



NEWS RELEASE

Community Trust Bancorp, Inc. Reports Record Earnings for the Year 2016

1/18/2017

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

Earnings Summary

| (in thousands except per share data) | 4Q 2016 | 3Q 2016 | 4Q 2015 | Year 2016 | Year 2015 |
|--------------------------------------|------------|------------|------------|--------------|--------------|
| Net income | \$ 11,866 | \$ 12,312 | \$ 11,870 | \$ 47,346 | \$ 46,432 |
| Earnings per share | \$ 0.67 | \$ 0.70 | \$ 0.68 | \$ 2.70 | \$ 2.66 |
| Earnings per share - diluted | \$ 0.67 | \$ 0.70 | \$ 0.68 | \$ 2.70 | \$ 2.66 |
| Return on average assets | 1.19% | 1.25% | 1.22% | 1.21% | 1.23% |
| Return on average equity | 9.41% | 9.81% | 9.91% | 9.58% | 9.97% |
| Efficiency ratio | 58.15% | 57.45% | 56.35% | 58.54% | 58.20% |
| Tangible common equity | 11.25% | 11.24% | 10.68% | | |
| Dividends declared per share | \$ 0.32 | \$ 0.32 | \$ 0.31 | \$ 1.26 | \$ 1.22 |
| Book value per share | \$ 28.40 | \$ 28.40 | \$ 27.12 | | |
| Weighted average shares | 17,593 | 17,554 | 17,464 | 17,548 | 17,431 |
| Weighted average shares - diluted | 17,617 | 17,569 | 17,516 | 17,566 | 17,483 |

Community Trust Bancorp, Inc. (NASDAQ:CTBI) reports earnings for the fourth quarter 2016 of \$11.9 million, or \$0.67 per basic share, compared to \$12.3 million, or \$0.70 per basic share, earned during the third quarter 2016 and \$11.9 million, or \$0.68 per basic share, earned during the fourth quarter 2015. Earnings for the year ended December 31, 2016 were a record \$47.3 million, or \$2.70 per basic share, compared to \$46.4 million, or \$2.66 per

basic share earned for the year ended December 31, 2015.

4th Quarter 2016 Highlights

- Our loan portfolio increased \$7.1 million during the quarter and \$64.4 million from December 31, 2015.
- Our investment portfolio decreased \$26.1 million during the quarter but increased \$9.7 million from December 31, 2015.
- Deposits, including repurchase agreements, increased \$16.1 million during the quarter and \$100.4 million from December 31, 2015.
- Nonperforming loans at \$27.5 million decreased \$0.8 million from September 30, 2016 and \$1.1 million from December 31, 2015. Nonperforming assets at \$63.4 million decreased \$2.6 million from September 30, 2016 and \$6.0 million from December 31, 2015.
- Net loan charge-offs for the quarter ended December 31, 2016 were \$1.9 million, or 0.26% of average loans annualized, compared to \$2.1 million, or 0.28%, experienced for the third quarter 2016 and \$1.4 million, or 0.19%, for the fourth quarter 2015. Net charge-offs for the year 2016 were \$8.0 million, or 0.28% of average loans, compared to \$7.0 million, or 0.25%, for the year 2015.

Net Interest Income

Net interest income for the quarter of \$33.4 million was an increase of \$0.2 million, or 0.6%, from third quarter 2016 and \$0.2 million, or 0.7%, from prior year fourth quarter. Our net interest margin remained flat to prior quarter at 3.66% but decreased 8 basis points from prior year same quarter, while our average earnings assets increased \$25.9 million and \$111.9 million, respectively, during those same periods. Our cost of funds increased 2 basis points from prior quarter and 6 basis points from prior year same quarter. Our ratio of average loans to deposits, including repurchase agreements, for the quarter ended December 31, 2016 was 87.9% compared to 88.3% for the quarter ended September 30, 2016 and 87.5% for the quarter ended December 31, 2015. Net interest income for the year ended December 31, 2016 of \$133.0 million was an increase of \$0.8 million, or 0.6%, over 2015, although we experienced an 11 basis point decline in our net interest margin. Average earning assets for the year ended December 31, 2016 increased \$128.2 million over prior year.

