250                     | 8,531                | 13,137            | 965,007             | 978,144             |
| Home equity lines                     | 939                    | 220                       | 891                  | 2,050             | 152,261             | 154,311             |
| <b>Total residential loans</b>        | <b>2,295</b>           | <b>3,470</b>              | <b>9,422</b>         | <b>15,187</b>     | <b>1,117,268</b>    | <b>1,132,455</b>    |
| Consumer direct                       | 582                    | 143                       | 542                  | 1,267             | 156,060             | 157,327             |
| Consumer indirect                     | 4,713                  | 1,483                     | 635                  | 6,831             | 812,858             | 819,689             |
| <b>Total consumer loans</b>           | <b>5,295</b>           | <b>1,626</b>              | <b>1,177</b>         | <b>8,098</b>      | <b>968,918</b>      | <b>977,016</b>      |
| <b>Loans and lease financing</b>      | <b>\$ 10,935</b>       | <b>\$ 14,073</b>          | <b>\$ 18,008</b>     | <b>\$ 43,016</b>  | <b>\$ 4,218,231</b> | <b>\$ 4,261,247</b> |

| December 31, 2023                     |                        |                           |                      |                   |                     |                     |
|---------------------------------------|------------------------|---------------------------|----------------------|-------------------|---------------------|---------------------|
| (in thousands)                        | 30-59 Days<br>Past Due | 60-89<br>Days Past<br>Due | 90+ Days<br>Past Due | Total<br>Past Due | Current             | Total Loans         |
| Hotel/motel                           | \$ 0                   | \$ 0                      | \$ 0                 | \$ 0              | \$ 395,765          | \$ 395,765          |
| Commercial real estate residential    | 1,047                  | 275                       | 1,525                | 2,847             | 415,096             | 417,943             |
| Commercial real estate nonresidential | 549                    | 332                       | 2,619                | 3,500             | 775,137             | 778,637             |
| Dealer floorplans                     | 0                      | 0                         | 0                    | 0                 | 70,308              | 70,308              |
| Commercial other                      | 663                    | 494                       | 641                  | 1,798             | 319,284             | 321,082             |
| <b>Total commercial loans</b>         | <b>2,259</b>           | <b>1,101</b>              | <b>4,785</b>         | <b>8,145</b>      | <b>1,975,590</b>    | <b>1,983,735</b>    |
| Real estate mortgage                  | 1,323                  | 3,455                     | 6,168                | 10,946            | 926,578             | 937,524             |
| Home equity lines                     | 911                    | 273                       | 707                  | 1,891             | 145,145             | 147,036             |
| <b>Total residential loans</b>        | <b>2,234</b>           | <b>3,728</b>              | <b>6,875</b>         | <b>12,837</b>     | <b>1,071,723</b>    | <b>1,084,560</b>    |
| Consumer direct                       | 1,013                  | 118                       | 15                   | 1,146             | 157,960             | 159,106             |
| Consumer indirect                     | 4,550                  | 1,029                     | 555                  | 6,134             | 817,371             | 823,505             |
| <b>Total consumer loans</b>           | <b>5,563</b>           | <b>1,147</b>              | <b>570</b>           | <b>7,280</b>      | <b>975,331</b>      | <b>982,611</b>      |
| <b>Loans and lease financing</b>      | <b>\$ 10,056</b>       | <b>\$ 5,976</b>           | <b>\$ 12,230</b>     | <b>\$ 28,262</b>  | <b>\$ 4,022,644</b> | <b>\$ 4,050,906</b> |

The risk characteristics of CTBI's material portfolio segments are as follows:

Hotel/motel loans are a significant concentration for CTBI, representing approximately 9.8% of total loans. This industry has unique risk characteristics as it is highly susceptible to changes in the domestic and global economic environments, which can cause the industry to experience substantial volatility. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Hotel/motel lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Management monitors and evaluates all commercial real estate loans based on collateral and risk grade criteria. Commercial construction loans generally are made to customers for the purpose of building income-producing properties, and any hotel/motel construction loan would be included in this segment. Personal guarantees of the principals are generally required. Such loans are made on a projected cash flow basis and are secured by the project being constructed. Construction loan draw procedures are included in each specific loan agreement, including required documentation items and inspection requirements. Construction loans may convert to term loans at the end of the construction period, or may be repaid by the take-out commitment from another financing source. If the loan is to convert to a term loan, the repayment ability is based on the borrower's projected cash flow. Risk is mitigated during the construction phase by requiring proper documentation and inspections whenever a draw is requested.

Commercial real estate residential loans are commercial purpose construction and permanent financed loans for commercial purpose 1-4 family/multi-family properties. All commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Management monitors and evaluates all commercial real estate loans based on collateral and risk grade criteria. Commercial residential construction loans generally are made to customers for the purpose of building income-producing properties. Personal guarantees of the principals are generally required. Such loans are made on a projected cash flow basis and are secured by the project being constructed. Construction loan draw procedures are included in each specific loan agreement, including required documentation items and inspection requirements. Construction loans may convert to term loans at the end of the construction period, or may be repaid by the take-out commitment from another financing source. If the loan is to convert to a term loan, the repayment ability is based on the borrower's projected cash flow. Risk is mitigated during the construction phase by requiring proper documentation and inspections whenever a draw is requested.

Commercial real estate nonresidential loans are secured by nonfarm, nonresidential properties, farmland, and other commercial real estate. Construction for commercial real estate nonresidential loans are also included in this segment as these loans are generally one loan for construction to permanent financing. All commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Management monitors and evaluates all commercial real estate loans based on collateral and risk grade criteria. Commercial nonresidential construction loans generally are made to customers for the purpose of building income-producing properties. Personal guarantees of the principals are generally required. Such loans are made on a projected cash flow basis and are secured by the project being constructed. Construction loan draw procedures are included in each specific loan agreement, including required documentation items and inspection requirements. Construction loans may convert to term loans at the end of the construction period, or may be repaid by the take-out commitment from another financing source. If the loan is to convert to a term loan, the repayment ability is based on the borrower's projected cash flow. Risk is mitigated during the construction phase by requiring proper documentation and inspections whenever a draw is requested.

Dealer floorplans are segmented separately as they are a unique product with unique risk factors. CTBI maintains strict processing procedures over our floorplan product with any exceptions requested by a loan officer approved by the appropriate loan committee and the floorplan manager.

Commercial other loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from our customers. As we underwrite our equipment lease financing in a manner similar to our commercial loan portfolio described below, the risk characteristics for this portfolio mirror that of the commercial loan portfolio.

With respect to residential loans that are secured by 1-4 family residences and are generally owner occupied, CTBI generally establishes a maximum loan-to-value ratio and requires private mortgage insurance if that ratio is exceeded. Home equity loans are typically secured by a subordinate interest in 1-4 family residences. Residential construction loans are handled through the home mortgage area of the bank. The repayment ability of the borrower and the maximum loan-to-value ratio are calculated using the normal mortgage lending criteria. Draws are processed based on percentage of completion stages including normal inspection procedures. Such loans generally convert to term loans after the completion of construction.

Consumer loans are secured by consumer assets such as automobiles or recreational vehicles. Some consumer loans are unsecured such as small installment loans and certain lines of credit. Our determination of a borrower's ability to repay these loans is primarily dependent on the personal income and credit rating of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels. Repayment can also be impacted by changes in property values on residential properties. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

The indirect lending area of the bank is generally responsible for purchasing/funding consumer contracts with new and used automobile dealers. Dealer loan applications are forwarded to the indirect loan processing area for approval or denial. Loan approvals or denials are based on the creditworthiness and repayment ability of the borrowers, and on the collateral value. Upon a dealer being funded on an approved loan application and assignment of the retail installment contract to CTB, CTB will have limited recourse with the dealer, as set forth in the CTB dealer agreement. On occasion, the dealer will execute a separate, full recourse agreement with CTB to obtain customer financing.

## Credit Quality Indicators:

CTBI 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. CTBI also considers the fair value of the underlying collateral and the strength and willingness of the guarantor(s). CTBI analyzes commercial loans individually by classifying the loans as to credit risk. Loans classified as loss, doubtful, substandard, or special mention are reviewed quarterly by CTBI for further deterioration or improvement to determine if appropriately classified and valued if deemed impaired. All other commercial loan reviews are completed every 12 to 18 months. In addition, during the renewal process of any loan, as well as if a loan becomes past due or if other information becomes available, CTBI will evaluate the loan grade. CTBI uses the following definitions for risk ratings:

- *Pass* grades include investment grade, low risk, moderate risk, and acceptable risk loans. The loans range from loans that have no chance of resulting in a loss to loans that have a limited chance of resulting in a loss. Customers in this grade have excellent to fair credit ratings. The cash flows are adequate to meet required debt repayments.
- *Watch* graded loans are loans that warrant extra management attention but are not currently criticized. Loans on the watch list may be potential troubled credits or may warrant “watch” status for a reason not directly related to the asset quality of the credit. The watch grade is a management tool to identify credits which may be candidates for future classification or may temporarily warrant extra management monitoring.
- *Other assets especially mentioned (OAEM)* reflects loans that are currently protected but are potentially weak. These loans constitute an undue and unwarranted credit risk but not to the point of justifying a classification of substandard. The credit risk may be relatively minor yet constitute an unwarranted risk in light of circumstances surrounding a specific asset. Loans in this grade display potential weaknesses which may, if unchecked or uncorrected, inadequately protect CTBI’s credit position at some future date. The loans may be adversely affected by economic or market conditions.
- *Substandard* grading indicates that the loan is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged. These loans have a well-defined weakness or weaknesses that jeopardize the orderly liquidation of the debt with the distinct possibility that CTBI will sustain some loss if the deficiencies are not corrected.
- *Doubtful* graded loans have the weaknesses inherent in the substandard grading 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. The probability of loss is extremely high, but because of certain important and reasonably specific pending factors which may work to CTBI’s advantage or strengthen the asset(s), its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral, and refinancing plans.

The following tables present the credit risk profile of CTBI's commercial loan portfolio based on rating category and payment activity, segregated by class of loans and based on last credit decision or year of origination:

### Term Loans Amortized Cost Basis by Origination Year

(in thousands)

| June 30                                           | 2024       | 2023       | 2022       | 2021       | 2020       | Prior      | Loans      | Total        |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Hotel/motel                                       |            |            |            |            |            |            |            |              |
| Risk rating:                                      |            |            |            |            |            |            |            |              |
| Pass                                              | \$ 19,737  | \$ 77,799  | \$ 151,121 | \$ 27,578  | \$ 17,388  | \$ 78,805  | \$ 5,274   | \$ 377,702   |
| Watch                                             | 0          | 11,411     | 2,776      | 6,681      | 4,537      | 8,011      | 0          | 33,416       |
| OAEM                                              | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Substandard                                       | 0          | 0          | 4,089      | 0          | 0          | 1,954      | 0          | 6,043        |
| Doubtful                                          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Total hotel/motel                                 | 19,737     | 89,210     | 157,986    | 34,259     | 21,925     | 88,770     | 5,274      | 417,161      |
| Commercial real estate residential                |            |            |            |            |            |            |            |              |
| Risk rating:                                      |            |            |            |            |            |            |            |              |
| Pass                                              | 107,700    | 92,041     | 87,418     | 78,240     | 28,580     | 42,351     | 16,998     | 453,328      |
| Watch                                             | 1,244      | 2,412      | 4,212      | 3,918      | 1,805      | 6,519      | 139        | 20,249       |
| OAEM                                              | 0          | 122        | 0          | 0          | 0          | 89         | 70         | 281          |
| Substandard                                       | 0          | 824        | 524        | 413        | 344        | 4,455      | 0          | 6,560        |
| Doubtful                                          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Total commercial real estate residential          | 108,944    | 95,399     | 92,154     | 82,571     | 30,729     | 53,414     | 17,207     | 480,418      |
| Commercial real estate nonresidential             |            |            |            |            |            |            |            |              |
| Risk rating:                                      |            |            |            |            |            |            |            |              |
| Pass                                              | 106,957    | 130,895    | 130,451    | 126,349    | 70,121     | 167,723    | 32,753     | 765,249      |
| Watch                                             | 3,575      | 1,359      | 3,638      | 8,870      | 2,501      | 7,799      | 483        | 28,225       |
| OAEM                                              | 0          | 0          | 15         | 379        | 0          | 1,446      | 0          | 1,840        |
| Substandard                                       | 2,081      | 3,902      | 1,601      | 2,266      | 11,230     | 9,538      | 0          | 30,618       |
| Doubtful                                          | 0          | 0          | 0          | 0          | 0          | 2          | 0          | 2            |
| Total commercial real estate nonresidential       | 112,613    | 136,156    | 135,705    | 137,864    | 83,852     | 186,508    | 33,236     | 825,934      |
| Dealer floorplans                                 |            |            |            |            |            |            |            |              |
| Risk rating:                                      |            |            |            |            |            |            |            |              |
| Pass                                              | 0          | 0          | 0          | 0          | 0          | 0          | 74,114     | 74,114       |
| Watch                                             | 0          | 0          | 0          | 0          | 0          | 0          | 2,108      | 2,108        |
| OAEM                                              | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Substandard                                       | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Doubtful                                          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Total dealer floorplans                           | 0          | 0          | 0          | 0          | 0          | 0          | 76,222     | 76,222       |
| Commercial other                                  |            |            |            |            |            |            |            |              |
| Risk rating:                                      |            |            |            |            |            |            |            |              |
| Pass                                              | 65,651     | 53,144     | 43,262     | 28,313     | 27,086     | 21,461     | 75,364     | 314,281      |
| Watch                                             | 1,151      | 921        | 631        | 387        | 127        | 723        | 14,406     | 18,346       |
| OAEM                                              | 81         | 28         | 0          | 8,749      | 0          | 0          | 30         | 8,888        |
| Substandard                                       | 955        | 4,505      | 2,615      | 483        | 478        | 211        | 1,279      | 10,526       |
| Doubtful                                          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |
| Total commercial other                            | 67,838     | 58,598     | 46,508     | 37,932     | 27,691     | 22,395     | 91,079     | 352,041      |
| Commercial other current period gross charge-offs |            |            |            |            |            |            |            |              |
|                                                   | (813)      | 0          | (20)       | (6)        | (2)        | (5)        | 0          | (846)        |
| Commercial loans                                  |            |            |            |            |            |            |            |              |
| Risk rating:                                      |            |            |            |            |            |            |            |              |
| Pass                                              | 300,045    | 353,879    | 412,252    | 260,480    | 143,175    | 310,340    | 204,503    | 1,984,674    |
| Watch                                             | 5,970      | 16,103     | 11,257     | 19,856     | 8,970      | 23,052     | 17,136     | 102,344      |
| OAEM                                              | 81         | 150        | 15         | 9,128      | 0          | 1,535      | 100        | 11,009       |
| Substandard                                       | 3,036      | 9,231      | 8,829      | 3,162      | 12,052     | 16,158     | 1,279      | 53,747       |
| Doubtful                                          | 0          | 0          | 0          | 0          | 0          | 2          | 0          | 2            |
| Total commercial loans                            | \$ 309,132 | \$ 379,363 | \$ 432,353 | \$ 292,626 | \$ 164,197 | \$ 351,087 | \$ 223,018 | \$ 2,151,776 |

**Total commercial loans current**

|                          |    |       |    |   |    |      |    |     |    |     |    |     |    |   |    |       |
|--------------------------|----|-------|----|---|----|------|----|-----|----|-----|----|-----|----|---|----|-------|
| period gross charge-offs | \$ | (813) | \$ | 0 | \$ | (20) | \$ | (6) | \$ | (2) | \$ | (5) | \$ | 0 | \$ | (846) |
|--------------------------|----|-------|----|---|----|------|----|-----|----|-----|----|-----|----|---|----|-------|

