

COMMUNITY TRUST BANCORP INC /KY/  
Form 11-K  
June 23, 2017

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 2016

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-11129

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

COMMUNITY TRUST BANCORP, INC.  
SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

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  
Pikeville, Kentucky  
(address of principal executive offices)

41501  
(Zip Code)

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

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Community Trust Bancorp, Inc.  
Savings Plan

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Consent of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

Plan Administrator and Audit Committee  
Community Trust Bancorp, Inc. Savings Plan  
Pikeville, Kentucky

We have audited the accompanying statements of net assets available for benefits of the Community Trust Bancorp, Inc. Savings Plan (Plan) as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets at December 31, 2016, and schedule of reportable transactions for the year ended December 31, 2016, have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BKD, LLP

Louisville, Kentucky  
June 23, 2017

Federal Employer Identification Number: 44-0160260

Community Trust Bancorp, Inc.  
Savings Plan

Statements of Net Assets Available for Benefits

December 31, 2016 and 2015

	2016	2015
Assets		
Cash	\$206,554	\$1,200
Investments at fair value:		
Community Trust Bancorp, Inc. common stock	23,838,413	18,006,568
Mutual funds	36,691,474	32,233,175
Money market funds	4,992,563	3,616,358
Total investments	65,522,450	53,856,101
Receivables:		
Trade settlements receivable	110,120	0
Accrued interest and dividends	168,928	171,544
Total receivables	279,048	171,544
Total assets	66,008,052	54,028,845
Liabilities		
Trade settlements payable	3,758	1,200
Excess contributions payable	27,675	47,304
Total liabilities	31,433	48,504
Net assets available for benefits	\$65,976,619	\$53,980,341

See notes to financial statements.

Community Trust Bancorp, Inc.  
Savings Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2016 and 2015

Additions:	2016	2015
Contributions:		
Participants	\$2,364,066	\$2,371,353
Employer	1,002,021	999,414
Rollovers	515,132	7,060
Total contributions	3,881,219	3,377,827
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	9,821,629	(1,708,660 )
Interest and dividends	1,331,803	1,240,248
Total investment income (loss)	11,153,432	(468,412 )
Deductions:		
Benefits paid to participants	(3,038,373 )	(4,693,668 )
Increase (decrease) in net assets available for benefits	11,996,278	(1,784,253 )
Net assets available for benefits:		
Beginning of year	53,980,341	55,764,594
End of year	\$65,976,619	\$53,980,341

See notes to financial statements.

Community Trust Bancorp, Inc.  
Savings Plan

Notes to Financial Statements

As of December 31, 2016 and 2015  
and For the Years Ended December 31, 2016 and 2015

1. Description of Plan

The following description of the Community Trust Bancorp, Inc. Savings Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan Document and Summary 401(k) Plan Description for more complete information, which are available from the Plan Administrator.

General

The Plan is a defined contribution plan covering substantially all employees of Community Trust Bancorp, Inc. (“CTBI”) and all participating subsidiaries, which include Community Trust Bank, Inc. and Community Trust and Investment Company (“CTIC”). All amounts contributed to the Plan are held by the trustee, CTIC. The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility

An employee becomes eligible to participate in the Plan on the entry date following the attainment of age twenty-one and completion of twelve consecutive months of employment in which the employee has at least 1,000 hours of service.

Contributions

A participant may elect to make voluntary contributions, through payroll deductions, to the Plan as deferred compensation contributions. For 2016 and 2015, the maximum amount of voluntary contributions was \$18,000. Participants age 50 and over may also make a catch-up contribution of \$6,000 to the Plan for 2016 and 2015. During 2016 and 2015, CTBI made matching contributions per payroll period equal to 50% of the first 8% of each participant’s deferred compensation contributions, not to exceed 4% of such participant’s compensation.

Participant Accounts

Each participant’s account is credited with employer discretionary contributions, employee deferred compensation contributions, and the related employer matching contribution. Earnings or losses on the investments are allocated in proportion to the participant’s interest therein.