Noninterest Income

Noninterest income for the quarter ended December 31, 2016 of \$12.5 million was a decrease of \$0.7 million, or 5.1%, from prior quarter but an increase of \$0.7 million, or 6.0%, from prior year same quarter. The decrease from prior quarter was due to decreases in gains on sales of loans, deposit service charges, and securities gains, partially

offset by an increase in loan related fees. Gains on sales of loans and securities gains, however, increased from prior year same quarter. Loan related fees were affected by fluctuations in the fair value adjustments of our mortgage servicing rights with an increase of \$0.3 million from prior quarter and from same quarter last year. Noninterest income for the year ended December 31, 2016 of \$48.4 million was an increase of \$1.6 million, or 3.5%, from 2015. The increase in noninterest income year over year was primarily due to a \$0.7 million increase in deposit services charges, a \$0.3 million increase in trust revenue, a \$0.3 million increase in loan related fees, and a \$0.6 million positive variance in securities gains (losses).

Noninterest Expense

Noninterest expense for the quarter ended December 31, 2016 of \$27.0 million was an increase of \$0.3 million, or 1.2%, from prior quarter and \$1.2 million, or 4.8%, from prior year same quarter. Noninterest expense for the year of \$107.1 million increased \$1.7 million, or 1.6%, from prior year. The increase in noninterest expense was primarily due to an increase in personnel expense, partially offset by decreased FDIC insurance expense. The increase in our personnel expense is a result of changes in our group medical insurance expense caused by differences in our claims paid experience as a self-insured employer.

Balance Sheet Review

CTBI's total assets at \$3.9 billion increased \$1.9 million, or an annualized 0.2%, from September 30, 2016 and \$28.2 million, or 0.7%, from prior year. Loans outstanding at December 31, 2016 were \$2.9 billion, increasing \$7.1 million, or an annualized 1.0%, from September 30, 2016 and \$64.4 million, or 2.2%, from prior year. We experienced a decline during the quarter of \$5.0 million in the commercial loan portfolio, offset by increases of \$1.5 million in the residential loan portfolio, \$9.3 million in the indirect loan portfolio, and \$1.3 million in the consumer direct loan portfolio. CTBI's investment portfolio decreased \$26.1 million, or an annualized 16.4%, from September 30, 2016 but increased \$9.7 million, or 1.6%, from prior year. Deposits in other banks increased \$29.2 million from prior quarter, but decreased \$42.1 million from December 31, 2015. Deposits, including repurchase agreements, at \$3.3 billion increased \$16.1 million, or an annualized 1.9%, from September 30, 2016 and \$100.4 million, or 3.1%, from prior year.

Shareholders' equity at December 31, 2016 was \$500.6 million compared to \$500.1 million at September 30, 2016 and \$475.6 million at December 31, 2015. CTBI's annualized dividend yield to shareholders as of December 31, 2016 was 2.58%.

Asset Quality

CTBI's total nonperforming loans were \$27.5 million at December 31, 2016, a 2.9% decrease from the \$28.3 million

at September 30, 2016 and a 4.0% decrease from the \$28.6 million at December 31, 2015. Loans 90+ days past due decreased \$0.7 million during the quarter and \$1.2 million from December 31, 2015. Nonaccrual loans decreased \$0.2 million during the quarter but increased \$0.1 million from December 31, 2015. Loans 30-89 days past due at \$16.4 million was a decrease of \$3.4 million from September 30, 2016 but an increase of \$2.0 million from December 31, 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 December 31, 2016 totaled \$52.2 million, a decrease of \$2.8 million from the \$55.0 million at September 30, 2016 but an increase of \$2.3 million from the \$49.9 million at December 31, 2015.