| (in thousands)                                                         | Term Loans Amortized Cost Basis by Origination Year |            |           |           |           |           |                    |            |
|------------------------------------------------------------------------|-----------------------------------------------------|------------|-----------|-----------|-----------|-----------|--------------------|------------|
| December 31                                                            | 2023                                                | 2022       | 2021      | 2020      | 2019      | Prior     | Revolving<br>Loans | Total      |
| Hotel/motel                                                            |                                                     |            |           |           |           |           |                    |            |
| Risk rating:                                                           |                                                     |            |           |           |           |           |                    |            |
| Pass                                                                   | \$ 79,651                                           | \$ 144,826 | \$ 28,011 | \$ 17,664 | \$ 40,873 | \$ 42,029 | \$ 4,042           | \$ 357,096 |
| Watch                                                                  | 11,569                                              | 2,826      | 6,835     | 4,623     | 3,361     | 1,648     | 0                  | 30,862     |
| OAEM                                                                   | 0                                                   | 3,982      | 0         | 0         | 0         | 1,954     | 0                  | 5,936      |
| Substandard                                                            | 0                                                   | 0          | 0         | 0         | 0         | 1,118     | 0                  | 1,118      |
| Doubtful                                                               | 0                                                   | 0          | 0         | 0         | 0         | 753       | 0                  | 753        |
| Total hotel/motel                                                      | 91,220                                              | 151,634    | 34,846    | 22,287    | 44,234    | 47,502    | 4,042              | 395,765    |
| Commercial real estate residential                                     |                                                     |            |           |           |           |           |                    |            |
| Risk rating:                                                           |                                                     |            |           |           |           |           |                    |            |
| Pass                                                                   | 109,304                                             | 89,119     | 98,896    | 30,972    | 11,908    | 36,964    | 14,700             | 391,863    |
| Watch                                                                  | 2,317                                               | 2,131      | 473       | 1,395     | 721       | 6,359     | 124                | 13,520     |
| OAEM                                                                   | 0                                                   | 0          | 0         | 0         | 0         | 63        | 0                  | 63         |
| Substandard                                                            | 760                                                 | 854        | 4,532     | 834       | 285       | 5,232     | 0                  | 12,497     |
| Doubtful                                                               | 0                                                   | 0          | 0         | 0         | 0         | 0         | 0                  | 0          |
| Total commercial real estate residential                               | 112,381                                             | 92,104     | 103,901   | 33,201    | 12,914    | 48,618    | 14,824             | 417,943    |
| Commercial real estate residential current period gross charge-offs    |                                                     |            |           |           |           |           |                    |            |
|                                                                        | 0                                                   | 0          | (28)      | 0         | 0         | 0         | 0                  | (28)       |
| Commercial real estate nonresidential                                  |                                                     |            |           |           |           |           |                    |            |
| Risk rating:                                                           |                                                     |            |           |           |           |           |                    |            |
| Pass                                                                   | 149,633                                             | 142,580    | 136,090   | 68,240    | 55,850    | 140,074   | 31,536             | 724,003    |
| Watch                                                                  | 552                                                 | 3,664      | 6,305     | 2,347     | 1,938     | 6,003     | 354                | 21,163     |
| OAEM                                                                   | 2,375                                               | 15         | 0         | 7,255     | 0         | 1,486     | 0                  | 11,131     |
| Substandard                                                            | 2,520                                               | 1,598      | 2,538     | 4,472     | 2,000     | 9,199     | 0                  | 22,327     |
| Doubtful                                                               | 0                                                   | 0          | 0         | 0         | 0         | 13        | 0                  | 13         |
| Total commercial real estate nonresidential                            | 155,080                                             | 147,857    | 144,933   | 82,314    | 59,788    | 156,775   | 31,890             | 778,637    |
| Commercial real estate nonresidential current period gross charge-offs |                                                     |            |           |           |           |           |                    |            |
|                                                                        | 0                                                   | 0          | (7)       | 0         | 0         | (287)     | 0                  | (294)      |
| Dealer floorplans                                                      |                                                     |            |           |           |           |           |                    |            |
| Risk rating:                                                           |                                                     |            |           |           |           |           |                    |            |
| Pass                                                                   | 0                                                   | 0          | 0         | 0         | 0         | 0         | 70,308             | 70,308     |
| Watch                                                                  | 0                                                   | 0          | 0         | 0         | 0         | 0         | 0                  | 0          |
| OAEM                                                                   | 0                                                   | 0          | 0         | 0         | 0         | 0         | 0                  | 0          |
| Substandard                                                            | 0                                                   | 0          | 0         | 0         | 0         | 0         | 0                  | 0          |
| Doubtful                                                               | 0                                                   | 0          | 0         | 0         | 0         | 0         | 0                  | 0          |
| Total dealer floorplans                                                | 0                                                   | 0          | 0         | 0         | 0         | 0         | 70,308             | 70,308     |
| Commercial other                                                       |                                                     |            |           |           |           |           |                    |            |
| Risk rating:                                                           |                                                     |            |           |           |           |           |                    |            |
| Pass                                                                   | 73,115                                              | 47,575     | 40,448    | 30,033    | 4,780     | 22,588    | 81,791             | 300,330    |
| Watch                                                                  | 1,138                                               | 1,109      | 569       | 126       | 239       | 635       | 5,877              | 9,693      |
| OAEM                                                                   | 29                                                  | 0          | 0         | 0         | 0         | 0         | 30                 | 59         |
| Substandard                                                            | 4,921                                               | 3,581      | 381       | 890       | 211       | 403       | 613                | 11,000     |
| Doubtful                                                               | 0                                                   | 0          | 0         | 0         | 0         | 0         | 0                  | 0          |
| Total commercial other                                                 | 79,203                                              | 52,265     | 41,398    | 31,049    | 5,230     | 23,626    | 88,311             | 321,082    |
| Commercial other current period gross charge-offs                      |                                                     |            |           |           |           |           |                    |            |
|                                                                        | (725)                                               | (710)      | (302)     | (27)      | (90)      | (46)      | 0                  | (1,900)    |
| Commercial loans                                                       |                                                     |            |           |           |           |           |                    |            |
| Risk rating:                                                           |                                                     |            |           |           |           |           |                    |            |
| Pass                                                                   | 411,703                                             | 424,100    | 303,445   | 146,909   | 113,411   | 241,655   | 202,377            | 1,843,600  |
| Watch                                                                  | 15,576                                              | 9,730      | 14,182    | 8,491     | 6,259     | 14,645    | 6,355              | 75,238     |
| OAEM                                                                   | 2,404                                               | 3,997      | 0         | 7,255     | 0         | 3,503     | 30                 | 17,189     |
| Substandard                                                            | 8,201                                               | 6,033      | 7,451     | 6,196     | 2,496     | 15,952    | 613                | 46,942     |

|                                       |    |         |    |         |    |         |    |         |    |         |    |         |    |         |    |           |
|---------------------------------------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|-----------|
| Doubtful                              |    | 0       |    | 0       |    | 0       |    | 0       |    | 0       |    | 766     |    | 0       |    | 766       |
| <b>Total commercial loans</b>         | \$ | 437,884 | \$ | 443,860 | \$ | 325,078 | \$ | 168,851 | \$ | 122,166 | \$ | 276,521 | \$ | 209,375 | \$ | 1,983,735 |
|                                       |    |         |    |         |    |         |    |         |    |         |    |         |    |         |    |           |
| <b>Total commercial loans current</b> |    |         |    |         |    |         |    |         |    |         |    |         |    |         |    |           |
| <b>period gross charge-offs</b>       | \$ | (725)   | \$ | (710)   | \$ | (337)   | \$ | (27)    | \$ | (90)    | \$ | (333)   | \$ | 0       | \$ | (2,222)   |

The following tables present the credit risk profile of CTBI's residential real estate and consumer loan portfolios based on performing or nonperforming status, segregated by class:

(in thousands)

(in thousands)

|                                                                | Term Loans Amortized Cost Basis by Origination Year |            |            |            |            |            |                    |              |  |
|----------------------------------------------------------------|-----------------------------------------------------|------------|------------|------------|------------|------------|--------------------|--------------|--|
| June 30                                                        | 2024                                                | 2023       | 2022       | 2021       | 2020       | Prior      | Revolving<br>Loans | Total        |  |
| Home equity lines                                              |                                                     |            |            |            |            |            |                    |              |  |
| Performing                                                     | \$ 0                                                | \$ 0       | \$ 0       | \$ 0       | \$ 0       | \$ 7,596   | \$ 145,799         | \$ 153,395   |  |
| Nonperforming                                                  | 0                                                   | 0          | 0          | 0          | 0          | 488        | 428                | 916          |  |
| Total home equity lines                                        | 0                                                   | 0          | 0          | 0          | 0          | 8,084      | 146,227            | 154,311      |  |
| Mortgage loans                                                 |                                                     |            |            |            |            |            |                    |              |  |
| Performing                                                     | 79,103                                              | 205,074    | 150,267    | 152,504    | 112,667    | 268,826    | 0                  | 968,441      |  |
| Nonperforming                                                  | 0                                                   | 676        | 649        | 597        | 511        | 7,270      | 0                  | 9,703        |  |
| Total mortgage loans                                           | 79,103                                              | 205,750    | 150,916    | 153,101    | 113,178    | 276,096    | 0                  | 978,144      |  |
| Mortgage loans current period gross charge-offs                |                                                     |            |            |            |            |            |                    |              |  |
|                                                                | 0                                                   | 0          | 0          | 0          | 0          | (51)       | 0                  | (51)         |  |
| Residential loans                                              |                                                     |            |            |            |            |            |                    |              |  |
| Performing                                                     | 79,103                                              | 205,074    | 150,267    | 152,504    | 112,667    | 276,422    | 145,799            | 1,121,836    |  |
| Nonperforming                                                  | 0                                                   | 676        | 649        | 597        | 511        | 7,758      | 428                | 10,619       |  |
| Total residential loans                                        | \$ 79,103                                           | \$ 205,750 | \$ 150,916 | \$ 153,101 | \$ 113,178 | \$ 284,180 | \$ 146,227         | \$ 1,132,455 |  |
| Total residential loans current period gross charge-offs       |                                                     |            |            |            |            |            |                    |              |  |
|                                                                | \$ 0                                                | \$ 0       | \$ 0       | \$ 0       | \$ 0       | \$ (51)    | \$ 0               | \$ (51)      |  |
| Consumer direct loans                                          |                                                     |            |            |            |            |            |                    |              |  |
| Performing                                                     | \$ 32,437                                           | \$ 47,077  | \$ 27,577  | \$ 21,495  | \$ 12,421  | \$ 15,778  | \$ 0               | \$ 156,785   |  |
| Nonperforming                                                  | 0                                                   | 54         | 452        | 27         | 9          | 0          | 0                  | 542          |  |
| Total consumer direct loans                                    | 32,437                                              | 47,131     | 28,029     | 21,522     | 12,430     | 15,778     | 0                  | 157,327      |  |
| Total consumer direct loans current period gross charge-offs   |                                                     |            |            |            |            |            |                    |              |  |
|                                                                | (3)                                                 | (124)      | (516)      | (33)       | (9)        | (37)       | 0                  | (722)        |  |
| Consumer indirect loans                                        |                                                     |            |            |            |            |            |                    |              |  |
| Performing                                                     | 158,849                                             | 299,197    | 204,799    | 85,689     | 50,804     | 19,716     | 0                  | 819,054      |  |
| Nonperforming                                                  | 6                                                   | 186        | 238        | 132        | 65         | 8          | 0                  | 635          |  |
| Total consumer indirect loans                                  | 158,855                                             | 299,383    | 205,037    | 85,821     | 50,869     | 19,724     | 0                  | 819,689      |  |
| Total consumer indirect loans current period gross charge-offs |                                                     |            |            |            |            |            |                    |              |  |
|                                                                | (54)                                                | (1,255)    | (1,436)    | (829)      | (140)      | (170)      | 0                  | (3,884)      |  |
| Consumer loans                                                 |                                                     |            |            |            |            |            |                    |              |  |
| Performing                                                     | 191,286                                             | 346,274    | 232,376    | 107,184    | 63,225     | 35,494     | 0                  | 975,839      |  |
| Nonperforming                                                  | 6                                                   | 240        | 690        | 159        | 74         | 8          | 0                  | 1,177        |  |
| Total consumer loans                                           | \$ 191,292                                          | \$ 346,514 | \$ 233,066 | \$ 107,343 | \$ 63,299  | \$ 35,502  | \$ 0               | \$ 977,016   |  |
| Total consumer loans current period gross charge-offs          |                                                     |            |            |            |            |            |                    |              |  |
|                                                                | \$ (57)                                             | \$ (1,379) | \$ (1,952) | \$ (862)   | \$ (149)   | \$ (207)   | \$ 0               | \$ (4,606)   |  |

*(in thousands)*

(in thousands)

|                                                                | Term Loans Amortized Cost Basis by Origination Year |            |            |            |           |            |                    |              |  |
|----------------------------------------------------------------|-----------------------------------------------------|------------|------------|------------|-----------|------------|--------------------|--------------|--|
| December 31                                                    | 2023                                                | 2022       | 2021       | 2020       | 2019      | Prior      | Revolving<br>Loans | Total        |  |
| Home equity lines                                              |                                                     |            |            |            |           |            |                    |              |  |
| Performing                                                     | \$ 0                                                | \$ 0       | \$ 0       | \$ 0       | \$ 0      | \$ 7,630   | \$ 138,663         | \$ 146,293   |  |
| Nonperforming                                                  | 0                                                   | 0          | 0          | 0          | 0         | 442        | 301                | 743          |  |
| Total home equity lines                                        | 0                                                   | 0          | 0          | 0          | 0         | 8,072      | 138,964            | 147,036      |  |
| Home equity lines current period gross charge-offs             |                                                     |            |            |            |           |            |                    |              |  |
|                                                                | 0                                                   | 0          | 0          | 0          | 0         | (23)       | 0                  | (23)         |  |
| Mortgage loans                                                 |                                                     |            |            |            |           |            |                    |              |  |
| Performing                                                     | 200,442                                             | 162,407    | 159,857    | 119,772    | 56,601    | 231,147    | 0                  | 930,226      |  |
| Nonperforming                                                  | 0                                                   | 200        | 151        | 192        | 533       | 6,222      | 0                  | 7,298        |  |
| Total mortgage loans                                           | 200,442                                             | 162,607    | 160,008    | 119,964    | 57,134    | 237,369    | 0                  | 937,524      |  |
| Mortgage loans current period gross charge-offs                |                                                     |            |            |            |           |            |                    |              |  |
|                                                                | 0                                                   | 0          | (47)       | 0          | (40)      | (53)       | 0                  | (140)        |  |
| Residential loans                                              |                                                     |            |            |            |           |            |                    |              |  |
| Performing                                                     | 200,442                                             | 162,407    | 159,857    | 119,772    | 56,601    | 238,777    | 138,663            | 1,076,519    |  |
| Nonperforming                                                  | 0                                                   | 200        | 151        | 192        | 533       | 6,664      | 301                | 8,041        |  |
| Total residential loans                                        | \$ 200,442                                          | \$ 162,607 | \$ 160,008 | \$ 119,964 | \$ 57,134 | \$ 245,441 | \$ 138,964         | \$ 1,084,560 |  |
| Total residential loans current period gross charge-offs       |                                                     |            |            |            |           |            |                    |              |  |
|                                                                | \$ 0                                                | \$ 0       | \$ (47)    | \$ 0       | \$ (40)   | \$ (76)    | \$ 0               | \$ (163)     |  |
| Consumer direct loans                                          |                                                     |            |            |            |           |            |                    |              |  |
| Performing                                                     | \$ 63,686                                           | \$ 34,722  | \$ 26,250  | \$ 15,560  | \$ 6,951  | \$ 11,922  | \$ 0               | \$ 159,091   |  |
| Nonperforming                                                  | 0                                                   | 4          | 11         | 0          | 0         | 0          | 0                  | 15           |  |
| Total consumer direct loans                                    | 63,686                                              | 34,726     | 26,261     | 15,560     | 6,951     | 11,922     | 0                  | 159,106      |  |
| Total consumer direct loans current period gross charge-offs   |                                                     |            |            |            |           |            |                    |              |  |
|                                                                | (65)                                                | (263)      | (129)      | (37)       | (27)      | (20)       | 0                  | (541)        |  |
| Consumer indirect loans                                        |                                                     |            |            |            |           |            |                    |              |  |
| Performing                                                     | 359,049                                             | 251,086    | 109,231    | 69,319     | 23,767    | 10,498     | 0                  | 822,950      |  |
| Nonperforming                                                  | 133                                                 | 223        | 157        | 11         | 22        | 9          | 0                  | 555          |  |
| Total consumer indirect loans                                  | 359,182                                             | 251,309    | 109,388    | 69,330     | 23,789    | 10,507     | 0                  | 823,505      |  |
| Total consumer indirect loans current period gross charge-offs |                                                     |            |            |            |           |            |                    |              |  |
|                                                                | (541)                                               | (2,320)    | (1,688)    | (492)      | (121)     | (171)      | 0                  | (5,333)      |  |
| Consumer loans                                                 |                                                     |            |            |            |           |            |                    |              |  |
| Performing                                                     | 422,735                                             | 285,808    | 135,481    | 84,879     | 30,718    | 22,420     | 0                  | 982,041      |  |
| Nonperforming                                                  | 133                                                 | 227        | 168        | 11         | 22        | 9          | 0                  | 570          |  |
| Total consumer loans                                           | \$ 422,868                                          | \$ 286,035 | \$ 135,649 | \$ 84,890  | \$ 30,740 | \$ 22,429  | \$ 0               | \$ 982,611   |  |
| Total consumer loans current period gross charge-offs          |                                                     |            |            |            |           |            |                    |              |  |
|                                                                | \$ (606)                                            | \$ (2,583) | \$ (1,817) | \$ (529)   | \$ (148)  | \$ (191)   | \$ 0               | \$ (5,874)   |  |

\* A loan is considered nonperforming if it is 90 days or more past due and/or on nonaccrual.

The total of consumer mortgage loans secured by real estate properties for which formal foreclosure proceedings are in process was \$4.9 million at June 30, 2024 and \$3.5 million at December 31, 2023.

In accordance with ASC 326-20-30-2, if a loan does not share risk characteristics with other pooled loans in determining the ACL, the loan shall be evaluated for expected credit losses on an individual basis. Of the loans that CTBI has individually evaluated, the loans listed below by segment are those that are collateral dependent:

|                                         | June 30, 2024      |                        |                     |
|-----------------------------------------|--------------------|------------------------|---------------------|
| <i>(in thousands)</i>                   | Number of<br>Loans | Recorded<br>Investment | Specific<br>Reserve |
| Hotel/motel                             | 2                  | \$ 5,654               | \$ 0                |
| Commercial real estate residential      | 0                  | 0                      | 0                   |
| Commercial real estate nonresidential   | 10                 | 29,454                 | 325                 |
| Commercial other                        | 3                  | 13,765                 | 0                   |
| <b>Total collateral dependent loans</b> | <b>15</b>          | <b>\$ 48,873</b>       | <b>\$ 325</b>       |

|                                         | December 31, 2023  |                        |                     |
|-----------------------------------------|--------------------|------------------------|---------------------|
| <i>(in thousands)</i>                   | Number of<br>Loans | Recorded<br>Investment | Specific<br>Reserve |
| Hotel/motel                             | 3                  | \$ 6,810               | \$ 0                |
| Commercial real estate residential      | 2                  | 5,080                  | 0                   |
| Commercial real estate nonresidential   | 9                  | 21,637                 | 250                 |
| Commercial other                        | 2                  | 5,658                  | 0                   |
| <b>Total collateral dependent loans</b> | <b>16</b>          | <b>\$ 39,185</b>       | <b>\$ 250</b>       |

|                                         | June 30, 2023      |                        |                     |
|-----------------------------------------|--------------------|------------------------|---------------------|
| <i>(in thousands)</i>                   | Number of<br>Loans | Recorded<br>Investment | Specific<br>Reserve |
| Hotel/motel                             | 2                  | \$ 8,114               | \$ 0                |
| Commercial real estate residential      | 3                  | 6,353                  | 0                   |
| Commercial real estate nonresidential   | 6                  | 11,704                 | 0                   |
| Commercial other                        | 2                  | 6,585                  | 0                   |
| <b>Total collateral dependent loans</b> | <b>13</b>          | <b>\$ 32,756</b>       | <b>\$ 0</b>         |

The hotel/motel, commercial real estate residential, and commercial real estate nonresidential segments are all collateralized with real estate. The two loans listed in the commercial other segment at June 30, 2024 are collateralized by inventory, equipment, and accounts receivable.

