

COMMUNITY TRUST BANCORP INC /KY/
Form 10-Q
November 08, 2016

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 September 30, 2016

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 0-11129

COMMUNITY TRUST BANCORP, INC.
(Exact name of registrant as specified in its charter)

Kentucky 61-0979818
(State or other jurisdiction of incorporation or organization) IRS Employer Identification No.

346 North Mayo Trail 41501
Pikeville, Kentucky (Zip code)
(Address of principal executive offices)

(606) 432-1414
(Registrant's telephone number)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.)

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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 – 17,619,010 shares outstanding at October 31, 2016

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," 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, 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, 2015 for further information in this regard.

Community Trust Bancorp, Inc.
Condensed Consolidated Balance Sheets

	(unaudited)	
	September 30 2016	December 31 2015
(dollars in thousands)		
Assets:		
Cash and due from banks	\$49,584	\$51,974
Interest bearing deposits	66,425	134,846
Federal funds sold	5,169	791
Cash and cash equivalents	121,178	187,611
Certificates of deposit in other banks	980	3,832
Securities available-for-sale at fair value (amortized cost of \$624,418 and \$593,381, respectively)	631,201	594,936
Securities held-to-maturity at amortized cost (fair value of \$1,182 and \$1,651, respectively)	1,181	1,661
Loans held for sale	2,075	1,172
Loans	2,931,299	2,873,961
Allowance for loan and lease losses	(35,801)	(36,094)
Net loans	2,895,498	2,837,867
Premises and equipment, net	47,840	48,188
Federal Home Loan Bank stock	17,927	17,927
Federal Reserve Bank stock	4,887	4,887
Goodwill	65,490	65,490
Core deposit intangible (net of accumulated amortization of \$8,443 and \$8,324, respectively)	172	291
Bank owned life insurance	63,486	62,335
Mortgage servicing rights	2,964	3,236
Other real estate owned	37,665	40,674
Other assets	37,682	33,827
Total assets	\$3,930,226	\$3,903,934
Liabilities and shareholders' equity:		
Deposits:		
Noninterest bearing	\$763,187	\$749,975
Interest bearing	2,290,798	2,230,807
Total deposits	3,053,985	2,980,782
Repurchase agreements	262,295	251,225
Federal funds purchased and other short-term borrowings	6,798	3,596
Advances from Federal Home Loan Bank	971	101,056
Long-term debt	61,341	61,341
Deferred taxes	11,269	8,920
Other liabilities	33,457	21,431
Total liabilities	3,430,116	3,428,351

Shareholders' equity:		
Preferred stock, 300,000 shares authorized and unissued	-	-
Common stock, \$5 par value, shares authorized 25,000,000; shares outstanding 2016 – 17,607,903; 2015 – 17,536,914	88,039	87,685
Capital surplus	218,819	217,032
Retained earnings	188,843	169,855
Accumulated other comprehensive income, net of tax	4,409	1,011
Total shareholders' equity	500,110	475,583
Total liabilities and shareholders' equity	\$3,930,226	\$3,903,934

See notes to condensed consolidated financial statements.

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

(in thousands except per share data)	Three Months		Nine Months Ended	
	Ended September 30 2016	2015	September 30 2016	2015
Interest income:				
Interest and fees on loans, including loans held for sale	\$33,593	\$32,847	\$100,172	\$97,691
Interest and dividends on securities				
Taxable	2,030	2,044	6,188	7,007
Tax exempt	653	679	2,003	2,032
Interest and dividends on Federal Reserve Bank and Federal Home Loan Bank stock	251	252	757	756
Other, including interest on federal funds sold	152	90	460	234
Total interest income	36,679	35,912	109,580	107,720
Interest expense:				
Interest on deposits	2,799	2,412	8,047	7,077
Interest on repurchase agreements and other short-term borrowings	288	231	836	689
Interest on advances from Federal Home Loan Bank	3	9	51	33
Interest on long-term debt	362	295	1,036	869