NEWS RELEASE

# Community Trust Bancorp, Inc. Reports Earnings for the Third Quarter 2015

10/21/2015

PIKEVILLE, Ky.--(BUSINESS WIRE)-- Community Trust Bancorp, Inc. (NASDAQ:CTBI):

Earnings Summary

| (in thousands except per share data) | 3Q 2015 | 2Q 2015 | 3Q 2014 | 9 Months 2015 | 9 Months 2014 |
|---|---|---|---|---|---|
| Net income | $11,222 | $12,402 | $10,924 | $34,562 | $33,259 |
| Earnings per share | $0.64 | $0.71 | $0.63 | $1.98 | $1.92 |
| Earnings per share – diluted | $0.64 | $0.71 | $0.63 | $1.98 | $1.91 |
| Return on average assets | 1.18% | 1.32% | 1.18% | 1.23% | 1.21% |
| Return on average equity | 9.50% | 10.78% | 9.89% | 9.99% | 10.31% |
| Efficiency ratio | 60.53% | 57.28% | 56.82% | 58.82% | 58.55% |
| Tangible common equity | 10.82% | 10.68% | 10.33% | | |
| Dividends declared per share | $0.310 | $0.300 | $0.300 | $0.910 | $0.881 |
| Book value per share | $26.87 | $26.39 | $25.14 | | |
| Weighted average shares | 17,440 | 17,421 | 17,326 | 17,420 | 17,317 |
| Weighted average shares - diluted | 17,491 | 17,465 | 17,402 | 17,472 | 17,395 |

Community Trust Bancorp, Inc. (NASDAQ:CTBI) reports earnings for the third quarter 2015 of $11.2 million, or $0.64 per basic share, compared to $10.9 million, or $0.63 per basic share, earned during the third quarter 2014 and $12.4 million, or $0.71 per basic share, earned during the second quarter 2015. Earnings for the nine months ended September 30, 2015 were $34.6 million, or $1.98 per basic share compared to $33.3 million, or $1.92 per basic

share, for the nine months ended September 30, 2014.

## 3rd Quarter 2015 Highlights

- Our loan portfolio increased $136.6 million from September 30, 2014 and $27.6 million during the quarter.
- Our investment portfolio decreased $56.9 million from September 30, 2014 and $4.5 million during the quarter.
- Deposits, including repurchase agreements, increased $109.1 million from September 30, 2014 and $76.5 million during the quarter.
- Interest bearing deposits in other banks increased $54.8 million from September 30, 2014 and $26.9 million during the quarter.
- Nonperforming loans at $32.7 million decreased $15.8 million from September 30, 2014 and $0.7 million from June 30, 2015. Nonperforming assets at $67.5 million decreased $13.8 million from September 30, 2014 and $2.5 million from June 30, 2015.
- Net loan charge-offs for the quarter ended September 30, 2015 were $2.2 million, or 0.31% of average loans annualized, compared to $2.8 million, or 0.42%, experienced for the third quarter 2014 and $1.7 million, or 0.25%, for the second quarter 2015.
- CTBI's investments in low income housing and other community related investments provided tax credits to offset current income tax expense for the third quarter 2015 in the amount of $1.2 million compared to $0.3 million in the third quarter 2014 and $0.9 million in the second quarter 2015. Year-to-date credits used to offset current income tax expense totaled $2.4 million compared to $0.8 million for the first nine months of 2014. The amortization of our investment in these partnerships increased as well. Amortization for the third quarter 2015 totaled $1.0 million compared to $0.2 million for the third quarter 2014 and $0.7 million for the second quarter 2015. Year-to-date amortization was $2.0 million compared to $0.6 million for the first nine months of 2014.
- In addition to the amortization expense mentioned above, noninterest expense for the quarter was impacted by an increase of $0.6 million in other real estate owned expense from same quarter last year and an increase of $0.5 million from prior quarter. Personnel expense for the quarter also increased $0.5 million from same quarter last year and $0.4 million from prior quarter. Year-to-date noninterest expense was impacted by a $1.1 million increase in personnel expense due to a $0.6 million increase in group medical and life insurance cost and a $0.5 million increase in the performance based bonus accrual year over year, in addition to the $1.4 million increase in amortization expense. The year-to-date increases were partially offset by a $0.7 million decrease in data processing expense and a $0.4 million decrease in other real estate owned expense.