Certain loans have been modified where the customer is facing financial difficulty and economic concessions were granted to borrowers consisting of reductions in the interest rates, payment extensions, forgiveness of principal, and forbearances. These loans, segregated by class of loans and concession granted, are presented below for the quarter ended June 30, 2024:

| (in thousands)                        | Amortized Cost at June 30, 2024 |            |                |            |
|---------------------------------------|---------------------------------|------------|----------------|------------|
|                                       | Interest Rate Reduction         | % of total | Term Extension | % of total |
| Hotel/motel                           | \$ 0                            | 0.00%      | \$ 0           | 0.00%      |
| Commercial real estate residential    | 0                               | 0.00       | 14             | 0.00       |
| Commercial real estate nonresidential | 0                               | 0.00       | 0              | 0.00       |
| Dealer floorplans                     | 0                               | 0.00       | 0              | 0.00       |
| Commercial other                      | 0                               | 0.00       | 705            | 0.20       |
| <b>Commercial loans</b>               | 0                               | 0.00       | 719            | 0.03       |
| Real estate mortgage                  | 548                             | 0.06       | 3,451          | 0.35       |
| Home equity lines                     | 0                               | 0.00       | 0              | 0.00       |
| <b>Residential loans</b>              | 548                             | 0.05       | 3,451          | 0.30       |
| Consumer direct                       | 0                               | 0.00       | 0              | 0.00       |
| Consumer indirect                     | 0                               | 0.00       | 55             | 0.01       |
| <b>Consumer loans</b>                 | 0                               | 0.00       | 55             | 0.01       |
| <b>Loans and lease financing</b>      | \$ 548                          | 0.01%      | \$ 4,225       | 0.10%      |

| (in thousands)                        | Amortized Cost at June 30, 2024                          |            |                |            |
|---------------------------------------|----------------------------------------------------------|------------|----------------|------------|
|                                       | Combination – Term Extension and Interest Rate Reduction | % of total | Payment Change | % of total |
| Hotel/motel                           | \$ 0                                                     | 0.00%      | \$ 0           | 0.00%      |
| Commercial real estate residential    | 0                                                        | 0.00       | 206            | 0.04       |
| Commercial real estate nonresidential | 28                                                       | 0.00       | 0              | 0.00       |
| Dealer floorplans                     | 0                                                        | 0.00       | 0              | 0.00       |
| Commercial other                      | 0                                                        | 0.00       | 0              | 0.00       |
| <b>Commercial loans</b>               | 28                                                       | 0.00       | 206            | 0.01       |
| Real estate mortgage                  | 58                                                       | 0.01       | 0              | 0.00       |
| Home equity lines                     | 43                                                       | 0.03       | 0              | 0.00       |
| <b>Residential loans</b>              | 101                                                      | 0.01       | 0              | 0.00       |
| Consumer direct                       | 0                                                        | 0.00       | 0              | 0.00       |
| Consumer indirect                     | 0                                                        | 0.00       | 12             | 0.00       |
| <b>Consumer loans</b>                 | 0                                                        | 0.00       | 12             | 0.00       |
| <b>Loans and lease financing</b>      | \$ 129                                                   | 0.00%      | \$ 218         | 0.01%      |

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the three months ended June 30, 2024:

| Loan Type                             | Interest Rate Reduction Financial Impact                             | Term Extension Financial Impact                         |
|---------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|
| Hotel/motel                           |                                                                      |                                                         |
| Commercial real estate residential    |                                                                      | Added a weighted-average 0.3 years to life of the loans |
| Commercial real estate nonresidential |                                                                      |                                                         |
| Dealer floorplans                     |                                                                      |                                                         |
| Commercial other                      |                                                                      | Added a weighted-average 0.1 years to life of the loans |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 7.5% to 5.0% | Added a weighted-average 0.4 years to life of the loans |

|                   |                                                         |
|-------------------|---------------------------------------------------------|
| Home equity lines |                                                         |
| Consumer direct   |                                                         |
| Consumer indirect | Added a weighted-average 1.1 years to life of the loans |

| <b>Loan Type</b>                      | <b>Combination – Term Extension and<br/>Interest Rate Reduction<br/>Financial Impact</b>                                     | <b>Payment Changes<br/>Financial Impact</b>                                       |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Hotel/motel                           |                                                                                                                              |                                                                                   |
| Commercial real estate residential    |                                                                                                                              | Provided payment changes that will be added to the end of the original loan term. |
| Commercial real estate nonresidential | Increased weighted-average contractual interest rate from 6.0% to 8.5% and increased the weighted-average life by 10.3 years |                                                                                   |
| Dealer floorplans                     |                                                                                                                              |                                                                                   |
| Commercial other                      |                                                                                                                              |                                                                                   |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 8.0% to 4.3% and increased the weighted-average life by 13.2 years   |                                                                                   |
| Home equity lines                     | Reduced weighted-average contractual interest rate from 9.3% to 8.7% and increased the weighted-average life by 3.3 years    |                                                                                   |
| Consumer direct                       |                                                                                                                              |                                                                                   |
| Consumer indirect                     |                                                                                                                              | Provided payment changes that will be added to the end of the original loan term. |

Those loans, segregated by class of loans and concession granted, are presented below for the six months ended June 30, 2024:

| <i>(in thousands)</i>                 | <b>Amortized Cost at June 30, 2024</b> |                   |                       |                   |
|---------------------------------------|----------------------------------------|-------------------|-----------------------|-------------------|
|                                       | <b>Interest Rate<br/>Reduction</b>     | <b>% of total</b> | <b>Term Extension</b> | <b>% of total</b> |
| Hotel/motel                           | \$ 0                                   | 0.00%             | \$ 0                  | 0.00%             |
| Commercial real estate residential    | 0                                      | 0.00              | 79                    | 0.02              |
| Commercial real estate nonresidential | 0                                      | 0.00              | 0                     | 0.00              |
| Dealer floorplans                     | 0                                      | 0.00              | 0                     | 0.00              |
| Commercial other                      | 0                                      | 0.00              | 954                   | 0.27              |
| <b>Commercial loans</b>               | 0                                      | 0.00              | 1,033                 | 0.05              |
| Real estate mortgage                  | 736                                    | 0.08              | 5,651                 | 0.58              |
| Home equity lines                     | 0                                      | 0.00              | 32                    | 0.02              |
| <b>Residential loans</b>              | 736                                    | 0.06              | 5,683                 | 0.50              |
| Consumer direct                       | 0                                      | 0.00              | 37                    | 0.02              |
| Consumer indirect                     | 0                                      | 0.00              | 311                   | 0.04              |
| <b>Consumer loans</b>                 | 0                                      | 0.00              | 348                   | 0.04              |
| <b>Loans and lease financing</b>      | \$ 736                                 | 0.02%             | \$ 7,064              | 0.17%             |

|                                       | Amortized Cost at June 30, 2024                                   |              |                 |              |
|---------------------------------------|-------------------------------------------------------------------|--------------|-----------------|--------------|
|                                       | Combination –<br>Term Extension<br>and Interest Rate<br>Reduction | % of total   | Payment Change  | % of total   |
| <i>(in thousands)</i>                 |                                                                   |              |                 |              |
| Hotel/motel                           | \$ 0                                                              | 0.00%        | \$ 1,954        | 0.47%        |
| Commercial real estate residential    | 14                                                                | 0.00         | 207             | 0.04         |
| Commercial real estate nonresidential | 28                                                                | 0.00         | 11              | 0.00         |
| Dealer floorplans                     | 0                                                                 | 0.00         | 0               | 0.00         |
| Commercial other                      | 11                                                                | 0.00         | 775             | 0.22         |
| <b>Commercial loans</b>               | <b>53</b>                                                         | <b>0.00</b>  | <b>2,947</b>    | <b>0.14</b>  |
| Real estate mortgage                  | 336                                                               | 0.03         | 0               | 0.00         |
| Home equity lines                     | 81                                                                | 0.05         | 0               | 0.00         |
| <b>Residential loans</b>              | <b>417</b>                                                        | <b>0.04</b>  | <b>0</b>        | <b>0.00</b>  |
| Consumer direct                       | 0                                                                 | 0.00         | 0               | 0.00         |
| Consumer indirect                     | 0                                                                 | 0.00         | 37              | 0.00         |
| <b>Consumer loans</b>                 | <b>0</b>                                                          | <b>0.00</b>  | <b>37</b>       | <b>0.00</b>  |
| <b>Loans and lease financing</b>      | <b>\$ 470</b>                                                     | <b>0.01%</b> | <b>\$ 2,984</b> | <b>0.07%</b> |

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the six months ended June 30, 2024:

| Loan Type                             | Interest Rate Reduction<br>Financial Impact                          | Term Extension<br>Financial Impact                      |
|---------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|
| Hotel/motel                           |                                                                      |                                                         |
| Commercial real estate residential    |                                                                      | Added a weighted-average 0.3 years to life of the loans |
| Commercial real estate nonresidential |                                                                      |                                                         |
| Dealer floorplans                     |                                                                      |                                                         |
| Commercial other                      |                                                                      | Added a weighted-average 0.3 years to life of the loans |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 8.1% to 5.0% | Added a weighted-average 0.4 years to life of the loans |
| Home equity lines                     |                                                                      | Added a weighted-average 0.5 years to life of the loans |
| Consumer direct                       |                                                                      | Added a weighted-average 0.1 years to life of the loans |
| Consumer indirect                     |                                                                      | Added a weighted-average 0.3 years to life of the loans |

| Loan Type                             | Combination – Term Extension and<br>Interest Rate Reduction<br>Financial Impact                                              |                                                                                   | Payment Changes<br>Financial Impact                                               |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
|                                       |                                                                                                                              |                                                                                   |                                                                                   |
| Hotel/motel                           |                                                                                                                              |                                                                                   | Provided payment changes that will be added to the end of the original loan term. |
| Commercial real estate residential    | Weighted-average contractual interest rate remained at 8.5% and increased the weighted-average life by 4.0 years             | Provided payment changes that will be added to the end of the original loan term. |                                                                                   |
| Commercial real estate nonresidential | Increased weighted-average contractual interest rate from 6.0% to 8.5% and increased the weighted-average life by 10.3 years | Provided payment changes that will be added to the end of the original loan term. |                                                                                   |
| Dealer floorplans                     |                                                                                                                              |                                                                                   |                                                                                   |
| Commercial other                      | Reduced weighted-average contractual interest rate from 9.5% to 8.5% and increased the weighted-average life by 2.4 years    | Provided payment changes that will be added to the end of the original loan term. |                                                                                   |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 5.7% to 5.1% and increased the weighted-average life by 6.4 years    |                                                                                   |                                                                                   |
| Home equity lines                     | Reduced weighted-average contractual interest rate from 9.6% to 8.6% and increased the weighted-average life by 10.2 years   |                                                                                   |                                                                                   |
| Consumer direct                       |                                                                                                                              |                                                                                   |                                                                                   |
| Consumer indirect                     |                                                                                                                              |                                                                                   | Provided payment changes that will be added to the end of the original loan term  |

Those loans, segregated by class of loans and concession granted, are presented below for the year ended December 31, 2023:

| (in thousands)                        | Amortized Cost at December 31, 2023 |              |                  |              |
|---------------------------------------|-------------------------------------|--------------|------------------|--------------|
|                                       | Interest Rate<br>Reduction          | % of total   | Term Extension   | % of total   |
| Hotel/motel                           | \$ 0                                | 0.00%        | \$ 0             | 0.00%        |
| Commercial real estate residential    | 534                                 | 0.13         | 1,788            | 0.43         |
| Commercial real estate nonresidential | 4,504                               | 0.58         | 5,342            | 0.69         |
| Dealer floorplans                     | 0                                   | 0.00         | 0                | 0.00         |
| Commercial other                      | 0                                   | 0.00         | 6,025            | 1.88         |
| <b>Commercial loans</b>               | <b>5,038</b>                        | <b>0.25</b>  | <b>13,155</b>    | <b>0.66</b>  |
| Real estate mortgage                  | 581                                 | 0.06         | 5,431            | 0.58         |
| Home equity lines                     | 0                                   | 0.00         | 246              | 0.17         |
| <b>Residential loans</b>              | <b>581</b>                          | <b>0.05</b>  | <b>5,677</b>     | <b>0.52</b>  |
| Consumer direct                       | 0                                   | 0.00         | 165              | 0.10         |
| Consumer indirect                     | 0                                   | 0.00         | 334              | 0.04         |
| <b>Consumer loans</b>                 | <b>0</b>                            | <b>0.00</b>  | <b>499</b>       | <b>0.05</b>  |
| <b>Loans and lease financing</b>      | <b>\$ 5,619</b>                     | <b>0.14%</b> | <b>\$ 19,331</b> | <b>0.48%</b> |

| (in thousands)                        | Amortized Cost at December 31, 2023                               |            |                   |            |
|---------------------------------------|-------------------------------------------------------------------|------------|-------------------|------------|
|                                       | Combination –<br>Term Extension<br>and Interest Rate<br>Reduction | % of total | Payment<br>Change | % of total |
| Hotel/motel                           | \$ 0                                                              | 0.00%      | \$ 1,955          | 0.49%      |
| Commercial real estate residential    | 0                                                                 | 0.00       | 218               | 0.05       |
| Commercial real estate nonresidential | 0                                                                 | 0.00       | 0                 | 0.00       |
| Dealer floorplans                     | 0                                                                 | 0.00       | 0                 | 0.00       |
| Commercial other                      | 29                                                                | 0.01       | 288               | 0.09       |
| <b>Commercial loans</b>               | 29                                                                | 0.00       | 2,461             | 0.01       |
| Real estate mortgage                  | 1,101                                                             | 0.12       | 0                 | 0.00       |
| Home equity lines                     | 125                                                               | 0.09       | 42                | 0.03       |
| <b>Residential loans</b>              | 1,226                                                             | 0.11       | 42                | 0.00       |
| Consumer direct                       | 0                                                                 | 0.00       | 18                | 0.01       |
| Consumer indirect                     | 0                                                                 | 0.00       | 0                 | 0.00       |
| <b>Consumer loans</b>                 | 0                                                                 | 0.00       | 18                | 0.00       |
| <b>Loans and lease financing</b>      | \$ 1,255                                                          | 0.03%      | \$ 2,521          | 0.06%      |

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the year ended December 31, 2023:

| Loan Type                             | Interest Rate Reduction<br>Financial Impact                          | Term Extension<br>Financial Impact                          |
|---------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------|
| Hotel/motel                           |                                                                      |                                                             |
| Commercial real estate residential    | Reduced weighted-average contractual interest rate from 9.5% to 7.8% | Added a weighted-average 0.5 years to life of the loans     |
| Commercial real estate nonresidential | Reduced weighted-average contractual interest rate from 9.5% to 7.5% | Added a weighted-average 0.1 years to life of the loans     |
| Dealer floorplans                     |                                                                      |                                                             |
| Commercial other                      |                                                                      | Added a weighted-average 3.0 years to life of the loans     |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 7.0% to 4.4% | Added a weighted-average 2.8 years to life of the loans     |
| Home equity lines                     |                                                                      | Added a weighted-average 6.1 years to life of the loans     |
| Consumer direct                       |                                                                      | Removed a weighted-average 0.8 years from life of the loans |
| Consumer indirect                     |                                                                      | Added a weighted-average 0.3 years to life of the loans     |

| Combination – Term Extension and<br>Interest Rate Reduction<br>Financial Impact |                                                                                                                             | Payment Changes<br>Financial Impact                                              |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Loan Type                                                                       |                                                                                                                             |                                                                                  |
| Hotel/motel                                                                     |                                                                                                                             | Provided payment changes that will be added to the end of the original loan term |
| Commercial real estate residential                                              |                                                                                                                             | Provided payment changes that will be added to the end of the original loan term |
| Commercial real estate nonresidential                                           |                                                                                                                             |                                                                                  |
| Dealer floorplans                                                               |                                                                                                                             |                                                                                  |
| Commercial other                                                                | Reduced weighted-average contractual interest rate from 12.8% to 11.3% and increased the weighted-average life by 2.9 years | Provided payment changes that will be added to the end of the original loan term |
| Real estate mortgage                                                            | Reduced weighted-average contractual interest rate from 6.3% to 5.8% and increased the weighted-average life by 12.2 years  |                                                                                  |
| Home equity lines                                                               | Reduced weighted-average contractual interest rate from 9.4% to 8.1% and increased the weighted-average life by 9.3 years   | Provided payment changes that will be added to the end of the original loan term |
| Consumer direct                                                                 |                                                                                                                             | Provided payment changes that will be added to the end of the original loan term |
| Consumer indirect                                                               |                                                                                                                             |                                                                                  |

Those loans, segregated by class of loans and concession granted, are presented below for the three months ended June 30, 2023:

| (in thousands)                        | Amortized Cost at June 30, 2023 |            |                |            |
|---------------------------------------|---------------------------------|------------|----------------|------------|
|                                       | Interest Rate<br>Reduction      | % of total | Term Extension | % of total |
| Hotel/motel                           | \$ 0                            | 0.00%      | \$ 0           | 0.00%      |
| Commercial real estate residential    | 0                               | 0.00       | 44             | 0.01       |
| Commercial real estate nonresidential | 73                              | 0.01       | 13             | 0.00       |
| Dealer floorplans                     | 0                               | 0.00       | 0              | 0.00       |
| Commercial other                      | 0                               | 0.00       | 522            | 0.16       |
| <b>Commercial loans</b>               | 73                              | 0.00       | 579            | 0.03       |
| Real estate mortgage                  | 0                               | 0.00       | 877            | 0.10       |
| Home equity lines                     | 0                               | 0.00       | 0              | 0.00       |
| <b>Residential loans</b>              | 0                               | 0.00       | 877            | 0.09       |
| Consumer direct                       | 0                               | 0.00       | 54             | 0.03       |
| Consumer indirect                     | 0                               | 0.00       | 95             | 0.01       |
| <b>Consumer loans</b>                 | 0                               | 0.00       | 149            | 0.02       |
| <b>Loans and lease financing</b>      | \$ 73                           | 0.00%      | \$ 1,605       | 0.04%      |

|                                       | Amortized Cost at June 30, 2023                                   |            |                |            |
|---------------------------------------|-------------------------------------------------------------------|------------|----------------|------------|
|                                       | Combination –<br>Term Extension<br>and Interest Rate<br>Reduction | % of total | Payment Change | % of total |
| <i>(in thousands)</i>                 |                                                                   |            |                |            |
| Hotel/motel                           | \$ 0                                                              | 0.00%      | \$ 0           | 0.00%      |
| Commercial real estate residential    | 0                                                                 | 0.00       | 0              | 0.00       |
| Commercial real estate nonresidential | 0                                                                 | 0.00       | 0              | 0.00       |
| Dealer floorplans                     | 0                                                                 | 0.00       | 0              | 0.00       |
| Commercial other                      | 0                                                                 | 0.00       | 300            | 0.09       |
| <b>Commercial loans</b>               | 0                                                                 | 0.00       | 300            | 0.02       |
| Real estate mortgage                  | 209                                                               | 0.02       | 0              | 0.00       |
| Home equity lines                     | 43                                                                | 0.03       | 116            | 0.09       |
| <b>Residential loans</b>              | 252                                                               | 0.02       | 116            | 0.01       |
| Consumer direct                       | 0                                                                 | 0.00       | 0              | 0.00       |
| Consumer indirect                     | 0                                                                 | 0.00       | 0              | 0.00       |
| <b>Consumer loans</b>                 | 0                                                                 | 0.00       | 0              | 0.00       |
| <b>Loans and lease financing</b>      | \$ 252                                                            | 0.01%      | \$ 416         | 0.01%      |