Each participant is entitled to exercise voting rights attributable to the shares of CTBI common stock allocated to the participant’s account. The Retirement and Employee Benefits Committee is not permitted to vote any share for a participant. The trustee votes shares for which a participant has given no instructions.

Participant Investment Account Options

The Plan provides for the establishment of a variety of investment funds and a CTBI common stock fund. These investment funds are participant directed. Participants may transfer account balances between funds, subject to certain limitations. CTBI has the sole discretion to determine or change the number and nature of investment funds.

## Vesting

Participants are immediately vested in their voluntary contributions plus earnings thereon. Vesting in CTBI's contribution portion of their accounts is 100% in cases of normal retirement at age sixty-five, death or total disability. If a participant's employment ceases for any other reason, the full value of his account is payable to him if he has completed at least 1,000 hours or more of vesting service for three plan years. Forfeited employer contributions are allocated to the accounts of participants who received an allocation of matching contributions in such plan year and who are employed on the last day of that plan year and is based on compensation.

## Payment of Benefits

Distribution of funds as a result of retirement or termination from employment may be made either in a lump sum payment (including CTBI common stock if elected) or payments in cash or CTBI common stock made in equal annual installments over a period of 5 years.

## Forfeited Accounts and Excess Contributions

At December 31, 2016 and 2015, forfeited non-vested accounts totaled \$7,590 and \$10,639, respectively. These accounts will be reallocated to participants in the same manner as employer contributions. Contributions made to the Plan are returned to participants when the Plan fails certain non-discrimination testing. Excess contributions payable, adjusted for earnings, were \$27,675 and \$47,304 as of December 31, 2016 and 2015, respectively. The Plan distributed the 2016 excess contributions before March 15, 2017.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Valuation of Investments and Income Recognition

Investments are reported at fair value. Common stocks and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded. Dividend income is recorded on the ex-dividend date. Purchases and sales of securities are recognized on the trade date basis. Net appreciation/depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### Market Risks and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The Plan invests in various mutual funds and CTBI common stock. Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.



#### Administrative Expenses

Administrative expenses of the Plan are paid by the Plan's Sponsor as provided in the Plan document.

#### Payment of Benefits

Distributions to participants are recorded by the Plan when payments are made.

#### 3. Federal Income Tax Status

The Internal Revenue Service ruled on July 17, 2002 that the Plan qualifies under Section 401(a) of the Internal Revenue Code ("IRC") and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its tax-exempt qualification. The Plan has been amended since receiving the initial Internal Revenue Service ruling. The most recent document was submitted and the IRS issued a favorable determination letter dated May 7, 2015. Accordingly, no provision for income taxes has been included in the Plan's financial statements.

#### 4. Plan Termination

Although it has not expressed any intent to do so, CTBI has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, participants will become fully vested in their accounts.

#### 5. Exempt Party-In-Interest Transactions

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, any employer whose employees are covered by the Plan, and certain others. All amounts contributed to the Plan are held by the trustee, CTIC. Professional fees for the administration and audit of the Plan, investment of assets, and trustee services are paid by CTBI.

The Plan held the following party-in-interest investments (at fair value) at December 31:

	2016	2015
CTBI common stock	\$23,838,413	\$18,006,568

#### 6. Plan Amendment

On January 27, 2014, a plan document effective January 1, 2013 was adopted to incorporate all previously adopted amendments into a single plan document for submission to the IRS for a plan determination letter. On May 7, 2015, the IRS issued a determination letter for the Plan. Therefore, Amendment Number One, effective January 1, 2013, was adopted on July 8, 2015 clarifying the definition of compensation; clarifying that Participants, former Participants or Beneficiaries have the right to direct the manner in which their funds are invested and that the Plan at all times shall maintain at least three investment choices, each diversified with materially different risk and return characteristics; and last, outlining that the Beneficiary of any Participant who dies while performing Qualified Military Service shall be entitled to receive the payment of a benefit equal to the benefit which the Participant would have been entitled had that Participant resumed employment and then thereafter terminated employment due to death.

#### 7. Terminated Participants

Included in net assets available for benefits are amounts allocated to individuals who have withdrawn from the Plan. Amounts distributed to these participants after December 31, 2016 and 2015 were \$49,510 and \$102,198,

respectively.