## Net Interest Income

Net interest income for the quarter decreased $0.02 million, or 0.1%, from prior year third quarter and $0.2 million, or 0.7%, from prior quarter, while our net interest margin decreased 11 basis points and 8 basis points during the respective time periods. Average earning assets increased $97.9 million, or 2.9%, from third quarter 2014 and $10.3 million, or 0.3%, from prior quarter, while our yield on average earning assets decreased 12 basis points and 8 basis points, respectively, during these time periods. The cost of interest bearing funds remained flat to prior year third quarter but increased 1 basis point from prior quarter. Our ratio of average loans to deposits, including repurchase agreements, for the quarter ended September 30, 2015 was 87.5% compared to 84.9% for the quarter ended September 30, 2014 and 87.1% for the quarter ended June 30, 2015. Year-to-date net interest income increased $0.5 million, or 0.5% from prior year.

## Noninterest Income

Noninterest income for the quarter ended September 30, 2015 increased $0.02 million, or 0.2%, from prior year same quarter but decreased $0.2 million, or 1.6%, from prior quarter. The increase year over year was primarily due to an increase in other noninterest income items, including a $0.3 million increase in insurance commissions and brokerage revenue and a $0.2 million gain on the sale of our Hazard Main Street Branch, partially offset by a $0.5 million decrease in loan related fees. Quarter over quarter, we experienced decreases in gains on sales of loans, trust revenue, and loan related fees, partially offset by increases in deposit service charges and other noninterest income. The quarterly decrease in loan related fees resulted primarily from a $0.3 million fluctuation in the fair value adjustments of our mortgage servicing rights from prior year same quarter and a $0.5 million fluctuation from prior quarter.

Year-to-date noninterest income increased $2.0 million, or 5.9% from prior year. Gains on sales of loans increased $0.8 million, deposit service charges increased $0.2 million, trust revenue increased $0.2 million, loan related fees increased $0.2 million, and securities gains (losses) improved $0.3 million. The increase in loan related fees resulted primarily from a $0.2 million fluctuation in the fair value adjustments of our mortgage servicing rights.

## Noninterest Expense

Noninterest expense for the quarter ended September 30, 2015 increased $1.7 million, or 6.5%, from prior year third quarter and $1.2 million, or 4.6%, from prior quarter. The increase in noninterest expense was primarily due to increases in amortization expense related to tax credits, personnel expense, and other real estate owned expense.

Year-to-date noninterest expense increased $1.7 million, or 2.2%, from prior year. The increase primarily resulted

from a $1.4 million increase in amortization expense related to tax credits and a $1.1 million increase in personnel expense due to a $0.6 million increase in group medical and life insurance cost and a $0.5 million increase in the performance based bonus accrual year over year. These increases were partially offset by a $0.7 million decrease in data processing expense and a $0.4 million decrease in other real estate owned expense.

## Balance Sheet Review

CTBI's total assets at $3.8 billion increased $138.1 million, or 3.8%, from September 30, 2014 and $38.1 million, or an annualized 4.0%, during the quarter. Loans outstanding at September 30, 2015 were $2.8 billion, increasing $136.6 million, or 5.1%, from September 30, 2014 and $27.6 million, or an annualized 3.9%, during the quarter. We experienced growth during the quarter of $23.4 million in the indirect loan portfolio, $4.2 million in the consumer direct loan portfolio, and $3.4 million in the residential loan portfolio and a decrease of $3.4 million in the commercial loan portfolio. CTBI's investment portfolio decreased $56.9 million, or 9.0%, from September 30, 2014 and $4.5 million, or an annualized 3.1%, during the quarter. The decline in the investment portfolio was utilized to provide additional liquidity to support loan growth. Deposits, including repurchase agreements, at $3.2 billion increased $109.1 million, or 3.5%, from September 30, 2014 and $76.5 million, or an annualized 9.6%, from prior quarter. Interest bearing deposits in other banks increased $54.8 million from September 30, 2014 and $26.9 million during the quarter.