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the three months ended June 30, 2023:

| Loan Type                             | Interest Rate Reduction<br>Financial Impact                           | Term Extension<br>Financial Impact                       |
|---------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------|
| Hotel/motel                           |                                                                       |                                                          |
| Commercial real estate residential    |                                                                       | Added a weighted-average 11.7 years to life of the loans |
| Commercial real estate nonresidential | Reduced weighted-average contractual interest rate from 10.8% to 8.5% |                                                          |
| Dealer floorplans                     |                                                                       |                                                          |
| Commercial other                      |                                                                       | Added a weighted-average 0.8 years to life of the loans  |
| Real estate mortgage                  |                                                                       | Added a weighted-average 4.0 years to life of the loans  |
| Home equity lines                     |                                                                       |                                                          |
| Consumer direct                       |                                                                       | Added a weighted-average 0.2 years to life of the loans  |
| Consumer indirect                     |                                                                       | Added a weighted-average 0.5 years to life of the loans  |

**Combination – Term Extension and  
Interest Rate Reduction  
Financial Impact**

**Payment Changes  
Financial Impact**

| <b>Loan Type</b>                      |                                                                                                                             |                                                                                  |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Hotel/motel                           |                                                                                                                             |                                                                                  |
| Commercial real estate residential    |                                                                                                                             |                                                                                  |
| Commercial real estate nonresidential |                                                                                                                             |                                                                                  |
| Dealer floorplans                     |                                                                                                                             |                                                                                  |
| Commercial other                      |                                                                                                                             | Provided payment changes that will be added to the end of the original loan term |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 6.8% to 6.2% and increased the weighted-average life by 9.7 years   |                                                                                  |
|                                       |                                                                                                                             |                                                                                  |
| Home equity lines                     | Reduced weighted-average contractual interest rate from 10.3% to 8.3% and increased the weighted-average life by 14.3 years | Provided payment changes that will be added to the end of the original loan term |
|                                       |                                                                                                                             |                                                                                  |
| Consumer direct                       |                                                                                                                             |                                                                                  |
| Consumer indirect                     |                                                                                                                             |                                                                                  |

Those loans, segregated by class of loans and concession granted, are presented below for the six months ended June 30, 2023:

|                                       | <b>Amortized Cost at June 30, 2023</b> |                   |                       |                   |
|---------------------------------------|----------------------------------------|-------------------|-----------------------|-------------------|
|                                       | <b>Interest Rate Reduction</b>         | <b>% of total</b> | <b>Term Extension</b> | <b>% of total</b> |
| <i>(in thousands)</i>                 |                                        |                   |                       |                   |
| Hotel/motel                           | \$ 0                                   | 0.00%             | \$ 0                  | 0.00%             |
| Commercial real estate residential    | 311                                    | 0.08              | 1,383                 | 0.35              |
| Commercial real estate nonresidential | 4,573                                  | 0.58              | 4,800                 | 0.61              |
| Dealer floorplans                     | 0                                      | 0.00              | 0                     | 0.00              |
| Commercial other                      | 0                                      | 0.00              | 1,474                 | 0.46              |
| <b>Commercial loans</b>               | <b>4,884</b>                           | <b>0.25</b>       | <b>7,657</b>          | <b>0.39</b>       |
| Real estate mortgage                  | 58                                     | 0.01              | 3,317                 | 0.38              |
| Home equity lines                     | 0                                      | 0.00              | 54                    | 0.04              |
| <b>Residential loans</b>              | <b>58</b>                              | <b>0.01</b>       | <b>3,371</b>          | <b>0.33</b>       |
| Consumer direct                       | 0                                      | 0.00              | 224                   | 0.14              |
| Consumer indirect                     | 0                                      | 0.00              | 450                   | 0.06              |
| <b>Consumer loans</b>                 | <b>0</b>                               | <b>0.00</b>       | <b>674</b>            | <b>0.07</b>       |
| <b>Loans and lease financing</b>      | <b>\$ 4,942</b>                        | <b>0.13%</b>      | <b>\$ 11,702</b>      | <b>0.30%</b>      |

|                                       | Amortized Cost at June 30, 2023                                   |            |                |            |
|---------------------------------------|-------------------------------------------------------------------|------------|----------------|------------|
|                                       | Combination –<br>Term Extension<br>and Interest Rate<br>Reduction | % of total | Payment Change | % of total |
| <i>(in thousands)</i>                 |                                                                   |            |                |            |
| Hotel/motel                           | \$ 0                                                              | 0.00%      | \$ 0           | 0.00%      |
| Commercial real estate residential    | 88                                                                | 0.02       | 0              | 0.00       |
| Commercial real estate nonresidential | 0                                                                 | 0.00       | 0              | 0.00       |
| Dealer floorplans                     | 0                                                                 | 0.00       | 0              | 0.00       |
| Commercial other                      | 0                                                                 | 0.00       | 300            | 0.09       |
| <b>Commercial loans</b>               | 88                                                                | 0.00       | 300            | 0.02       |
| Real estate mortgage                  | 427                                                               | 0.05       | 0              | 0.00       |
| Home equity lines                     | 77                                                                | 0.06       | 116            | 0.09       |
| <b>Residential loans</b>              | 504                                                               | 0.05       | 116            | 0.01       |
| Consumer direct                       | 0                                                                 | 0.00       | 20             | 0.01       |
| Consumer indirect                     | 0                                                                 | 0.00       | 0              | 0.00       |
| <b>Consumer loans</b>                 | 0                                                                 | 0.00       | 20             | 0.00       |
| <b>Loans and lease financing</b>      | \$ 592                                                            | 0.02%      | \$ 436         | 0.01%      |

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the six months ended June 30, 2023:

| Loan Type                             | Interest Rate Reduction<br>Financial Impact                                     | Term Extension<br>Financial Impact                                             |
|---------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Hotel/motel                           |                                                                                 |                                                                                |
| Commercial real estate residential    | Reduced weighted-average contractual interest rate from 9.6% to 8.0%            | The weighted-average term was not increased with the changes to this portfolio |
| Commercial real estate nonresidential | Reduced weighted-average contractual interest rate from 9.5% to 7.5%            | The weighted-average term was not increased with the changes to this portfolio |
| Dealer floorplans                     |                                                                                 |                                                                                |
| Commercial other                      |                                                                                 | Added a weighted-average 1.4 years to life of the loans                        |
| Real estate mortgage                  | Resulted in no change of the weighted-average contractual interest rate of 3.0% | Added a weighted-average 2.8 years to life of the loans                        |
| Home equity lines                     |                                                                                 | Added a weighted-average 6.8 years to life of the loans                        |
| Consumer direct                       |                                                                                 | Removed a weighted-average 0.6 years from life of the loans                    |
| Consumer indirect                     |                                                                                 | Added a weighted-average 0.3 years to life of the loans                        |

**Combination – Term Extension and  
Interest Rate Reduction  
Financial Impact**

**Payment Changes  
Financial Impact**

| Loan Type                             | Financial Impact                                                                                                           | Financial Impact                                                                 |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Hotel/motel                           |                                                                                                                            |                                                                                  |
| Commercial real estate residential    | Reduced weighted-average contractual interest rate from 10.4% to 7.2% and increased the weighted-average life by 5.9 years |                                                                                  |
| Commercial real estate nonresidential |                                                                                                                            |                                                                                  |
| Dealer floorplans                     |                                                                                                                            |                                                                                  |
| Commercial other                      |                                                                                                                            | Provided payment changes that will be added to the end of the original loan term |
| Real estate mortgage                  | Reduced weighted-average contractual interest rate from 7.1% to 6.1% and increased the weighted-average life by 11.3 years |                                                                                  |
| Home equity lines                     | Reduced weighted-average contractual interest rate from 9.1% to 8.0% and increased the weighted-average life by 10.2 years | Provided payment changes that will be added to the end of the original loan term |
| Consumer direct                       |                                                                                                                            | Provided payment changes that will be added to the end of the original loan term |
| Consumer indirect                     |                                                                                                                            |                                                                                  |

Loans retain their accrual status at the time of their modification. As a result, if a loan is on nonaccrual at the time it is modified, it stays as nonaccrual, and if a loan is on accrual at the time of the modification, it generally stays on accrual. Commercial and consumer loans modified due to a borrower's financial difficulty are closely monitored for delinquency as an early indicator of possible future default. If a loan to a borrower experiencing financial difficulty subsequently defaults, CTBI evaluates the loan for possible further impairment. The table below represents the payment status of modified loans to borrowers experiencing financial difficulty for the past 12 months as of June 30, 2024.

| <b>Past Due Status (Amortized Cost Basis)</b> |                  |                   |                 |                   |
|-----------------------------------------------|------------------|-------------------|-----------------|-------------------|
| <i>(in thousands)</i>                         | <b>Current</b>   | <b>30-89 Days</b> | <b>90+ Days</b> | <b>Nonaccrual</b> |
| Hotel/motel                                   | \$ 1,954         | \$ 0              | \$ 0            | \$ 0              |
| Commercial real estate residential            | 713              | 0                 | 237             | 0                 |
| Commercial real estate nonresidential         | 1,537            | 0                 | 0               | 0                 |
| Dealer floorplans                             | 0                | 0                 | 0               | 0                 |
| Commercial other                              | 5,024            | 406               | 81              | 80                |
| Real estate mortgage                          | 7,611            | 721               | 982             | 514               |
| Home equity lines                             | 386              | 19                | 0               | 0                 |
| Consumer direct                               | 36               | 0                 | 0               | 0                 |
| Consumer indirect                             | 331              | 17                | 0               | 0                 |
| <b>Total</b>                                  | <b>\$ 17,592</b> | <b>\$ 1,163</b>   | <b>\$ 1,300</b> | <b>\$ 594</b>     |

The table below represents the payment status of loans to borrowers experiencing financial difficulty for the past 12 months as of June 30, 2023:

| (in thousands)                        | Past Due Status (Amortized Cost Basis) |            |          |            |
|---------------------------------------|----------------------------------------|------------|----------|------------|
|                                       | Current                                | 30-89 Days | 90+ Days | Nonaccrual |
| Hotel/motel                           | \$ 0                                   | \$ 0       | \$ 0     | \$ 0       |
| Commercial real estate residential    | 1,741                                  | 40         | 0        | 0          |
| Commercial real estate nonresidential | 9,373                                  | 0          | 0        | 0          |
| Dealer floorplans                     | 0                                      | 0          | 0        | 0          |
| Commercial other                      | 1,145                                  | 292        | 0        | 337        |
| Real estate mortgage                  | 3,374                                  | 125        | 118      | 185        |
| Home equity lines                     | 168                                    | 59         | 0        | 22         |
| Consumer direct                       | 239                                    | 5          | 0        | 0          |
| Consumer indirect                     | 371                                    | 78         | 0        | 0          |
| Total                                 | \$ 16,411                              | \$ 599     | \$ 118   | \$ 544     |

The allowance for credit losses may be increased, adjustments may be made in the allocation of the allowance, or partial charge-offs may be taken to further write-down the carrying value of the loan. During the quarter ended June 30, 2024, there were 5 loans to borrowers experiencing financial difficulty that subsequently defaulted. CTBI considers a loan in default when it is 90 days or more past due or transferred to nonaccrual. Presented below, segregated by class of loans, are loans to borrowers experiencing financial difficulty for which there was a payment default during the periods indicated and such default was within twelve months of the loan modification.

| (in thousands)                                       | Three Months Ended<br>June 30, 2024 |                  |
|------------------------------------------------------|-------------------------------------|------------------|
|                                                      | Number of Loans                     | Recorded Balance |
| Commercial:                                          |                                     |                  |
| Commercial other                                     | 1                                   | \$ 6             |
| Real estate mortgage                                 | 4                                   | 1,118            |
| <b>Total loans experiencing financial difficulty</b> | <b>5</b>                            | <b>\$ 1,124</b>  |

| (in thousands)                                       | Six Months Ended<br>June 30, 2024 |                  |
|------------------------------------------------------|-----------------------------------|------------------|
|                                                      | Number of Loans                   | Recorded Balance |
| Commercial:                                          |                                   |                  |
| Commercial other                                     | 5                                 | \$ 428           |
| Commercial real estate residential                   | 2                                 | 412              |
| Real estate mortgage                                 | 7                                 | 1,315            |
| <b>Total loans experiencing financial difficulty</b> | <b>14</b>                         | <b>\$ 2,155</b>  |

Financial instrument credit losses apply to off-balance sheet credit exposures such as unfunded loan commitments and standby letters of credit. A liability for expected credit losses for off-balance sheet exposures is recognized if the entity has a present contractual obligation to extend the credit and the obligation is not unconditionally cancellable by the entity. Changes in this allowance are reflected in other operating expenses within the non-interest expense category. As of June 30, 2024 and December 31, 2023, the total unfunded commitment off-balance sheet credit exposure was \$1.5 million.

## Note 5 – Other Real Estate Owned

Activity for other real estate owned was as follows:

| (in thousands)                                   | Three Months Ended<br>June 30 |                 | Six Months Ended<br>June 30 |                 |
|--------------------------------------------------|-------------------------------|-----------------|-----------------------------|-----------------|
|                                                  | 2024                          | 2023            | 2024                        | 2023            |
| Beginning balance of other real estate owned     | \$ 1,266                      | \$ 2,776        | \$ 1,616                    | \$ 3,671        |
| New assets acquired                              | 443                           | 124             | 474                         | 175             |
| Capitalized costs                                | 0                             | 40              | 12                          | 40              |
| Fair value adjustments                           | (7)                           | (25)            | (49)                        | (106)           |
| Sale of assets                                   | (76)                          | (868)           | (427)                       | (1,733)         |
| <b>Ending balance of other real estate owned</b> | <b>\$ 1,626</b>               | <b>\$ 2,047</b> | <b>\$ 1,626</b>             | <b>\$ 2,047</b> |

Carrying costs and fair value adjustments associated with foreclosed properties for the three months ended June 30, 2024 and 2023 were \$20 thousand and \$0.1 million, respectively. Carrying costs and fair value adjustments associated with foreclosed properties for the six months ended June 30, 2024 and 2023 were \$0.1 million and \$0.2 million, respectively. See Note 1 for a description of our accounting policies relative to foreclosed properties and other real estate owned.

The major classifications of foreclosed properties are shown in the following table:

| (in thousands)                      | June 30<br>2024 | December 31<br>2023 |
|-------------------------------------|-----------------|---------------------|
|                                     |                 |                     |
| 1-4 family                          | \$ 834          | \$ 827              |
| Construction/land development/other | 416             | 383                 |
| Non-farm/non-residential            | 376             | 406                 |
| <b>Total foreclosed properties</b>  | <b>\$ 1,626</b> | <b>\$ 1,616</b>     |

## Note 6 – Repurchase Agreements

We utilize securities sold under agreements to repurchase to facilitate the needs of our customers and provide additional funding to our balance sheet. Repurchase agreements are transactions whereby we offer to sell to a counterparty an undivided interest in an eligible security at an agreed upon purchase price, and which obligates CTBI to repurchase the security on an agreed upon date at an agreed upon repurchase price plus interest at an agreed upon rate. Securities sold under agreements to repurchase are recorded at the amount of cash received in connection with the transaction and are reflected in the accompanying consolidated balance sheets.

We monitor collateral levels on a continuous basis and maintain records of each transaction specifically describing the applicable security and the counterparty's fractional interest in that security, and we segregate the security from its general assets in accordance with regulations governing custodial holdings of securities. The primary risk with our repurchase agreements is market risk associated with the securities securing the transactions, as we may be required to provide additional collateral based on fair value changes of the underlying securities. Securities pledged as collateral under repurchase agreements are maintained with our safekeeping agents. The carrying value of investment securities available-for-sale pledged as collateral under repurchase agreements totaled \$294.0 million and \$296.6 million at June 30, 2024 and December 31, 2023, respectively.

The remaining contractual maturity of the securities sold under agreements to repurchase by class of collateral pledged included in the accompanying consolidated balance sheets as of June 30, 2024 and December 31, 2023 is presented in the following tables:

|                                                                | June 30, 2024                                    |                  |            |                            |       |         |
|----------------------------------------------------------------|--------------------------------------------------|------------------|------------|----------------------------|-------|---------|
|                                                                | Remaining Contractual Maturity of the Agreements |                  |            |                            |       |         |
| (in thousands)                                                 | Overnight<br>and<br>Continuous                   | Up to<br>30 days | 30-90 days | Greater<br>Than<br>90 days | Total |         |
| Repurchase agreements and repurchase-to-maturity transactions: |                                                  |                  |            |                            |       |         |
| U.S. Treasury and government agencies                          | \$ 18,893                                        | \$ 2,372         | \$ 0       | \$ 25,637                  | \$    | 46,902  |
| State and political subdivisions                               | 101,851                                          | 1,467            | 0          | 9,716                      |       | 113,034 |
| U.S. government sponsored agency mortgage-backed securities    | 16,999                                           | 7,161            | 750        | 38,878                     |       | 63,788  |
| Asset-backed securities                                        | 3,852                                            | 0                | 0          | 0                          |       | 3,852   |
| Total                                                          | \$ 141,595                                       | \$ 11,000        | \$ 750     | \$ 74,231                  | \$    | 227,576 |

|                                                                | December 31, 2023                                |                  |            |                            |            |  |
|----------------------------------------------------------------|--------------------------------------------------|------------------|------------|----------------------------|------------|--|
|                                                                | Remaining Contractual Maturity of the Agreements |                  |            |                            |            |  |
| (in thousands)                                                 | Overnight<br>and<br>Continuous                   | Up to<br>30 days | 30-90 days | Greater<br>Than<br>90 days | Total      |  |
| Repurchase agreements and repurchase-to-maturity transactions: |                                                  |                  |            |                            |            |  |
| U.S. Treasury and government agencies                          | \$ 21,156                                        | \$ 19            | \$ 1,817   | \$ 23,640                  | \$ 46,632  |  |
| State and political subdivisions                               | 98,053                                           | 481              | 5,962      | 3,219                      | 107,715    |  |
| U.S. government sponsored agency mortgage-backed securities    | 17,538                                           | 0                | 41,521     | 9,269                      | 68,328     |  |
| Asset-backed securities                                        | 2,570                                            | 0                | 0          | 0                          | 2,570      |  |
| Total                                                          | \$ 139,317                                       | \$ 500           | \$ 49,300  | \$ 36,128                  | \$ 225,245 |  |

#### Note 7 – Fair Value of Financial Assets and Liabilities

##### Fair Value Measurements

ASC 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. In this standard, the FASB clarifies the principle that fair value should be based on the exit price when pricing the asset or liability. In support of this principle, ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy is as follows:

Level 1 Inputs – Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 Inputs – Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in determining an exit price for the assets or liabilities.

## Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 and indicate the level within the fair value hierarchy of the valuation techniques.

|                                                             |                   | Fair Value Measurements at<br>June 30, 2024 Using                                |                                                           |                                                    |
|-------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                                             |                   | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <i>(in thousands)</i>                                       | <b>Fair Value</b> |                                                                                  |                                                           |                                                    |
| <b>Assets measured – recurring basis</b>                    |                   |                                                                                  |                                                           |                                                    |
| Available-for-sale securities:                              |                   |                                                                                  |                                                           |                                                    |
| U.S. Treasury and government agencies                       | \$ 339,001        | \$ 323,645                                                                       | \$ 15,356                                                 | \$ 0                                               |
| State and political subdivisions                            | 258,142           | 0                                                                                | 258,142                                                   | 0                                                  |
| U.S. government sponsored agency mortgage-backed securities | 424,099           | 0                                                                                | 424,099                                                   | 0                                                  |
| Asset-backed securities                                     | 69,080            | 0                                                                                | 69,080                                                    | 0                                                  |
| Equity securities at fair value                             | 3,054             | 0                                                                                | 0                                                         | 3,054                                              |
| Mortgage servicing rights                                   | 7,749             | 0                                                                                | 0                                                         | 7,749                                              |

|                                                             |                   | Fair Value Measurements at<br>December 31, 2023 Using                            |                                                           |                                                    |
|-------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                                             |                   | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <i>(in thousands)</i>                                       | <b>Fair Value</b> |                                                                                  |                                                           |                                                    |
| <b>Assets measured – recurring basis</b>                    |                   |                                                                                  |                                                           |                                                    |
| Available-for-sale securities:                              |                   |                                                                                  |                                                           |                                                    |
| U.S. Treasury and government agencies                       | \$ 354,817        | \$ 336,285                                                                       | \$ 18,532                                                 | \$ 0                                               |
| State and political subdivisions                            | 264,945           | 0                                                                                | 264,945                                                   | 0                                                  |
| U.S. government sponsored agency mortgage-backed securities | 456,736           | 0                                                                                | 456,736                                                   | 0                                                  |
| Asset-backed securities                                     | 87,226            | 0                                                                                | 87,226                                                    | 0                                                  |
| Equity securities at fair value                             | 3,158             | 0                                                                                | 0                                                         | 3,158                                              |
| Mortgage servicing rights                                   | 7,665             | 0                                                                                | 0                                                         | 7,665                                              |

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. These valuation methodologies were applied to all of CTBI's financial assets carried at fair value. CTBI had no liabilities measured and recorded at fair value as of June 30, 2024 and December 31, 2023. There have been no significant changes in the valuation techniques during the quarter ended June 30, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

### ***Available-for-Sale Securities***

Securities classified as AFS are reported at fair value on a recurring basis. U.S. Treasury and government agencies are classified as Level 1 of the valuation hierarchy where quoted market prices are available in the active market on which the individual securities are traded.

If quoted market prices are not available, CTBI obtains fair value measurements from an independent pricing service, such as Interactive Data, which utilizes pricing models to determine fair value measurement. CTBI reviews the pricing quarterly to verify the reasonableness of the pricing. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the bond's terms and conditions, among other factors. U.S. Treasury and government agencies, state and political subdivisions, U.S. government sponsored agency mortgage-backed securities, and asset-backed securities are classified as Level 2 inputs.

In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Fair value determinations for Level 3 measurements are estimated on a quarterly basis where assumptions used are reviewed to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

### ***Equity Securities at Fair Value***

As of June 30, 2024 and December 31, 2023, the only securities owned by CTBI that were valued using Level 3 criteria are Visa Class B Stock (included in equity securities at fair value). Fair value for Visa Class B Stock is determined by an independent third party utilizing assumptions about factors such as quarterly common stock dividend payments, the conversion of the securities to the relevant Class A Stock shares subject to the prevailing conversion rate, and conversion date. We have concluded the third party assumptions, processes, and conclusions to be reasonable and appropriate in determining the fair value of this asset. See the tables below for inputs and valuation techniques used for Level 3 equity securities.

### ***Mortgage Servicing Rights***

Mortgage servicing rights ("MSRs") do not trade in an active, open market with readily observable prices. CTBI reports MSRs at fair value on a recurring basis with subsequent remeasurement of MSRs based on change in fair value.

In determining fair value, CTBI utilizes the expertise of an independent third party. Accordingly, fair value is determined by the independent third party by utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends, and industry demand. Due to the nature of the valuation inputs, MSRs are classified within Level 3 of the hierarchy. Fair value determinations for Level 3 measurements of MSRs are tested for impairment on a quarterly basis where assumptions used are reviewed to ensure the estimated fair value complies with GAAP. We have reviewed the assumptions, processes, and conclusions of the third party provider. We have determined these assumptions, processes, and conclusions to be reasonable and appropriate in determining the fair value of this asset. See the tables below for inputs and valuation techniques used for Level 3 MSRs.

### Level 3 Reconciliation

Following is a reconciliation of the beginning and ending balances of recurring fair value measurements, for the periods indicated, using significant unobservable (Level 3) inputs:

|                                                                                                                                                                        | Three Months Ended<br>June 30, 2024      |                                 | Three Months Ended<br>June 30, 2023      |                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------|------------------------------------------|---------------------------------|
|                                                                                                                                                                        | Equity<br>Securities<br>at Fair<br>Value | Mortgage<br>Servicing<br>Rights | Equity<br>Securities<br>at Fair<br>Value | Mortgage<br>Servicing<br>Rights |
| <i>(in thousands)</i>                                                                                                                                                  |                                          |                                 |                                          |                                 |
| Beginning balance                                                                                                                                                      | \$ 3,529                                 | \$ 7,792                        | \$ 2,380                                 | \$ 8,121                        |
| Total unrealized gains (losses)                                                                                                                                        |                                          |                                 |                                          |                                 |
| Included in net income                                                                                                                                                 | (475)                                    | 45                              | 165                                      | 80                              |
| Issues                                                                                                                                                                 | 0                                        | 47                              | 0                                        | 46                              |
| Settlements                                                                                                                                                            | 0                                        | (135)                           | 0                                        | (17)                            |
| <b>Ending balance</b>                                                                                                                                                  | <b>\$ 3,054</b>                          | <b>\$ 7,749</b>                 | <b>\$ 2,545</b>                          | <b>\$ 8,230</b>                 |
| Total gains (losses) for the period included in net income attributable to the change in unrealized gains or losses related to assets still held at the reporting date |                                          |                                 |                                          |                                 |
|                                                                                                                                                                        | \$ (475)                                 | \$ 45                           | \$ 165                                   | \$ 80                           |
|                                                                                                                                                                        | Six Months Ended<br>June 30, 2024        |                                 | Six Months Ended<br>June 30, 2023        |                                 |
|                                                                                                                                                                        | Equity<br>Securities<br>at Fair<br>Value | Mortgage<br>Servicing<br>Rights | Equity<br>Securities<br>at Fair Value    | Mortgage<br>Servicing<br>Rights |
| <i>(in thousands)</i>                                                                                                                                                  |                                          |                                 |                                          |                                 |
| Beginning balance                                                                                                                                                      | \$ 3,158                                 | \$ 7,665                        | \$ 2,166                                 | \$ 8,468                        |
| Total unrealized gains (losses)                                                                                                                                        |                                          |                                 |                                          |                                 |
| Included in net income                                                                                                                                                 | (104)                                    | 321                             | 379                                      | (134)                           |
| Issues                                                                                                                                                                 | 0                                        | 66                              | 0                                        | 96                              |
| Settlements                                                                                                                                                            | 0                                        | (303)                           | 0                                        | (200)                           |
| <b>Ending balance</b>                                                                                                                                                  | <b>\$ 3,054</b>                          | <b>\$ 7,749</b>                 | <b>\$ 2,545</b>                          | <b>\$ 8,230</b>                 |
| Total gains (losses) for the period included in net income attributable to the change in unrealized gains or losses related to assets still held at the reporting date |                                          |                                 |                                          |                                 |
|                                                                                                                                                                        | \$ (104)                                 | \$ 321                          | \$ 379                                   | \$ (134)                        |

Realized and unrealized gains and losses for items reflected in the tables above are included in net income in the consolidated statements of income as follows:

### Noninterest Income

|                       | Three Months Ended<br>June 30 |        | Six Months Ended<br>June 30 |       |
|-----------------------|-------------------------------|--------|-----------------------------|-------|
|                       | 2024                          | 2023   | 2024                        | 2023  |
| <i>(in thousands)</i> |                               |        |                             |       |
| Total gains           | \$ (566)                      | \$ 227 | \$ (86)                     | \$ 44 |

## Nonrecurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a nonrecurring basis as of June 30, 2024 and December 31, 2023 and indicate the level within the fair value hierarchy of the valuation techniques.

|                                             |            | Fair Value Measurements at<br>June 30, 2024 Using                                |                                                           |                                                    |
|---------------------------------------------|------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                             |            | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <i>(in thousands)</i>                       | Fair Value |                                                                                  |                                                           |                                                    |
| <b>Assets measured – nonrecurring basis</b> |            |                                                                                  |                                                           |                                                    |
| Collateral dependent loans                  | \$ 8,319   | \$ 0                                                                             | \$ 0                                                      | \$ 8,319                                           |
| Other real estate owned                     | 471        | 0                                                                                | 0                                                         | 471                                                |

|                                             |            | Fair Value Measurements at<br>December 31, 2023 Using                            |                                                           |                                                    |
|---------------------------------------------|------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                             |            | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <i>(in thousands)</i>                       | Fair Value |                                                                                  |                                                           |                                                    |
| <b>Assets measured – nonrecurring basis</b> |            |                                                                                  |                                                           |                                                    |
| Collateral dependent loans                  | \$ 8,397   | \$ 0                                                                             | \$ 0                                                      | \$ 8,397                                           |
| Other real estate owned                     | 205        | 0                                                                                | 0                                                         | 205                                                |

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheet, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

### Collateral Dependent Loans

The estimated fair value of collateral-dependent loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent loans are classified within Level 3 of the fair value hierarchy.

CTBI considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by the Chief Credit Officer. Appraisals are reviewed for accuracy and consistency by the Chief Credit Officer. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the Chief Credit Officer by comparison to historical results.

Loans considered collateral dependent are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty in accordance with ASC 326-20-35-5. There were no fair value adjustments on collateral-dependent loans disclosed above for the quarter ended June 30, 2024. Fair value adjustments were \$0.1 million for the six months ended June 30, 2024. There were no collateral dependent loans as of June 30, 2023, while losses for the year ended December 31, 2023 were \$0.3 million.

## Other Real Estate Owned

In accordance with the provisions of ASC 360, *Property, Plant, and Equipment*, other real estate owned (“OREO”) is carried at the lower of fair value at acquisition date or current estimated fair value, less estimated cost to sell when the real estate is acquired. Estimated fair value of OREO is based on appraisals or evaluations. OREO is classified within Level 3 of the fair value hierarchy. Long-lived assets are subject to nonrecurring fair value adjustments to reflect subsequent partial write-downs that are based on the observable market price or current appraised value of the collateral. Fair value adjustments for the quarter and six months ended June 30, 2024 on OREO disclosed above were \$6 thousand. Losses for the year ended December 31, 2023 were \$0.1 million.

Our policy for determining the frequency of periodic reviews is based upon consideration of the specific properties and the known or perceived market fluctuations in a particular market and is typically between 12 and 18 months but generally not more than 24 months. Appraisers are selected from the list of approved appraisers maintained by management.

### Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements at June 30, 2024 and December 31, 2023.

| Quantitative Information about Level 3 Fair Value Measurements |                                |                                                |                           |                                   |
|----------------------------------------------------------------|--------------------------------|------------------------------------------------|---------------------------|-----------------------------------|
| (in thousands)                                                 | Fair Value at<br>June 30, 2024 | Valuation<br>Technique(s)                      | Unobservable Input        | Range<br>(Weighted<br>Average)    |
| Equity securities at fair value                                | \$ 3,054                       | Discount cash flows, computer pricing<br>model | Discount rate             | 8.0% - 12.0%<br>(10%)             |
|                                                                |                                |                                                | Conversion date           | Dec 2025 - Dec 2029<br>(Dec 2027) |
|                                                                |                                |                                                |                           |                                   |
| Mortgage servicing rights                                      | \$ 7,749                       | Discount cash flows, computer pricing<br>model | Constant prepayment rate  | 0.0% - 26.0%<br>(6.9%)            |
|                                                                |                                |                                                | Probability of default    | 0.0% - 100%<br>(0.9%)             |
|                                                                |                                |                                                | Discount rate             | 9.8% - 12.0%<br>(10.0%)           |
| Collateral dependent loans                                     | \$ 8,319                       | Market comparable properties                   | Marketability discount    | 11.5% - 18.9%<br>(12.6%)          |
|                                                                |                                |                                                |                           |                                   |
| Other real estate owned                                        | \$ 471                         | Market comparable properties                   | Comparability adjustments | 37.2% - 58.5%<br>(51.1%)          |

| Quantitative Information about Level 3 Fair Value Measurements |                                       |                                                |                           |                                   |
|----------------------------------------------------------------|---------------------------------------|------------------------------------------------|---------------------------|-----------------------------------|
| <i>(in thousands)</i>                                          | Fair Value at<br>December 31,<br>2023 | Valuation<br>Technique(s)                      | Unobservable Input        | Range<br>(Weighted<br>Average)    |
| Equity securities at fair value                                | \$ 3,158                              | Discount cash flows, computer pricing<br>model | Discount rate             | 15.0% - 25.0%<br>(20.0%)          |
|                                                                |                                       |                                                | Conversion date           | Dec 2028 - Dec 2032<br>(Dec 2030) |
| Mortgage servicing rights                                      | \$ 7,665                              | Discount cash flows, computer pricing<br>model | Constant prepayment rate  | 0.0% - 77.6%<br>(7.5%)            |
|                                                                |                                       |                                                | Probability of default    | 0.0% - 66.7%<br>(1.0%)            |
|                                                                |                                       |                                                | Discount rate             | 9.5% - 12.0%<br>(10.0%)           |
| Collateral-dependent loans                                     | \$ 8,397                              | Market comparable properties                   | Marketability discount    | 10.9% - 19.6%<br>(12.2%)          |
| Other real estate owned                                        | \$ 205                                | Market comparable properties                   | Comparability adjustments | 10.0% - 23.9%<br>(17.5%)          |

#### ***Uncertainty of Fair Value Measurements***

The following is a discussion of the uncertainty of fair value measurements, the interrelationships between those inputs and other unobservable inputs used in recurring fair value measurement, and how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

#### ***Equity Securities at Fair Value***

Fair value for equity securities is derived based on unobservable inputs, such as the discount rate, quarterly dividends payable to the Visa Class B common stock, and the prevailing conversion rate at the conversion date. The most recent conversion rate of 1.5875 and the most recent dividend rate of 0.8255 were used to derive the fair value estimate. Significant increases (decreases) in either of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for discount rate is accompanied by a directionally opposite change in the fair value estimate.

#### ***Mortgage Servicing Rights***

Fair value for MSRs is derived based on unobservable inputs, such as prepayment speeds of the underlying loans generated using the Andrew Davidson Prepayment Model, FHLMC/FNMA guidelines, the weighted average life of the loan, the discount rate, the weighted average coupon, and the weighted average default rate. Significant increases (decreases) in either of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for prepayment speeds is accompanied by a directionally opposite change in the assumption for interest rates.

## Fair Value of Financial Instruments

The following table presents estimated fair value of CTBI's financial instruments as of June 30, 2024 and indicates the level within the fair value hierarchy of the valuation techniques. In accordance with the adoption of ASU 2016-01, the fair values as of June 30, 2024 were measured using an exit price notion.

|                                        |    | Fair Value Measurements<br>at June 30, 2024 Using |                                                                                  |                                                           |                                                    |           |
|----------------------------------------|----|---------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-----------|
|                                        |    | Carrying<br>Amount                                | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |           |
| (in thousands)                         |    |                                                   |                                                                                  |                                                           |                                                    |           |
| Financial assets:                      |    |                                                   |                                                                                  |                                                           |                                                    |           |
| Cash and cash equivalents              | \$ | 161,661                                           | \$                                                                               | 161,661                                                   | \$                                                 | 0         |
| Certificates of deposit in other banks |    | 245                                               |                                                                                  | 0                                                         |                                                    | 245       |
| Debt securities available-for-sale     |    | 1,090,322                                         |                                                                                  | 323,645                                                   |                                                    | 766,677   |
| Equity securities at fair value        |    | 3,054                                             |                                                                                  | 0                                                         |                                                    | 3,054     |
| Loans held for sale                    |    | 350                                               |                                                                                  | 359                                                       |                                                    | 0         |
| Loans, net                             |    | 4,209,099                                         |                                                                                  | 0                                                         |                                                    | 0         |
| Federal Home Loan Bank stock           |    | 9,135                                             |                                                                                  | 0                                                         |                                                    | 9,135     |
| Federal Reserve Bank stock             |    | 4,887                                             |                                                                                  | 0                                                         |                                                    | 4,887     |
| Accrued interest receivable            |    | 24,442                                            |                                                                                  | 0                                                         |                                                    | 24,442    |
| Financial liabilities:                 |    |                                                   |                                                                                  |                                                           |                                                    |           |
| Deposits                               | \$ | 4,733,798                                         | \$                                                                               | 983,602                                                   | \$                                                 | 3,327,801 |
| Repurchase agreements                  |    | 227,576                                           |                                                                                  | 0                                                         |                                                    | 0         |
| Federal funds purchased                |    | 500                                               |                                                                                  | 0                                                         |                                                    | 500       |
| Advances from Federal Home Loan Bank   |    | 324                                               |                                                                                  | 0                                                         |                                                    | 333       |
| Long-term debt                         |    | 64,130                                            |                                                                                  | 0                                                         |                                                    | 0         |
| Accrued interest payable               |    | 12,260                                            |                                                                                  | 0                                                         |                                                    | 12,260    |
| Unrecognized financial instruments:    |    |                                                   |                                                                                  |                                                           |                                                    |           |
| Letters of credit                      | \$ | 0                                                 | \$                                                                               | 0                                                         | \$                                                 | 0         |
| Commitments to extend credit           |    | 0                                                 |                                                                                  | 0                                                         |                                                    | 0         |
| Forward sale commitments               |    | 0                                                 |                                                                                  | 0                                                         |                                                    | 0         |

The following table presents estimated fair value of CTBI's financial instruments as of December 31, 2023 and indicates the level within the fair value hierarchy of the valuation techniques.