Our level of foreclosed properties at \$35.9 million at December 31, 2016 was a \$1.8 million decrease from the \$37.7 million at September 30, 2016 and a \$4.8 million decrease from the \$40.7 million at December 31, 2015. Sales of foreclosed properties for the quarter ended December 31, 2016 totaled \$2.8 million while new foreclosed properties totaled \$1.6 million. At December 31, 2016, the book value of properties under contracts to sell was \$1.9 million; however, the closings had not occurred at quarter-end.

Net loan charge-offs for the quarter ended December 31, 2016 were \$1.9 million, or 0.26% of average loans annualized, compared to \$2.1 million, or 0.28%, experienced for the third quarter 2016 and \$1.4 million, or 0.19%, for the fourth quarter 2015. Of the net charge-offs for the quarter, \$0.7 million were in commercial loans, \$0.9 million were in indirect auto loans, \$0.2 million were in residential real estate mortgage loans, and \$0.1 million were in consumer direct loans. Net charge-offs for the year 2016 were \$8.0 million, or 0.28% of average loans, compared to \$7.0 million, or 0.25% of average loans, for the year 2015. Allocations to loan loss reserves were \$2.0 million for the quarter ended December 31, 2016 compared to \$2.2 million for the quarter ended September 30, 2016 and \$1.9 million for the quarter ended December 31, 2015. Allocations for the year 2016 were \$7.9 million compared to \$8.7 million for the year 2015. Our reserve coverage (allowance for loan and lease loss reserve to nonperforming loans) at December 31, 2016 was 130.8% compared to 126.5% at September 30, 2016 and 126.2% at December 31, 2015. Our loan loss reserve as a percentage of total loans outstanding remained at 1.22% at December 31, 2016 compared to prior quarter, down from the 1.26% at December 31, 2015.

Other Matters

Based on a recent discussion with a regulatory agency representative concerning the status of an ongoing review of two CTB deposit add-on products, CTBI believes it is likely that it will be cited for two violations based on alleged unfair and deceptive practices with respect to such products. CTBI has evaluated the possible violations and their potential financial impact. Based upon this analysis, management established an accrual in 2014 for possible customer reimbursements. We have not received a final written notice citing such violations and have not been

informed as to the amount of, or relevant time period for, related reimbursement. The actual amount of reimbursement may materially vary from the amount management has evaluated as most likely at December 31, 2016.

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; 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 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 \$3.9 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.

December 31, 2016
(in thousands except per share data and # of employees)