Shareholders' equity at September 30, 2015 was $470.6 million compared to $438.2 million at September 30, 2014 and $461.6 million at June 30, 2015. CTBI's annualized dividend yield to shareholders as of September 30, 2015 was 3.49%.

## Asset Quality

CTBI's total nonperforming loans were $32.7 million at September 30, 2015, a 32.6% decrease from the $48.6 million at September 30, 2014 and a 2.0% decrease from the $33.4 million at June 30, 2015. Nonaccrual loans decreased $1.8 million for the quarter and loans 90+ days past due increased $1.1 million. Loans 30-89 days past due at $18.8 million was an increase of $2.8 million from June 30, 2015. Our loan portfolio management processes focus on the immediate identification, management, and resolution of problem loans to maximize recovery and minimize loss. Impaired loans, loans not expected to meet contractual principal and interest payments other than insignificant delays, at September 30, 2015 totaled $48.3 million, an $18.6 million decline from the $66.9 million at September 30, 2014 and a $1.9 million decline from the $50.2 million at June 30, 2015.

Our level of foreclosed properties at $34.7 million at September 30, 2015 was an increase from $32.7 million at September 30, 2014 but a decrease from the $36.4 million at June 30, 2015. Sales of foreclosed properties for the quarter ended September 30, 2015 totaled $5.0 million while new foreclosed properties totaled $3.7 million. At

September 30, 2015, the book value of properties under contracts to sell was $4.0 million; however, the closings had not occurred at quarter-end.

Net loan charge-offs for the quarter ended September 30, 2015 were $2.2 million, or 0.31% of average loans annualized, compared to $2.8 million, or 0.42%, experienced for the third quarter 2014 and $1.7 million, or 0.25%, for the second quarter 2015. Of the net charge-offs for the quarter, $0.7 million were in commercial loans, $0.6 million were in indirect auto loans, $0.6 million were in residential real estate mortgage loans, and $0.3 million were in consumer direct loans. Allocations to loan loss reserves were $2.5 million for the quarter ended September 30, 2015 compared to $3.3 million for the quarter ended September 30, 2014 and $2.3 million for the quarter ended June 30, 2015. Our reserve coverage (allowance for loan and lease loss reserve to nonperforming loans) at September 30, 2015 was 108.6% compared to 70.2% at September 30, 2014 and 105.4% at June 30, 2015. Our loan loss reserve as a percentage of total loans outstanding decreased from 1.27% at September 30, 2014 but remained at 1.26%, the June 30, 2015 level.

## 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. CTBI's 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, the performance of coal and coal related industries, prevailing inflation and interest rates, realized gains from sales of investments, gains from asset sales, and losses on commercial lending activities; results of various investment activities; the effects of competitors' pricing policies, of changes in laws and regulations on competition and of 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; the adoption by CTBI of an FFIEC policy that provides guidance on the reporting of delinquent consumer loans and the timing of associated credit charge-offs for financial institution subsidiaries; and the resolution of legal proceedings and related matters. In addition, the banking industry in general is subject to various monetary and fiscal policies and regulations, which include those determined by the Federal Reserve Board, the Federal Deposit Insurance Corporation, and state regulators, whose policies and regulations 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.

Community Trust Bancorp, Inc., with assets of $3.8 billion, is headquartered in Pikeville, Kentucky and has 70 banking locations across eastern, northeastern, central, and south central Kentucky, six banking locations in southern West Virginia, four banking locations in northeastern Tennessee, four trust offices across Kentucky, and one trust office in Tennessee.

Additional information follows.

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Community Trust Bancorp, Inc.
Financial Summary (Unaudited)
September 30, 2015
(in thousands except per share data and # of employees)