|                                        |    | Fair Value Measurements<br>at December 31, 2023 Using                            |                                                           |                                                    |              |
|----------------------------------------|----|----------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|--------------|
|                                        |    | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |              |
| (in thousands)                         |    | Carrying<br>Amount                                                               |                                                           |                                                    |              |
| Financial assets:                      |    |                                                                                  |                                                           |                                                    |              |
| Cash and cash equivalents              | \$ | 271,400                                                                          | \$                                                        | 271,400                                            | \$ 0         |
| Certificates of deposit in other banks |    | 245                                                                              |                                                           | 0                                                  | \$ 245       |
| Debt securities available-for-sale     |    | 1,163,724                                                                        |                                                           | 336,285                                            | 827,439      |
| Equity securities at fair value        |    | 3,158                                                                            |                                                           | 0                                                  | 3,158        |
| Loans held for sale                    |    | 152                                                                              |                                                           | 154                                                | 0            |
| Loans, net                             |    | 4,001,363                                                                        |                                                           | 0                                                  | 3,745,477    |
| Federal Home Loan Bank stock           |    | 4,712                                                                            |                                                           | 0                                                  | 4,712        |
| Federal Reserve Bank stock             |    | 4,887                                                                            |                                                           | 0                                                  | 4,887        |
| Accrued interest receivable            |    | 23,575                                                                           |                                                           | 0                                                  | 23,575       |
| Financial liabilities:                 |    |                                                                                  |                                                           |                                                    |              |
| Deposits                               | \$ | 4,724,622                                                                        | \$                                                        | 1,260,690                                          | \$ 3,480,806 |
| Repurchase agreements                  |    | 225,245                                                                          |                                                           | 0                                                  | 225,187      |
| Federal funds purchased                |    | 500                                                                              |                                                           | 0                                                  | 500          |
| Advances from Federal Home Loan Bank   |    | 334                                                                              |                                                           | 0                                                  | 349          |
| Long-term debt                         |    | 64,241                                                                           |                                                           | 0                                                  | 50,326       |
| Accrued interest payable               |    | 7,389                                                                            |                                                           | 0                                                  | 7,389        |
| Unrecognized financial instruments:    |    |                                                                                  |                                                           |                                                    |              |
| Letters of credit                      | \$ | 0                                                                                | \$                                                        | 0                                                  | \$ 0         |
| Commitments to extend credit           |    | 0                                                                                |                                                           | 0                                                  | 0            |
| Forward sale commitments               |    | 0                                                                                |                                                           | 0                                                  | 0            |

## Note 8 – Revenue Recognition

CTBI's primary source of revenue is interest income generated from loans and investment securities. Interest income is recognized according to the terms of the financial instrument agreement over the life of the loan or investment security unless it is determined that the counterparty is unable to continue making interest payments. Interest income also includes prepaid interest fees from commercial customers, which approximates the interest foregone on the balance of the loan prepaid.

CTBI's additional source of income, also referred to as noninterest income, includes service charges on deposit accounts, gains on sales of loans, trust and wealth management income, loan related fees, brokerage revenue, and other miscellaneous income and is largely based on contracts with customers. In these cases, CTBI recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. CTBI considers a customer to be any party to which we will provide goods or services that are an output of CTBI's ordinary activities in exchange for consideration. There is little seasonality with regards to revenue from contracts with customers and all inter-company revenue is eliminated when CTBI's financial statements are consolidated.

Generally, CTBI enters into contracts with customers that are short-term in nature where the performance obligations are fulfilled and payment is processed at the same time. Such examples include revenue related to merchant fees, interchange fees, and investment services income. In addition, revenue generated from existing customer relationships such as deposit accounts are also considered short-term in nature, because the relationship may be terminated at any time and payment is processed at the time performance obligations are fulfilled. As a result, CTBI does not have contract assets, contract liabilities, or related receivable accounts for contracts with customers. In cases where collectability is a concern, CTBI does not record revenue.

Generally, the pricing of transactions between CTBI and each customer is either (i) established within a legally enforceable contract between the two parties, as is the case with loan sales, or (ii) disclosed to the customer at a specific point in time, as is the case when a deposit account is opened or before a new loan is underwritten. Fees are usually fixed at a specific amount or as a percentage of a transaction amount. No judgment or estimates by management are required to record revenue related to these transactions and pricing is clearly identified within these contracts.

CTBI primarily operates in Kentucky and contiguous areas. Therefore, all significant operating decisions are based upon analysis of CTBI as one operating segment.

We disaggregate our revenue from contracts with customers by contract-type and timing of revenue recognition, as we believe it best depicts how the nature, amount, timing, and uncertainty of our revenue and cash flows are affected by economic factors. Noninterest income not generated from customers during CTBI's ordinary activities primarily relates to MSRs, gains/losses on the sale of investment securities, gains/losses on the sale of OREO, gains/losses on the sale of property, plant and equipment, and income from bank owned life insurance.

For more information related to our components of noninterest income, see the Condensed Consolidated Statements of Income and Comprehensive Income above.

## Note 9 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended June 30, 2024 and 2023:

|                                                              | Three Months Ended<br>June 30 |           | Six Months Ended<br>June 30 |           |
|--------------------------------------------------------------|-------------------------------|-----------|-----------------------------|-----------|
|                                                              | 2024                          | 2023      | 2024                        | 2023      |
| <i>(in thousands except per share data)</i>                  |                               |           |                             |           |
| Numerator:                                                   |                               |           |                             |           |
| Net income                                                   | \$ 19,499                     | \$ 19,404 | \$ 38,178                   | \$ 38,717 |
| Denominator:                                                 |                               |           |                             |           |
| Basic earnings per share:                                    |                               |           |                             |           |
| Weighted average shares                                      | 17,939                        | 17,884    | 17,932                      | 17,877    |
| Diluted earnings per share:                                  |                               |           |                             |           |
| Effect of dilutive stock options and restricted stock grants | 20                            | 6         | 19                          | 8         |
| Adjusted weighted average shares                             | 17,959                        | 17,890    | 17,951                      | 17,885    |
| <b>Earnings per share:</b>                                   |                               |           |                             |           |
| Basic earnings per share                                     | \$ 1.09                       | \$ 1.09   | \$ 2.13                     | \$ 2.17   |
| Diluted earnings per share                                   | 1.09                          | 1.08      | 2.13                        | 2.16      |

There were no options to purchase common shares that were excluded from the diluted calculations above for the three and six months ended June 30, 2024 and 2023. In addition to in-the-money stock options, unvested restricted stock grants were also used in the calculation of diluted earnings per share based on the treasury method.

**Note 10 – Accumulated Other Comprehensive Income (Loss)**

**Unrealized gains (losses) on AFS securities**

Amounts reclassified from accumulated other comprehensive income (loss) (“AOCI”) and the affected line items in the statements of income during the three and six months ended June 30, 2024 and 2023 were:

| (in thousands)                                 | Amounts Reclassified from AOCI |      |    |                  |      |   |    |   |
|------------------------------------------------|--------------------------------|------|----|------------------|------|---|----|---|
|                                                | Three Months Ended             |      |    | Six Months Ended |      |   |    |   |
|                                                | June 30                        |      |    | June 30          |      |   |    |   |
|                                                | 2024                           | 2023 |    | 2024             | 2023 |   |    |   |
| Affected line item in the statements of income |                                |      |    |                  |      |   |    |   |
| Securities gains (losses)                      | \$                             | 1    | \$ | 0                | \$   | 1 | \$ | 4 |
| Tax expense (benefit)                          |                                | 0    |    | 0                |      | 0 |    | 1 |
| Total reclassifications out of AOCI            | \$                             | 1    | \$ | 0                | \$   | 1 | \$ | 3 |

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Overview

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to help the reader understand Community Trust Bancorp, Inc. (“CTBI”), our operations, and our present business environment. The MD&A is provided as a supplement to—and should be read in conjunction with—our condensed consolidated financial statements and the accompanying notes thereto contained in Part I, Item 1 of this quarterly report, as well as our consolidated financial statements, the accompanying notes thereto, and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the year ended December, 31, 2023. The MD&A includes the following sections:

- ❖ Our Business
- ❖ Financial Goals and Performance
- ❖ Results of Operations and Financial Condition
- ❖ Liquidity and Market Risk
- ❖ Interest Rate Risk
- ❖ Capital Resources
- ❖ Impact of Inflation, Changing Prices, and Economic Conditions
- ❖ Stock Repurchase Program
- ❖ Critical Accounting Policies and Estimates

### Our Business

Community Trust Bancorp, Inc. (“CTBI”) is a bank holding company headquartered in Pikeville, Kentucky. Currently, we own one commercial bank, Community Trust Bank, Inc. (“CTB”) and one trust company, Community Trust and Investment Company. Through our subsidiaries, we have eighty-one banking locations in eastern, northeastern, central, and south central Kentucky, southern West Virginia, and northeastern Tennessee, four trust offices across Kentucky, and one trust office in northeastern Tennessee. At June 30, 2024, we had total consolidated assets of \$5.8 billion and total consolidated deposits, including repurchase agreements, of \$5.0 billion. Total shareholders’ equity at June 30, 2024 was \$719.3 million. Trust assets at June 30, 2024 totaled \$3.9 billion with assets under management of \$3.5 billion, including CTB’s investment portfolio totaling \$1.1 billion.

Through our subsidiaries, CTBI engages in a wide range of commercial and personal banking and trust and wealth management activities, which include accepting time and demand deposits; making secured and unsecured loans to corporations, individuals, and others; providing cash management services to corporate and individual customers; issuing letters of credit; renting safe deposit boxes; and providing funds transfer services. The lending activities of CTB include making commercial, construction, mortgage, and personal loans. Lines of credit, revolving lines of credit, term loans, and other specialized loans, including asset-based financing, are also available. Our corporate subsidiaries act as trustees of personal trusts, as executors of estates, as trustees for employee benefit trusts, as paying agents for bond and stock issues, as investment agent, as depositories for securities, and as providers of full-service brokerage and insurance services. For further information, see Item 1 of our annual report on Form 10-K for the year ended December 31, 2023.

## Results of Operations and Financial Condition

We reported earnings for the second quarter 2024 of \$19.5 million, or \$1.09 per basic share, compared to \$18.7 million, or \$1.04 per basic share, earned during the first quarter 2024 and \$19.4 million, or \$1.09 per basic share, earned during the second quarter 2023. Total revenue for the quarter was \$2.7 million above prior quarter and \$3.6 million above prior year same quarter. Net interest revenue for the quarter increased \$2.1 million compared to prior quarter and \$2.6 million compared to prior year same quarter, and noninterest income increased \$0.6 million compared to prior quarter and \$1.0 million compared to prior year same quarter. Our provision for credit losses for the quarter increased \$0.3 million from prior quarter and \$1.0 million from prior year same quarter. Noninterest expense increased \$0.2 million compared to prior quarter and \$1.4 million compared to prior year same quarter. Net income for the six months ended June 30, 2024 was \$38.2 million, or \$2.13 per basic share, compared to \$38.7 million, or \$2.17 per basic share, for the six months ended June 30, 2023.

### Quarterly Highlights

- ❖ Net interest income for the quarter of \$45.7 million was \$2.1 million, or 4.8%, above prior quarter and \$2.6 million, or 6.0%, above prior year same quarter, as our net interest margin increased 15 basis points from prior quarter and 3 basis points from prior year same quarter.
- ❖ Provision for credit losses at \$3.0 million for the quarter increased \$0.3 million from prior quarter and \$1.0 million from prior year same quarter.
- ❖ Our loan portfolio at \$4.3 billion increased \$100.1 million, or an annualized 9.7%, from March 31, 2024 and \$210.3 million, or an annualized 10.4%, from December 31, 2023.
- ❖ We had net loan charge-offs of \$1.4 million, or an annualized 0.13% of average loans, for the second quarter 2024 compared to \$1.6 million, or an annualized 0.16% of average loans, for the first quarter 2024 and \$0.7 million, or an annualized 0.07% of average loans, for the second quarter 2023.
- ❖ Our total nonperforming loans increased to \$19.8 million at June 30, 2024 from \$15.9 million at March 31, 2024 and \$14.0 million at December 31, 2023. Nonperforming assets at \$21.5 million increased \$4.3 million from March 31, 2024 and \$5.9 million from December 31, 2024.
- ❖ Deposits, including repurchase agreements, at \$5.0 billion decreased \$57.6 million, or an annualized 4.6%, from March 31, 2024 but increased \$11.5 million, or 0.2%, from December 31, 2023.
- ❖ Shareholders' equity at \$719.3 million increased \$11.6 million, or an annualized 6.6%, during the quarter and \$17.1 million, or 2.4%, from December 31, 2023.
- ❖ Noninterest income for the quarter ended June 30, 2024 of \$15.7 million was \$0.6 million, or 3.8%, above prior quarter and \$1.0 million, or 6.5%, above prior year same quarter.
- ❖ Noninterest expense for the quarter ended June 30, 2024 of \$32.4 million was \$0.2 million, or 0.6%, above prior quarter and \$1.4 million, or 4.5%, above prior year same quarter.

## Income Statement Review

### Six Months Ended June 30

(dollars in thousands)

|                                                   | 2024         | 2023         | Change     |         |
|---------------------------------------------------|--------------|--------------|------------|---------|
|                                                   |              |              | Amount     | Percent |
| Net interest income                               | \$ 89,269    | \$ 86,995    | \$ 2,274   | 2.6%    |
| Provision for credit losses                       | 5,628        | 3,125        | 2,503      | 80.1%   |
| Noninterest income                                | 30,842       | 28,438       | 2,404      | 8.5%    |
| Noninterest expense                               | 64,642       | 62,915       | 1,727      | 2.7%    |
| Income taxes                                      | 11,663       | 10,676       | 987        | 9.2%    |
| Net income                                        | \$ 38,178    | \$ 38,717    | \$ (539)   | (1.4)%  |
| Average earning assets                            | \$ 5,463,944 | \$ 5,160,712 | \$ 303,232 | 5.9%    |
| Yield on average earnings assets, tax equivalent* | 5.60%        | 4.94%        | 0.66%      | 13.4%   |
| Cost of interest bearing funds                    | 3.32%        | 2.30%        | 1.02%      | 44.3%   |
| Net interest margin, tax equivalent*              | 3.31%        | 3.42%        | (0.11)%    | (3.2)%  |

\*Yield on average earning assets and net interest margin are computed on a taxable equivalent basis using a 24.95% tax rate.

### Net Interest Income

|                                           | Percent Change<br>2Q 2024<br>Compared to: |              |              |            |            |              |              |                |  |
|-------------------------------------------|-------------------------------------------|--------------|--------------|------------|------------|--------------|--------------|----------------|--|
| <i>\$( in thousands)</i>                  | 2Q<br>2024                                | 1Q<br>2024   | 2Q<br>2023   | 1Q<br>2024 | 2Q<br>2023 | YTD<br>2024  | YTD<br>2023  | Percent Change |  |
| Components of net interest income:        |                                           |              |              |            |            |              |              |                |  |
| Income on earning assets                  | \$ 76,648                                 | \$ 75,002    | \$ 64,827    | 2.2%       | 18.2%      | \$ 151,650   | \$ 125,822   | 20.5%          |  |
| Expense on interest bearing liabilities   | 30,970                                    | 31,411       | 21,748       | (1.4)%     | 42.4%      | 62,381       | 38,827       | 60.7%          |  |
| Net interest income                       | \$ 45,678                                 | \$ 43,591    | \$ 43,079    | 4.8%       | 6.0%       | \$ 89,269    | \$ 86,995    | 2.6%           |  |
| TEQ                                       | 292                                       | 294          | 298          | 0.7%       | (2.1)%     | 586          | 596          | (1.7)%         |  |
| Net interest income, tax equivalent       | \$ 45,970                                 | \$ 43,885    | \$ 43,377    | 4.8%       | 6.0%       | \$ 89,855    | \$ 87,591    | 2.6%           |  |
| Average yield and rates paid:             |                                           |              |              |            |            |              |              |                |  |
| Earning assets yield                      | 5.66%                                     | 5.55%        | 5.03%        | 2.0%       | 12.4%      | 5.60%        | 4.94%        | 13.4%          |  |
| Rate paid on interest bearing liabilities | 3.30%                                     | 3.35%        | 2.54%        | (1.5)%     | 29.9%      | 3.32%        | 2.30%        | 44.3%          |  |
| Gross interest margin                     | 2.36%                                     | 2.20%        | 2.49%        | 7.2%       | (5.4)%     | 2.28%        | 2.64%        | (13.5)%        |  |
| Net interest margin                       | 3.38%                                     | 3.23%        | 3.35%        | 4.5%       | 0.9%       | 3.31%        | 3.42%        | (3.4)%         |  |
| Average balances:                         |                                           |              |              |            |            |              |              |                |  |
| Investment securities                     | \$ 1,095,182                              | \$ 1,148,014 | \$ 1,230,556 | (4.6)%     | (11.0)%    | \$ 1,121,598 | \$ 1,241,193 | (9.6)%         |  |
| Loans                                     | \$ 4,191,992                              | \$ 4,096,866 | \$ 3,836,446 | 2.3%       | 9.3%       | \$ 4,144,429 | \$ 3,788,213 | 9.4%           |  |
| Earning assets                            | \$ 5,469,813                              | \$ 5,458,075 | \$ 5,189,716 | 0.2%       | 5.4%       | \$ 5,463,944 | \$ 5,160,712 | 5.9%           |  |
| Interest-bearing liabilities              | \$ 3,776,362                              | \$ 3,773,513 | \$ 3,435,072 | 0.1%       | 9.9%       | \$ 3,774,937 | \$ 3,398,902 | 11.1%          |  |

Net interest income for the quarter of \$45.7 million was \$2.1 million, or 4.8%, above prior quarter and \$2.6 million, or 6.0%, above prior year same quarter. Our net interest margin, on a fully tax equivalent basis, at 3.38% increased 15 basis points from prior quarter and 3 basis points from prior year same quarter. Our quarterly average earning assets increased \$11.7 million from prior quarter and \$280.1 million from prior year same quarter. Our yield on average earning assets increased 11 basis points from prior quarter and 63 basis points from prior year same quarter, and our cost of funds decreased 5 basis points from prior quarter but increased 76 basis points from prior year same quarter. Net interest income for the six months ended June 30, 2024 was \$89.3 million compared to \$87.0 million for the six months ended June 30, 2023.

Our ratio of average loans to deposits, including repurchase agreements, was 84.5% for the quarter ended June 30, 2024 compared to 82.7% for the quarter ended March 31, 2024 and 81.2% for the quarter ended June 30, 2023.