| | Three Months Ended December 31, 2016 | Three Months Ended September 30, 2016 | Three Months Ended December 31, 2015 | Twelve Months Ended December 31, 2016 | Twelve Months Ended December 31, 2015 |
|--|--|---|---|--|--|
| Interest income | \$ 36,996 | \$ 36,679 | \$ 36,300 | \$ 146,576 | \$ 144,020 |
| Interest expense | 3,585 | 3,452 | 3,105 | 13,555 | 11,773 |
| Net interest income | 33,411 | 33,227 | 33,195 | 133,021 | 132,247 |
| Loan loss provision | 2,043 | 2,191 | 1,910 | 7,872 | 8,650 |
| Gains on sales of loans | 474 | 595 | 403 | 1,831 | 1,978 |
| Deposit service charges | 6,286 | 6,563 | 6,306 | 24,966 | 24,282 |
| Trust revenue | 2,474 | 2,440 | 2,384 | 9,585 | 9,286 |
| Loan related fees | 1,497 | 1,260 | 1,074 | 4,107 | 3,821 |
| Securities gains (losses) | 0 | 458 | (248) | 522 | (106) |
| Other noninterest income | 1,784 | 1,870 | 1,891 | 7,430 | 7,548 |
| Total noninterest income | 12,515 | 13,186 | 11,810 | 48,441 | 46,809 |
| Personnel expense | 14,404 | 14,216 | 13,321 | 57,075 | 54,563 |
| Occupancy and equipment | 2,737 | 2,745 | 2,643 | 10,949 | 10,875 |
| Data processing expense | 1,768 | 1,601 | 1,539 | 6,497 | 6,743 |
| FDIC insurance premiums | 161 | 469 | 584 | 1,789 | 2,382 |
| Other noninterest expense | 7,935 | 7,656 | 7,691 | 30,816 | 30,880 |
| Total noninterest expense | 27,005 | 26,687 | 25,778 | 107,126 | 105,443 |
| Net income before taxes | 16,878 | 17,535 | 17,317 | 66,464 | 64,963 |
| Income taxes | 5,012 | 5,223 | 5,447 | 19,118 | 18,531 |
| Net income | \$ 11,866 | \$ 12,312 | \$ 11,870 | \$ 47,346 | \$ 46,432 |
| Memo: TEQ interest income | \$ 37,515 | \$ 37,178 | \$ 36,797 | \$ 148,631 | \$ 146,047 |
| Average shares outstanding | 17,593 | 17,554 | 17,464 | 17,548 | 17,431 |
| Diluted average shares outstanding | 17,617 | 17,569 | 17,516 | 17,566 | 17,483 |
| Basic earnings per share | \$ 0.67 | \$ 0.70 | \$ 0.68 | \$ 2.70 | \$ 2.66 |
| Diluted earnings per share | \$ 0.67 | \$ 0.70 | \$ 0.68 | \$ 2.70 | \$ 2.66 |
| Dividends per share | \$ 0.320 | \$ 0.320 | \$ 0.310 | \$ 1.260 | \$ 1.220 |
| Average balances: | | | | | |
| Loans | \$ 2,939,605 | \$ 2,931,791 | \$ 2,847,128 | \$ 2,916,031 | \$ 2,791,871 |
| Earning assets | 3,690,451 | 3,664,598 | 3,578,521 | 3,652,714 | 3,524,506 |
| Total assets | 3,959,515 | 3,932,705 | 3,844,441 | 3,920,257 | 3,790,282 |
| Deposits, including repurchase agreements | 3,343,232 | 3,319,608 | 3,253,160 | 3,306,550 | 3,201,545 |
| Interest bearing liabilities | 2,643,451 | 2,634,254 | 2,586,609 | 2,629,484 | 2,569,344 |
| Shareholders' equity | 501,891 | 499,180 | 475,261 | 494,398 | 465,682 |
| Performance ratios: | | | | | |
| Return on average assets | 1.19% | 1.25% | 1.22% | 1.21% | 1.23% |
| Return on average equity | 9.41% | 9.81% | 9.91% | 9.58% | 9.97% |
| Yield on average earning assets (tax equivalent) | 4.04% | 4.04% | 4.08% | 4.07% | 4.14% |
| Cost of interest bearing funds (tax equivalent) | 0.54% | 0.52% | 0.48% | 0.52% | 0.46% |
| Net interest margin (tax equivalent) | 3.66% | 3.66% | 3.74% | 3.70% | 3.81% |
| Efficiency ratio (tax equivalent) | 58.15% | 57.45% | 56.35% | 58.54% | 58.20% |
| Loan charge-offs | \$ 2,939 | \$ 2,962 | \$ 2,051 | \$ 11,668 | \$ 9,870 |
| Recoveries | (1,028) | (875) | (695) | (3,635) | (2,867) |
| Net charge-offs | \$ 1,911 | \$ 2,087 | \$ 1,356 | \$ 8,033 | \$ 7,003 |
| Market Price: | | | | | |
| High | \$ 51.35 | \$ 37.49 | \$ 37.15 | \$ 51.35 | \$ 37.63 |
| Low | \$ 35.85 | \$ 33.71 | \$ 33.68 | \$ 30.89 | \$ 31.53 |
| Close | \$ 49.60 | \$ 37.11 | \$ 34.96 | \$ 49.60 | \$ 34.96 |