| | Three Months Ended September 30, 2015 | Three Months Ended June 30, 2015 | Three Months Ended September 30, 2014 | Nine Months Ended September 30, 2015 | Nine Months Ended September 30, 2014 |
|---|---|---|---|---|---|
| Interest income | $ 35,912 | $ 36,083 | $ 35,957 | $ 107,720 | $ 107,461 |
| Interest expense | 2,947 | 2,901 | 2,969 | 8,668 | 8,890 |
| Net interest income | 32,965 | 33,182 | 32,988 | 99,052 | 98,571 |
| Loan loss provision | 2,520 | 2,319 | 3,300 | 6,740 | 5,380 |
| Gains on sales of loans | 462 | 823 | 303 | 1,575 | 781 |
| Deposit service charges | 6,348 | 6,046 | 6,321 | 17,976 | 17,739 |
| Trust revenue | 2,297 | 2,366 | 2,395 | 6,902 | 6,703 |
| Loan related fees | 641 | 1,242 | 1,128 | 2,747 | 2,573 |
| Securities gains (losses) | 12 | (14) | (34) | 142 | (145) |
| Other noninterest income | 2,275 | 1,765 | 1,893 | 5,657 | 5,392 |
| Total noninterest income | 12,035 | 12,228 | 12,006 | 34,999 | 33,043 |
| Personnel expense | 13,975 | 13,622 | 13,465 | 41,242 | 40,156 |
| Occupancy and equipment | 2,688 | 2,680 | 2,838 | 8,232 | 8,777 |
| Data processing expense | 1,577 | 1,695 | 2,017 | 5,204 | 5,875 |
| FDIC insurance premiums | 606 | 586 | 575 | 1,798 | 1,782 |
| Other noninterest expense | 8,688 | 7,730 | 6,968 | 23,189 | 21,390 |
| Total noninterest expense | 27,534 | 26,313 | 25,863 | 79,665 | 77,980 |
| Net income before taxes | 14,946 | 16,778 | 15,831 | 47,646 | 48,254 |
| Income taxes | 3,724 | 4,376 | 4,907 | 13,084 | 14,995 |
| Net income | $ 11,222 | $ 12,402 | $ 10,924 | $ 34,562 | $ 33,259 |
| Memo: TEQ interest income | $ 36,414 | $ 36,598 | $ 36,444 | $ 109,250 | $ 108,883 |
| Average shares outstanding | 17,440 | 17,421 | 17,326 | 17,420 | 17,317 |
| Diluted average shares outstanding | 17,491 | 17,465 | 17,402 | 17,472 | 17,395 |
| Basic earnings per share | $ 0.64 | $ 0.71 | $ 0.63 | $ 1.98 | $ 1.92 |
| Diluted earnings per share | $ 0.64 | $ 0.71 | $ 0.63 | $ 1.98 | $ 1.91 |
| Dividends per share | $ 0.310 | $ 0.300 | $ 0.300 | $ 0.910 | $ 0.881 |
| **Average balances:** | | | | | |
| Loans | $ 2,803,332 | $ 2,782,350 | $ 2,656,523 | $ 2,773,249 | $ 2,618,995 |
| Earning assets | 3,524,058 | 3,513,774 | 3,426,195 | 3,506,303 | 3,409,905 |
| Total assets | 3,788,917 | 3,781,553 | 3,677,142 | 3,772,031 | 3,665,607 |
| Deposits, including repurchase agreements | 3,203,122 | 3,193,743 | 3,127,372 | 3,184,151 | 3,123,659 |
| Interest bearing liabilities | 2,562,274 | 2,567,687 | 2,544,960 | 2,563,526 | 2,548,602 |
| Shareholders' equity | 468,442 | 461,392 | 438,399 | 462,454 | 431,317 |
| **Performance ratios:** | | | | | |
| Return on average assets | 1.18% | 1.32% | 1.18% | 1.23% | 1.21% |
| Return on average equity | 9.50% | 10.78% | 9.89% | 9.99% | 10.31% |
| Yield on average earning assets (tax equivalent) | 4.10% | 4.18% | 4.22% | 4.17% | 4.27% |
| Cost of interest bearing funds (tax equivalent) | 0.46% | 0.45% | 0.46% | 0.45% | 0.47% |
| Net interest margin (tax equivalent) | 3.77% | 3.85% | 3.88% | 3.84% | 3.92% |
| Efficiency ratio (tax equivalent) | 60.53% | 57.28% | 56.82% | 58.82% | 58.55% |
| Loan charge-offs | $ 2,899 | $ 2,284 | $ 3,470 | $ 7,819 | $ 7,644 |
| Recoveries | (729) | (549) | (643) | (2,172) | (2,346) |

| | | | | | |
|---|---|---|---|---|---|
| Net charge-offs | $ 2,170 | $ 1,735 | $ 2,827 | $ 5,647 | $ 5,298 |
| Market Price: | | | | | |
| High | $ 37.63 | $ 35.49 | $ 36.35 | $ 37.63 | $ 41.13 |
| Low | $ 33.62 | $ 31.54 | $ 33.47 | $ 31.53 | $ 32.33 |
| Close | $ 35.51 | $ 34.87 | $ 33.63 | $ 35.51 | $ 33.63 |