#### ***Provision for Credit Losses***

Our provision for credit losses at \$3.0 million for the quarter increased \$0.3 million from prior quarter and \$1.0 million from prior year same quarter. Of the provision for the quarter, \$1.2 million was allotted to fund loan growth. Year-to-date provision for credit losses increased \$2.5 million compared to the six months ended June 30, 2023. Our reserve coverage (allowance for credit losses to nonperforming loans) at June 30, 2024 was 263.0% compared to 319.0% at March 31, 2024 and 408.9% at June 30, 2023. Our credit loss reserve as a percentage of total loans outstanding at June 30, 2024 remained at 1.22% from March 31, 2024 and June 30, 2023.

#### ***Noninterest Income***

| <i>\$( in thousands)</i>          | Percent Change<br>2Q 2024<br>Compared to: |           |           |         |         |           |           |         |
|-----------------------------------|-------------------------------------------|-----------|-----------|---------|---------|-----------|-----------|---------|
|                                   | 2Q                                        | 1Q        | 2Q        | 1Q      | 2Q      | YTD       | YTD       | Percent |
|                                   | 2024                                      | 2024      | 2023      | 2024    | 2023    | 2024      | 2023      | Change  |
| Deposit related fees              | \$ 7,308                                  | \$ 7,011  | \$ 7,513  | 4.2%    | (2.7)%  | \$ 14,319 | \$ 14,800 | (3.2)%  |
| Trust revenue                     | 3,736                                     | 3,517     | 3,351     | 6.2%    | 11.5%   | 7,253     | 6,430     | 12.8%   |
| Gains on sales of loans           | 119                                       | 45        | 115       | 167.9%  | 4.0%    | 164       | 236       | (30.5)% |
| Loan related fees                 | 1,320                                     | 1,352     | 1,197     | (2.4)%  | 10.3%   | 2,672     | 2,042     | 30.8%   |
| Bank owned life insurance revenue | 1,815                                     | 1,292     | 735       | 40.5%   | 147.0%  | 3,107     | 1,593     | 95.0%   |
| Brokerage revenue                 | 683                                       | 490       | 388       | 39.5%   | 76.2%   | 1,173     | 736       | 59.5%   |
| Other                             | 727                                       | 1,427     | 1,457     | (49.1)% | (50.1)% | 2,154     | 2,601     | (17.2)% |
| Total noninterest income          | \$ 15,708                                 | \$ 15,134 | \$ 14,756 | 3.8%    | 6.5%    | \$ 30,842 | \$ 28,438 | 8.5%    |

Noninterest income for the quarter ended June 30, 2024 of \$15.7 million was \$0.6 million, or 3.8%, above prior quarter and \$1.0 million, or 6.5%, above prior year same quarter. The quarter over quarter increase included a \$0.5 million increase in bank owned life insurance revenue, a \$0.3 million increase in deposit related fees, a \$0.2 million increase in trust revenue, and a \$0.2 million increase in brokerage revenue, partially offset by \$0.8 million decrease in securities gains. The year over year increase included a \$1.1 million increase in bank owned life insurance, a \$0.4 million increase in trust revenue, and a \$0.3 million increase in brokerage revenue, partially offset by a \$0.6 million decrease in securities gains and a \$0.2 million decrease in deposit related fees. Noninterest income for the six months ended June 30, 2024 was \$30.8 million compared to \$28.4 million for the six months ended June 30, 2023.

## Noninterest Expense

|                                       | Percent Change<br>2Q 2024<br>Compared to: |           |           |        |         |           |           |                |
|---------------------------------------|-------------------------------------------|-----------|-----------|--------|---------|-----------|-----------|----------------|
|                                       | 2Q                                        | 1Q        | 2Q        | 1Q     | 2Q      | YTD       | YTD       | Percent Change |
|                                       | 2024                                      | 2024      | 2023      | 2024   | 2023    | 2024      | 2023      |                |
| \$(in thousands)                      |                                           |           |           |        |         |           |           |                |
| Salaries                              | \$ 13,037                                 | \$ 13,036 | \$ 12,732 | 0.0%   | 2.4%    | \$ 26,073 | \$ 25,365 | 2.8%           |
| Employee benefits                     | 6,554                                     | 7,086     | 5,573     | (7.5)% | 17.6%   | 13,640    | 11,848    | 15.1%          |
| Net occupancy and equipment           | 3,089                                     | 3,028     | 2,895     | 2.0%   | 6.7%    | 6,117     | 5,923     | 3.3%           |
| Data processing                       | 2,669                                     | 2,518     | 2,383     | 6.0%   | 12.0%   | 5,187     | 4,686     | 10.7%          |
| Legal and professional fees           | 978                                       | 832       | 912       | 17.5%  | 7.3%    | 1,810     | 1,728     | 4.8%           |
| Advertising and marketing             | 856                                       | 577       | 704       | 48.2%  | 21.6%   | 1,433     | 1,524     | (6.0)%         |
| Taxes other than property and payroll | 438                                       | 442       | 433       | (0.7)% | 1.2%    | 880       | 865       | 1.7%           |
| Other                                 | 4,801                                     | 4,701     | 5,393     | 2.1%   | (11.0)% | 9,502     | 10,976    | (13.4)%        |
| Total noninterest expense             | \$ 32,422                                 | \$ 32,220 | \$ 31,025 | 0.6%   | 4.5%    | \$ 64,642 | \$ 62,915 | 2.7%           |

Noninterest expense for the quarter ended June 30, 2024 of \$32.4 million was \$0.2 million, or 0.6%, above prior quarter and \$1.4 million, or 4.5%, above prior year same quarter. The increase year over year primarily resulted from a \$1.3 million increase in personnel expense, which included a \$0.3 million increase in salaries, a \$0.9 million increase in bonuses and incentives, and a \$0.5 million increase in the cost of group medical and life insurance benefits, partially offset by a \$0.4 million decrease in payroll taxes. Noninterest expense for the six months ended June 30, 2024 was \$64.6 million compared to \$62.9 million for the six months ended June 30, 2023. The year over year increase in employee benefits consisted of increases in bonuses and incentives (\$0.9 million) and the cost of group medical and life insurance benefits (\$1.1 million). The decrease in other noninterest expense was the result of the accounting change related to the amortization of tax credits.

## Balance Sheet Review

CTBI's total assets at June 30, 2024 of \$5.8 billion decreased \$45.9 million, or an annualized 3.2%, from March 31, 2024 but increased \$34.6 million, or an annualized 1.2%, from December 31, 2023. Loans outstanding at June 30, 2024 were \$4.3 billion, an increase of \$100.1 million, or an annualized 9.7%, from March 31, 2024 and \$210.3 million, or an annualized 10.4%, from December 31, 2023. The increase in loans from prior quarter included a \$66.6 million increase in the commercial loan portfolio, a \$25.3 million increase in the residential loan portfolio, a \$6.7 million increase in the indirect consumer loan portfolio, and a \$1.5 million increase in the consumer direct loan portfolio. CTBI's investment portfolio decreased \$21.7 million, or an annualized 7.8%, from March 31, 2024 and \$73.4 million, or an annualized 12.7%, from December 31, 2023. Deposits in other banks decreased \$130.7 million from prior quarter and \$45.5 million from December 31, 2023. Deposits, including repurchase agreements, at \$5.0 billion decreased \$57.6 million, or an annualized 4.6%, from March 31, 2024 but increased \$11.5 million, or an annualized 0.5%, from December 31, 2023. CTBI is not dependent on any one customer or group of customers for its source of deposits. As of June 30, 2024, no one customer accounted for more than 2.25% of our \$5.0 billion in deposits. Only two customer relationships accounted for more than 1% each.

Shareholders' equity at \$719.3 million increased \$11.6 million, or an annualized 6.6%, during the quarter and \$17.1 million, or an annualized 4.9%, from December 31, 2023. Net unrealized losses on securities, net of deferred taxes, were \$107.1 million at June 30, 2024, compared to \$106.9 million at March 31, 2024 and \$103.3 million at December 31, 2023.

## Loans

(dollars in thousands)

June 30, 2024

| Loan Category                         | Balance      | Variance from Prior Year | Net (Charge-Offs)/ Recoveries | Nonperforming | ACL       |
|---------------------------------------|--------------|--------------------------|-------------------------------|---------------|-----------|
| Commercial:                           |              |                          |                               |               |           |
| Hotel/motel                           | \$ 417,161   | 5.4%                     | \$ 0                          | \$ 0          | \$ 4,447  |
| Commercial real estate residential    | 480,418      | 14.9                     | 14                            | 1,318         | 4,349     |
| Commercial real estate nonresidential | 825,934      | 6.1                      | 53                            | 5,064         | 8,706     |
| Dealer floorplans                     | 76,222       | 8.4                      | 0                             | 0             | 561       |
| Commercial other                      | 352,041      | 9.6                      | (638)                         | 1,652         | 3,385     |
| Total commercial                      | 2,151,776    | 8.5                      | (571)                         | 8,034         | 21,448    |
| Residential:                          |              |                          |                               |               |           |
| Real estate mortgage                  | 978,144      | 4.3                      | (33)                          | 9,703         | 11,840    |
| Home equity                           | 154,311      | 4.9                      | 8                             | 916           | 1,318     |
| Total residential                     | 1,132,455    | 4.4                      | (25)                          | 10,619        | 13,158    |
| Consumer:                             |              |                          |                               |               |           |
| Consumer direct                       | 157,327      | (1.1)                    | (591)                         | 542           | 3,604     |
| Consumer indirect                     | 819,689      | (0.5)                    | (1,836)                       | 635           | 13,938    |
| Total consumer                        | 977,016      | (0.6)                    | (2,427)                       | 1,177         | 17,542    |
| Total loans                           | \$ 4,261,247 | 5.2%                     | \$ (3,023)                    | \$ 19,830     | \$ 52,148 |

## Total Deposits and Repurchase Agreements

|                                                           | 2Q 2024      | 1Q 2024      | YE 2023      | Percent Change<br>2Q 2024 Compared to: |         |
|-----------------------------------------------------------|--------------|--------------|--------------|----------------------------------------|---------|
|                                                           |              |              |              | 1Q 2024                                | YE 2023 |
| (dollars in thousands)                                    |              |              |              |                                        |         |
| Noninterest bearing deposits                              | \$ 1,241,514 | \$ 1,274,583 | \$ 1,260,690 | (2.6)%                                 | (1.5)%  |
| Interest bearing deposits                                 |              |              |              |                                        |         |
| Interest checking                                         | 138,767      | 131,227      | 123,927      | 5.7%                                   | 12.0%   |
| Money market savings                                      | 1,664,580    | 1,608,849    | 1,525,537    | 3.5%                                   | 3.5%    |
| Savings accounts                                          | 527,251      | 543,338      | 535,063      | (3.0)%                                 | (1.5)%  |
| Time deposits                                             | 1,161,686    | 1,226,273    | 1,279,405    | (5.3)%                                 | (9.2)%  |
| Repurchase agreements                                     | 227,576      | 234,671      | 225,245      | (3.0)%                                 | 1.0%    |
| Total interest bearing deposits and repurchase agreements | 3,719,860    | 3,744,358    | 3,689,177    | (0.7)%                                 | 0.8%    |
| Total deposits and repurchase agreements                  | \$ 4,961,374 | \$ 5,018,941 | \$ 4,949,867 | (1.1)%                                 | 0.2%    |

## Asset Quality

Our total nonperforming loans increased to \$19.8 million at June 30, 2024 from \$15.9 million at March 31, 2024 and \$14.0 million at December 31, 2023. Accruing loans 90+ days past due at \$14.7 million increased \$3.2 million from prior quarter and \$4.8 million from December 31, 2023. Nonaccrual loans at \$5.1 million increased \$0.8 million from prior quarter and \$1.1 million from December 31, 2023. Accruing loans 30-89 days past due at \$24.1 million increased \$11.9 million from prior quarter and \$8.8 million from December 31, 2023. Our loan portfolio management processes focus on the immediate identification, management, and resolution of problem loans to maximize recovery and minimize loss. Our loan portfolio risk management processes include weekly delinquent loan review meetings at the market levels and monthly delinquent loan review meetings involving senior corporate management to review all nonaccrual loans and loans 30 days or more past due. Any activity regarding a criticized/classified loan (i.e. problem loan) must be approved by CTB's Watch List Asset Committee (i.e. Problem Loan Committee). CTB's Watch List Asset Committee also meets on a quarterly basis and reviews every criticized/classified loan of \$100,000 or greater. CTB's Loan Portfolio Risk Management Committee also meets quarterly focusing on the overall asset quality and risk metrics of the loan portfolio. We also have a Loan Review Department that reviews every market within CTB annually and performs extensive testing of the loan portfolio to assure the accuracy of loan grades and classifications for delinquency, if a borrower is experiencing financial difficulty with significant payment delay, nonaccrual status, and adequate loan loss reserves. The Loan Review Department has annually reviewed, on average, 97% of the outstanding commercial loan portfolio for the past three years. The average annual review percentage of the consumer and residential loan portfolio for the past three years was 81% based on the loan production during the number of months included in the review scope. The review scope is generally four to six months of production. CTBI generally does not offer high risk loans such as option ARM products, high loan to value ratio mortgages, interest-only loans, loans with initial teaser rates, or loans with negative amortizations, and therefore, CTBI would have no significant exposure to these products.

For further information regarding nonperforming loans, see Note 4 to the condensed consolidated financial statements contained herein.

We had net loan charge-offs of \$1.4 million, or 0.13% of average loans annualized, for the second quarter 2024 compared to \$1.6 million, or 0.16% of average loans annualized, for the first quarter 2024 and \$0.7 million, or 0.07% of average loans annualized, for the second quarter 2023. Of the net charge-offs for the quarter, \$0.8 million were in indirect consumer loans, \$0.5 million were in commercial loans, and \$0.1 million were in direct consumer loans. Net charge-offs for the six months ended June 30, 2024 were \$3.0 million, or 0.15% of average loans annualized, compared to \$1.1 million, or 0.06% of average loans annualized, for the six months ended June 30, 2023. Year-to-date net loan charge-offs are in line with management's expectations.

## Dividends

The following schedule shows the quarterly cash dividends paid for the past six quarters:

| Pay Date        | Record Date        | Amount Per Share |
|-----------------|--------------------|------------------|
| July 1, 2024    | June 15, 2024      | \$ 0.46          |
| April 1, 2024   | March 15, 2024     | \$ 0.46          |
| January 1, 2024 | December 15, 2023  | \$ 0.46          |
| October 1, 2023 | September 15, 2023 | \$ 0.46          |
| July 1, 2023    | June 15, 2023      | \$ 0.44          |
| April 1, 2023   | March 15, 2023     | \$ 0.44          |

On July 23, 2024, the Board of Directors of CTBI declared a quarterly cash dividend of \$0.47 per share to be paid on October 1, 2024 to shareholders of record on September 15, 2024. This represents an increase of 2.2% in the quarterly cash dividend.

## Liquidity and Market Risk

The objective of CTBI's Asset/Liability management function is to maintain consistent growth in net interest income within our policy limits. This objective is accomplished through management of our consolidated balance sheet composition, liquidity, and interest rate risk exposures arising from changing economic conditions, interest rates, and customer preferences. The goal of liquidity management is to provide adequate funds to meet changes in loan and lease demand or deposit withdrawals. This is accomplished by maintaining liquid assets in the form of cash and cash equivalents and investment securities, sufficient unused borrowing capacity, and growth in core deposits. As of June 30, 2024, we had approximately \$161.7 million in cash and cash equivalents and approximately \$157.5 million in unpledged securities valued at estimated fair value designated as available-for-sale and available to meet liquidity needs on a continuing basis compared to \$271.4 million and \$157.5 million at December 31, 2023. Additional asset-driven liquidity is provided by the remainder of the securities portfolio and the repayment of loans. In addition to core deposit funding, we also have a variety of other short-term and long-term funding sources available. We also rely on Federal Home Loan Bank advances for both liquidity and management of our asset/liability position. Federal Home Loan Bank advances were \$0.3 million at June 30, 2024 and December 31, 2023. As of June 30, 2024, we had a \$565.9 million available borrowing position with the Federal Home Loan Bank, compared to \$476.2 million at December 31, 2023. We generally rely upon net inflows of cash from financing activities, supplemented by net inflows of cash from operating activities, to provide cash for our investing activities. As is typical of many financial institutions, significant financing activities include deposit gathering, use of short-term borrowing facilities such as repurchase agreements and federal funds purchased, and issuance of long-term debt. At June 30, 2024 and December 31, 2023, we had \$50 million in lines of credit with various correspondent banks available to meet any future cash needs. Our primary investing activities include purchases of securities and loan originations. We do not rely on any one source of liquidity and manage availability in response to changing consolidated balance sheet needs. Included in our cash and cash equivalents at June 30, 2024 were deposits with the Federal Reserve of \$105.5 million, compared to \$207.6 million at December 31, 2023. Additionally, we project cash flows from our investment portfolio to generate additional liquidity over the next 90 days.

The investment portfolio consists of investment grade short-term issues suitable for bank investments. The majority of the investment portfolio is in U.S. government and government sponsored agency issuances. At June 30, 2024, available-for-sale ("AFS") securities comprised all of the total investment portfolio, and the AFS portfolio was approximately 152% of equity capital. Eighty-seven percent of the pledge-eligible portfolio was pledged.

## Interest Rate Risk

We consider interest rate risk one of our most significant market risks. Interest rate risk is the exposure to adverse changes in net interest income due to changes in interest rates. Consistency of our net interest revenue is largely dependent upon the effective management of interest rate risk. We employ a variety of measurement techniques to identify and manage our interest rate risk, including the use of an earnings simulation model to analyze net interest income sensitivity to changing interest rates. The model is based on actual cash flows and repricing characteristics for on and off-balance sheet instruments and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and liabilities. Assumptions based on the historical behavior of deposit rates and balances in relation to changes in interest rates are also incorporated into the model. These assumptions are inherently uncertain, and as a result, the model cannot precisely measure net interest income or precisely predict the impact of fluctuations in interest rates on net interest income. Actual results will differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

CTBI's Asset/Liability Management Committee (ALCO), which includes executive and senior management representatives and reports to the Board of Directors, monitors and manages interest rate risk within Board-approved policy limits. Our current exposure to interest rate risks is determined by measuring the anticipated change in net interest income spread evenly over the twelve-month period.

## Capital Resources

We continue to offer a dividend to our shareholders, providing an annualized dividend yield for the quarter ended June 30, 2024 of 4.21%. Our primary source of capital growth is the retention of earnings. Cash dividends were \$0.92 per share and \$0.88 per share for the six months ended June 30, 2024 and 2023, respectively. We retained 56.8% of our earnings for the first six months of 2024 compared to 59.4% for the first six months of 2023.