Community Trust Bancorp, Inc.
Financial Summary (Unaudited)
December 31, 2016
(in thousands except per share data and # of employees)

| | As of December 31, 2016 | As of September 30, 2016 | As of December 31, 2015 |
|--|----------------------------|-----------------------------|----------------------------|
|--|----------------------------|-----------------------------|----------------------------|

| | | | |
|--|---------------------|---------------------|---------------------|
| Assets: | | | |
| Loans | \$ 2,938,371 | \$ 2,931,299 | \$ 2,873,961 |
| Loan loss reserve | (35,933) | (35,801) | (36,094) |
| Net loans | 2,902,438 | 2,895,498 | 2,837,867 |
| Loans held for sale | 1,244 | 2,075 | 1,172 |
| Securities AFS | 605,394 | 631,201 | 594,936 |
| Securities HTM | 866 | 1,181 | 1,661 |
| Other equity investments | 22,814 | 22,814 | 22,814 |
| Other earning assets | 98,937 | 74,419 | 141,313 |
| Cash and due from banks | 48,603 | 49,584 | 51,974 |
| Premises and equipment | 47,940 | 47,840 | 48,188 |
| Goodwill and core deposit intangible | 65,623 | 65,662 | 65,781 |
| Other assets | 138,310 | 139,952 | 138,228 |
| Total Assets | \$ 3,932,169 | \$ 3,930,226 | \$ 3,903,934 |
| Liabilities and Equity: | | | |
| NOW accounts | \$ 45,872 | \$ 45,834 | \$ 44,567 |
| Savings deposits | 1,054,475 | 1,023,590 | 997,042 |
| CD's >=\$100,000 | 598,832 | 597,417 | 559,497 |
| Other time deposits | 614,211 | 623,957 | 629,701 |
| Total interest bearing deposits | 2,313,390 | 2,290,798 | 2,230,807 |
| Noninterest bearing deposits | 767,918 | 763,187 | 749,975 |
| Total deposits | 3,081,308 | 3,053,985 | 2,980,782 |
| Repurchase agreements | 251,065 | 262,295 | 251,225 |
| Other interest bearing liabilities | 67,101 | 69,110 | 165,993 |
| Noninterest bearing liabilities | 32,080 | 44,726 | 30,351 |
| Total liabilities | 3,431,554 | 3,430,116 | 3,428,351 |
| Shareholders' equity | 500,615 | 500,110 | 475,583 |
| Total Liabilities and Equity | \$ 3,932,169 | \$ 3,930,226 | \$ 3,903,934 |
| Ending shares outstanding | 17,629 | 17,608 | 17,537 |
| Memo: Market value of HTM securities | \$ 867 | \$ 1,182 | \$ 1,651 |
| 30 - 89 days past due loans | \$ 16,408 | \$ 19,765 | \$ 14,401 |
| 90 days past due loans | 10,847 | 11,498 | 12,046 |
| Nonaccrual loans | 16,623 | 16,798 | 16,563 |
| Restructured loans (excluding 90 days past due and nonaccrual) | 54,633 | 54,026 | 49,283 |
| Foreclosed properties | 35,856 | 37,665 | 40,674 |
| Other repossessed assets | 103 | 103 | 183 |
| Common equity Tier 1 capital | 15.18% | 14.97% | 14.58% |
| Tier 1 leverage ratio | 12.75% | 12.69% | 12.40% |
| Tier 1 risk-based capital ratio | 17.25% | 17.05% | 16.70% |
| Total risk based capital ratio | 18.50% | 18.30% | 17.95% |
| Tangible equity to tangible assets ratio | 11.25% | 11.24% | 10.68% |
| FTE employees | 996 | 991 | 984 |

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