Community Trust Bancorp, Inc.
Financial Summary (Unaudited)
September 30, 2015
(in thousands except per share data and # of employees)

| | As of September 30, 2015 | As of June 30, 2015 | As of September 30, 2014 |
|---|---|---|---|
| Assets: | | | |
| Loans | $ 2,820,460 | $ 2,792,831 | $ 2,683,905 |
| Loan loss reserve | (35,540) | (35,190) | (34,090) |
| Net loans | 2,784,920 | 2,757,641 | 2,649,815 |
| Loans held for sale | 1,983 | 1,993 | 367 |
| Securities AFS | 576,713 | 581,236 | 633,572 |
| Securities HTM | 1,661 | 1,661 | 1,662 |
| Other equity investments | 22,814 | 22,814 | 22,814 |
| Other earning assets | 116,754 | 95,422 | 66,971 |
| Cash and due from banks | 54,041 | 58,118 | 62,510 |
| Premises and equipment | 48,541 | 48,833 | 50,604 |
| Goodwill and core deposit intangible | 65,821 | 65,861 | 66,020 |
| Other assets | 134,900 | 136,478 | 115,751 |
| Total Assets | $ 3,808,148 | $ 3,770,057 | $ 3,670,086 |
| Liabilities and Equity: | | | |
| NOW accounts | $ 32,249 | $ 32,258 | $ 33,208 |
| Savings deposits | 1,004,635 | 955,125 | 930,225 |
| CD's >=$100,000 | 561,856 | 576,785 | 592,684 |
| Other time deposits | 638,832 | 646,945 | 685,964 |
| Total interest bearing deposits | 2,237,572 | 2,211,113 | 2,242,081 |
| Noninterest bearing deposits | 737,657 | 701,958 | 660,100 |
| Total deposits | 2,975,229 | 2,913,071 | 2,902,181 |
| Repurchase agreements | 256,153 | 241,776 | 220,095 |
| Other interest bearing liabilities | 71,640 | 124,673 | 73,654 |
| Noninterest bearing liabilities | 34,541 | 28,914 | 35,918 |
| Total liabilities | 3,337,563 | 3,308,434 | 3,231,848 |
| Shareholders' equity | 470,585 | 461,623 | 438,238 |
| Total Liabilities and Equity | $ 3,808,148 | $ 3,770,057 | $ 3,670,086 |
| Ending shares outstanding | 17,513 | 17,489 | 17,431 |
| Memo: Market value of HTM securities | $ 1,651 | $ 1,641 | $ 1,631 |
| 30 - 89 days past due loans | $ 18,812 | $ 16,001 | $ 20,877 |
| 90 days past due loans | 18,001 | 16,915 | 19,607 |
| Nonaccrual loans | 14,722 | 16,486 | 28,951 |
| Restructured loans (excluding 90 days past due and nonaccrual) | 43,081 | 42,447 | 44,794 |
| Foreclosed properties | 34,654 | 36,405 | 32,747 |
| Other repossessed assets | 136 | 157 | 5 |
| Common equity Tier 1 capital | 14.49% | 14.35% | - |
| Tier 1 leverage ratio | 12.40% | 12.24% | 11.97% |
| Tier 1 risk-based capital ratio | 16.63% | 16.51% | 16.57% |
| Total risk based capital ratio | 17.88% | 17.76% | 17.82% |
| Tangible equity to tangible assets ratio | 10.82% | 10.68% | 10.33% |
| FTE employees | 980 | 995 | 1,013 |

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Community Trust Bancorp, Inc.

Jean R. Hale, 606-437-3294
Chairman, President, and C.E.O.

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