Insured depository institutions are required to meet certain capital level requirements. On October 29, 2019, federal banking regulators adopted a final rule to simplify the regulatory capital requirements for eligible community banks and holding companies that opt-in to the community bank leverage ratio framework (the “CBLR framework”), as required by Section 201 of the Economic Growth, Relief and Consumer Protection Act of 2018. Under the final rule, which became effective as of January 1, 2020, community banks and holding companies (which includes CTB and CTBI) that satisfy certain qualifying criteria, including having less than \$10 billion in average total consolidated assets and a leverage ratio (referred to as the “community bank leverage ratio”) of greater than 9%, were eligible to opt-in to the CBLR framework. The community bank leverage ratio is the ratio of a banking organization’s Tier 1 capital to its average total consolidated assets, both as reported on the banking organization’s applicable regulatory filings. Accordingly, a qualifying community banking organization that has a community bank leverage ratio greater than 9% will be considered to have met: (i) the risk-based and leverage capital requirements of the generally applicable capital rules; (ii) the capital ratio requirements in order to be considered well-capitalized under the prompt corrective action framework; and (iii) any other applicable capital or leverage requirements.

In April 2020, as directed by Section 4012 of the Coronavirus Aid, Relief, and Economic Security Act, the regulatory agencies introduced temporary changes to the CBLR. These changes, which subsequently were adopted as a final rule, temporarily reduced the CBLR requirement to 8% through the end of calendar year 2020. Beginning in calendar year 2021, the CBLR requirement increased to 8.5% for the calendar year before returning to 9% in calendar year 2022. Management elected to use the CBLR framework for CTBI and CTB. CTBI’s CBLR ratio as of June 30, 2024 was 13.90%. CTB’s CBLR ratio as of June 30, 2024 was 13.42%.

As of June 30, 2024, we are not aware of any current recommendations by banking regulatory authorities which, if they were to be implemented, would have, or are reasonably likely to have, a material adverse impact on our liquidity, capital resources, or operations.

## Impact of Inflation, Changing Prices, and Economic Conditions

The majority of our assets and liabilities are monetary in nature. Therefore, CTBI differs greatly from most commercial and industrial companies that have significant investment in nonmonetary assets, such as fixed assets and inventories. However, inflation does have an important impact on the growth of assets in the banking industry and on the resulting need to increase equity capital at higher than normal rates in order to maintain an appropriate equity to assets ratio. Inflation also affects other expenses, which tend to rise during periods of general inflation.

We believe one of the most significant impacts on financial and operating results is our ability to react to changes in interest rates. We seek to maintain an essentially balanced position between interest rate sensitive assets and liabilities in order to protect against the effects of wide interest rate fluctuations.

## Stock Repurchase Program

CTBI’s stock repurchase program began in December 1998 with the authorization to acquire up to 500,000 shares and was increased by an additional 1,000,000 shares in each of July 2000, May 2003, and March 2020. CTBI repurchased 32,664 shares of its common stock during the first quarter 2020, leaving 1,034,706 shares remaining under our current repurchase authorization. As of June 30, 2024, a total of 2,465,294 shares have been repurchased through this program.

## Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our consolidated financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the consolidated financial statements.

We believe the application of accounting policies and the estimates required therein are reasonable. These accounting policies and estimates are constantly reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

Our accounting policies are described in Note 1 to the condensed consolidated financial statements contained herein. We have identified the following critical accounting policies:

**Allowance for Credit Losses** – CTBI accounts for the ACL and the reserve for unfunded commitments in accordance with ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related subsequent amendments, commonly known as CECL.

We disaggregate our portfolio loans into portfolio segments for purposes of determining the ACL. Our loan portfolio segments include commercial, residential mortgage, and consumer. We further disaggregate our portfolio segments into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. For an analysis of CTBI’s ACL by portfolio segment and credit quality information by class, refer to Note 4 to the condensed consolidated financial statements contained herein.

CTBI maintains the ACL to absorb the amount of credit losses that are expected to be incurred over the remaining contractual terms of the related loans. Effective January 1, 2023, CTBI implemented ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures*, an amendment to ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU eliminate the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, *Receivables—Troubled Debt Restructurings by Creditors*, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty along with requiring that disclosures be added by year of origination for gross charge-off information for financing receivables. Accrued interest receivable on loans is presented in the consolidated financial statements as a component of other assets. When accrued interest is deemed to be uncollectible (typically when a loan is placed on nonaccrual status), interest income is reversed. In the event that collection of principal becomes uncertain, CTBI has policies in place to reverse accrued interest in a timely manner. Therefore, CTBI elected ASU 2019-04 which allows that accrued interest would continue to be presented separately and not part of the amortized cost of the loan. For additional information on CTBI’s accounting policies related to nonaccrual loans, refer to Note 1 to the condensed consolidated financial statements contained herein.

Credit losses are charged and recoveries are credited to the ACL. The ACL is maintained at a level CTBI considers to be adequate and is based on ongoing quarterly assessments and evaluations of the collectability of loans, including historical credit loss experience, current and forecasted market and economic conditions, and consideration of various qualitative factors that, in management’s judgment, deserve consideration in estimating expected credit losses. Provisions for credit losses are recorded for the amounts necessary to adjust the ACL to CTBI’s current estimate of expected credit losses on portfolio loans. CTBI’s strategy for credit risk management includes a combination of conservative exposure limits significantly below legal lending limits and conservative underwriting, documentation, and collection standards. The strategy also emphasizes diversification on a geographic, industry, and customer level, regular credit examinations, and quarterly management reviews of large credit exposures and loans experiencing deterioration of credit quality.

CTBI's methodology for determining the ACL requires significant management judgment and includes an estimate of expected credit losses on a collective basis for groups of loans with similar risk characteristics and specific allowances for loans which are individually evaluated.

Larger commercial loans with balances exceeding \$1 million that exhibit probable or observed credit weaknesses and (i) have a criticized risk rating, (ii) are on nonaccrual status, (iii) have a borrower experiencing financial difficulty with significant payment delay, or (iv) are 90 days or more past due, are individually evaluated for an ACL. CTBI considers the current value of collateral, credit quality of any guarantees, the guarantor's liquidity and willingness to cooperate, the loan structure and other factors when determining the amount of the ACL. Other factors may include the borrower's susceptibility to risks presented by the forecasted macroeconomic environment, the industry and geographic region of the borrower, size and financial condition of the borrower, cash flow and leverage of the borrower, and our evaluation of the borrower's management. Significant management judgment is required when evaluating which of these factors are most relevant in individual circumstances, and when estimating the amount of expected credit losses based on those factors. When loans are individually evaluated, allowances are determined based on management's estimate of the borrower's ability to repay the loan given the availability of collateral and other sources of cash flow, as well as an evaluation of legal options available to CTBI. Allowances for individually evaluated loans that are collateral-dependent are typically measured based on the fair value of the underlying collateral, less expected costs to sell where applicable. For collateral-dependent financial assets, the credit loss expected may be zero if the fair value less costs to sell exceeds the amortized cost of the loan. Loans shall not be included in both collective assessments and individual assessments. Individually evaluated loans that are not collateral-dependent are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate. Specific allowances on individually evaluated commercial loans, including loans to borrowers experiencing financial difficulty, are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience. Regardless of an initial measurement method, once it is determined that foreclosure is probable, the ACL is measured based on the fair value of the collateral as of the measurement date. As a practical expedient, the fair value of the collateral may be used for a loan when determining the ACL for which the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty. The fair value shall be adjusted for selling costs when foreclosure is probable.

Expected credit losses are estimated on a collective basis for loans that are not individually evaluated. These include commercial loans that do not meet the criteria for individual evaluation as well as homogeneous loans in the residential mortgage and consumer portfolio segments. CTBI uses a third party ACL software to calculate reserve estimates. Discounted cash flow ("DCF") modeling was used for all loan segments. The primary reasons that contributed to this decision were: DCF models allow for the effective incorporation of a reasonable and supportable forecast in a directionally consistent and objective manner; the analysis aligns well with other calculations outside of the ACL estimation which will mitigate model risk in other areas; and peer data is available for certain inputs if first party data is not available or meaningful. Expected credit losses are estimated on a collective basis for loans that are not individually evaluated. These include commercial loans that do not meet the criteria for individual evaluation as well as homogeneous loans in the residential mortgage and consumer portfolio segments. See Note 4 to the condensed consolidated financial statements contained herein for information on CTBI's risk rating system.

CTBI's expected credit loss models consider historical credit loss experience, peer data, current market and economic conditions, and forecasted changes in market and economic conditions if such forecasts are considered reasonable and supportable. Generally, CTBI considers our forecasts to be reasonable and supportable for a period of up to one year from the estimation date. For periods beyond the reasonable and supportable forecast period, expected credit losses are estimated by reverting to historical loss information. CTBI evaluates the length of our reasonable and supportable forecast period, our reversion period, and reversion methodology at least annually, or more often if warranted by economic conditions or other circumstances.

Other qualitative factors are used by CTBI in determining the ACL. These considerations inherently require significant management judgment to determine the appropriate factors to be considered and the extent of their impact on the ACL estimate. Qualitative factors are used to capture characteristics in the portfolio that impact expected credit losses but that are not fully captured within CTBI's expected credit loss models. These include adjustments for changes in policies or procedures in underwriting, monitoring or collections, lending and risk management personnel, and results of internal audit and quality control reviews. These may also include adjustments, when deemed necessary, for specific idiosyncratic risks such as geopolitical events, natural disasters and their effects on regional borrowers, and changes in product structures. Qualitative factors may also be used to address the impacts of unforeseen events on key inputs and assumptions within CTBI's expected credit loss models, such as the reasonable and supportable forecast period, changes to historical loss information, or changes to the reversion period or methodology. When evaluating the adequacy of allowances, consideration is also given to regional geographic concentrations and the closely associated effect that changing economic conditions may have on CTBI's customers.

Overall, the collective evaluation process requires significant management judgment when determining the estimation methodology and inputs into the models, as well as in evaluating the reasonableness of the modeled results and the appropriateness of qualitative adjustments. CTBI's forecasts of market and economic conditions and the internal risk grades assigned to loans in the commercial portfolio segment are examples of inputs to the expected credit loss models that require significant management judgment. These inputs have the potential to drive significant variability in the resulting ACL.

The reserve for unfunded commitments is maintained at a level believed by management to be sufficient to absorb estimated expected credit losses related to unfunded credit facilities and is included in other liabilities in the consolidated balance sheets. The determination of the adequacy of the reserve is based upon expected credit losses over the remaining contractual life of the commitments, taking into consideration the current funded balance and estimated exposure over the reasonable and supportable forecast period. This process takes into consideration the same risk elements that are analyzed in the determination of the adequacy of CTBI's ACL, as previously discussed. Net adjustments to the reserve for unfunded commitments are included in other noninterest expense in the consolidated statements of income.

**Goodwill** – Business combinations entered into by CTBI typically include the recognition of goodwill. GAAP requires goodwill to be tested for impairment on an annual basis, which for CTBI is October 1, and more frequently if events or circumstances indicate that there may be impairment. Refer to Note 1 to the condensed consolidated financial statements contained herein for a discussion on the methodology used by CTBI to assess goodwill for impairment.

Impairment exists when a reporting unit's carrying amount of goodwill exceeds its implied fair value. In testing goodwill for impairment, GAAP permits companies to first assess qualitative factors to determine whether it is more likely than not that its fair value is less than its carrying amount. In this qualitative assessment, CTBI evaluates events and circumstances which may include, but are not limited to, the general economic environment, banking industry and market conditions, the overall financial performance of CTBI, and the performance of CTBI's common stock, to determine if it is not more likely than not that the fair value is less than its carrying amount. If the quantitative impairment test is required or the decision to bypass the qualitative assessment is elected, CTBI performs the goodwill impairment test by comparing its fair value with its carrying amount, including goodwill. If the carrying amount exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill recorded. A recognized impairment loss cannot be reversed in future periods even if the fair value of the reporting unit subsequently recovers.

The fair value of CTBI is the price that would be received to sell the company as a whole in an orderly transaction between market participants at the measurement date. The determination of the fair value is a subjective process that involves the use of estimates and judgments, particularly related to cash flows, the appropriate discount rates and an applicable control premium. CTBI employs an income-based approach, utilizing forecasted cash flows and the estimated cost of equity as the discount rate. Significant management judgment is necessary in the preparation of the forecasted cash flows surrounding expectations for earnings projections, growth and credit loss expectations, and actual results may differ from forecasted results.

**Fair Value Measurements** – As a financial services company, the carrying value of certain financial assets and liabilities is impacted by the application of fair value measurements, either directly or indirectly. In certain cases, an asset or liability is measured and reported at fair value on a recurring basis, such as available-for-sale investment securities. In other cases, management must rely on estimates or judgments to determine if an asset or liability not measured at fair value warrants an impairment write-down or whether a valuation reserve should be established. Given the inherent volatility, the use of fair value measurements may have a significant impact on the carrying value of assets or liabilities or result in material changes to the consolidated financial statements from period to period. Detailed information regarding fair value measurements can be found in Note 7 to the condensed consolidated financial statements contained herein.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Interest rate risk management focuses on maintaining consistent growth in net interest income within Board-approved policy limits. CTBI uses an earnings simulation model to analyze net interest income sensitivity to movements in interest rates. Given a 200 basis point increase to the yield curve used in the simulation model, it is estimated net interest income for CTBI would increase by 0.75% over one year and 1.83% over two years. A 200 basis point decrease in the yield curve would decrease net interest income by an estimated 2.18% over one year and 5.24% over two years. For further discussion of CTBI's market risk, see the Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Market Risk included in the annual report on Form 10-K for the year ended December 31, 2023.

### **Item 4. Controls and Procedures**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

CTBI's management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. As of June 30, 2024, an evaluation was carried out by CTBI's management, with the participation of our Chief Executive Officer and our Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, management concluded that disclosure controls and procedures as of June 30, 2024 were effective in ensuring material information required to be disclosed in this quarterly report on Form 10-Q was recorded, processed, summarized, and reported on a timely basis.

#### **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

There were no changes in CTBI's internal control over financial reporting that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, CTBI's internal control over financial reporting.

## PART II - OTHER INFORMATION

|          |                                                                                                                                                                                                                                           |                                                              |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Item 1.  | Legal Proceedings                                                                                                                                                                                                                         | None                                                         |
| Item 1A. | Risk Factors                                                                                                                                                                                                                              | None                                                         |
| Item 2.  | Unregistered Sales of Equity Securities and Use of Proceeds                                                                                                                                                                               | None                                                         |
| Item 3.  | Defaults Upon Senior Securities                                                                                                                                                                                                           | None                                                         |
| Item 4.  | Mine Safety Disclosure                                                                                                                                                                                                                    | Not applicable                                               |
| Item 5.  | Other Information:                                                                                                                                                                                                                        |                                                              |
|          | (a) Information required to be disclosed in a report on Form 8-K                                                                                                                                                                          | None                                                         |
|          | (b) Changes to director nomination procedures                                                                                                                                                                                             | None                                                         |
|          | (c) Insider trading arrangements                                                                                                                                                                                                          |                                                              |
|          | During the three months ended June 30, 2024, no director or officer of CTBI adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K. |                                                              |
| Item 6.  | Exhibits:                                                                                                                                                                                                                                 |                                                              |
|          | (1) Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                               | <a href="#">Exhibit 31.1</a><br><a href="#">Exhibit 31.2</a> |
|          | (2) Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                               | <a href="#">Exhibit 32.1</a><br><a href="#">Exhibit 32.2</a> |
|          | (3) XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL                                                                                 | Exhibit 101.INS                                              |
|          | (4) XBRL Taxonomy Extension Schema Document                                                                                                                                                                                               | Exhibit 101.SCH                                              |
|          | (5) XBRL Taxonomy Extension Calculation Linkbase                                                                                                                                                                                          | Exhibit 101.CAL                                              |
|          | (6) XBRL Taxonomy Extension Definition Linkbase                                                                                                                                                                                           | Exhibit 101.DEF                                              |
|          | (7) XBRL Taxonomy Extension Label Linkbase                                                                                                                                                                                                | Exhibit 101.LAB                                              |
|          | (8) XBRL Taxonomy Extension Presentation Linkbase                                                                                                                                                                                         | Exhibit 101.PRE                                              |
|          | (9) Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)                                                                                                                                              | Exhibit 104                                                  |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, CTBI has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### COMMUNITY TRUST BANCORP, INC.

Date: August 8, 2024

By:

/s/ Mark A. Gooch

Mark A. Gooch

Chairman, President, and Chief Executive Officer

/s/ Kevin J. Stumbo

Kevin J. Stumbo

Executive Vice President, Chief Financial Officer, and Treasurer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, Mark A. Gooch, Chairman, President, and Chief Executive Officer of Community Trust Bancorp, Inc. ("CTBI"), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Community Trust Bancorp, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of CTBI as of, and for, the periods presented in this report;
- (4) CTBI's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for CTBI and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to CTBI, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of CTBI's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in CTBI's internal control over financial reporting that occurred during CTBI's most recent fiscal quarter (CTBI's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, CTBI's internal control over financial reporting; and
- (5) CTBI's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to CTBI's auditors and the audit committee of CTBI's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect CTBI's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in CTBI's internal control over financial reporting.

/s/ Mark A. Gooch

Mark A. Gooch

Chairman, President, and Chief Executive  
Officer

August 8, 2024

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Kevin J. Stumbo, Executive Vice President, Chief Financial Officer, and Treasurer of Community Trust Bancorp, Inc. ("CTBI"), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Community Trust Bancorp, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of CTBI as of, and for, the periods presented in this report;
- (4) CTBI's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for CTBI and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to CTBI, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of CTBI's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in CTBI's internal control over financial reporting that occurred during CTBI's most recent fiscal quarter (CTBI's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, CTBI's internal control over financial reporting; and
- (5) CTBI's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to CTBI's auditors and the audit committee of CTBI's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect CTBI's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in CTBI's internal control over financial reporting.

/s/ Kevin J. Stumbo

Kevin J. Stumbo

Executive Vice President, Chief Financial Officer, and Treasurer

August 8, 2024

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Community Trust Bancorp, Inc. ("CTBI") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Gooch, Chairman, President, and Chief Executive Officer of CTBI, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CTBI.

/s/ Mark A. Gooch

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Mark A. Gooch  
Chairman, President, and Chief Executive Officer  
August 8, 2024

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Community Trust Bancorp, Inc. ("CTBI") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin J. Stumbo, Executive Vice President, Chief Financial Officer, and Treasurer of CTBI, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CTBI.

/s/ Kevin J. Stumbo

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Kevin J. Stumbo

Executive Vice President, Chief Financial Officer, and Treasurer

August 8, 2024

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