## 8. Fair Value of Plan Assets

ASC Topic 820, Fair Value Measurements, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, ASC Topic 820 specifies a fair value hierarchy that prioritizes the information used to develop those assumptions. There have been no significant changes in the valuation techniques during the year ended December 31, 2016. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis. The fair value hierarchy is as follows:

**Level 1 Inputs** – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

**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, quoted prices in inactive 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 pricing the assets or liabilities.

Following are descriptions of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy.

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include Community Trust Bancorp, Inc. common stock, mutual funds, and money market funds. Shares of mutual funds are valued at quoted market prices. The fair values of Community Trust Bancorp, Inc. common stock are derived from the closing price reported on the NASDAQ Stock Exchange.

The following tables present the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the ASC Topic 820, fair value hierarchy in which the fair value measurements fall at December 31, 2016 and December 31, 2015:

	Fair Value	Fair Value Measurements as of December 31, 2016 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
CTBI common stock	\$23,838,413	\$23,838,413	\$ 0	\$ 0
Mutual funds	36,691,474	36,691,474	0	0

Money market funds	4,992,563	4,992,563	0	0
	\$65,522,450	\$65,522,450	\$ 0	\$ 0

Fair Value Measurements as of December 31, 2015 Using

Quoted  
Prices in  
Active  
Markets for  
Identical  
Assets  
Fair Value  
(Level 1)

Significant  
Other  
Observable  
Inputs  
(Level 2)

Significant  
Unobservable  
Inputs  
(Level 3)

CTBI common stock	\$18,006,568	\$18,006,568	\$ 0	\$ 0
Mutual funds	32,233,175	32,233,175	0	0
Money market funds	3,616,358	3,616,358	0	0
	\$53,856,101	\$53,856,101	\$ 0	\$ 0

9. Subsequent Events

CTBI Stock Holdings

The Plan holds a significant amount of CTBI stock, of which the as adjusted per share value has decreased approximately 14% as of June 22, 2017 from December 31, 2016.

## SUPPLEMENTAL SCHEDULE

Community Trust Bancorp, Inc.  
Savings Plan

Form 5500, Schedule H, Part IV, Line 4i  
EIN 61-0979818, Plan #006  
Schedule of Assets (Held at Year-End)  
December 31, 2016

Identity of Issuer (a)(b)	Description of Investment (c)	Cost (d)	Current Value (e)
Mutual Funds			
Diamond Hill Small Cap Fund	Equity Mutual Fund, 44,466 units	**	\$1,550,535
Federated Intl Leaders-Inst	Equity Mutual Fund, 90,129 units	**	2,645,272
Harbor International Fund #11	Equity Mutual Fund, 3 units	**	173
Vanguard Small Cap Growth Index Fund	Equity Bond Fund, 31,128 units	**	1,456,470
Vanguard Growth Index Fund	Equity Bond Fund, 24,851 units	**	1,424,223
Vanguard Selected Value Fund	Equity Bond Fund, 118,018 units	**	3,396,549
Vanguard TG Retirement 2015	Equity Bond Fund, 27,680 units	**	401,633
Vanguard TG Retirement 2020	Equity Bond Fund 13,423 units	**	379,330
Vanguard TG Retirement 2025	Equity Bond Fund 24,287 units	**	397,089
Vanguard TG Retirement 2030	Equity Bond Fund 21,186 units	**	618,631
Vanguard TG Retirement 2035	Equity Bond Fund 2,787 units	**	49,434
Vanguard TG Retirement 2040	Equity Bond Fund 1,073 units	**	32,411
Vanguard TG Retirement 2045	Equity Bond Fund 4,465 units	**	84,335
Vanguard TG Retirement 2050	Equity Bond Fund 1,779 units	**	54,061
Vanguard TG Retirement 2055	Equity Bond Fund 1,707 units	**	56,188
Vanguard Index TGT Retire Income	Equity Bond Fund 1,963 units	**	25,143
Vanguard Windsor II Fund –Adm	Equity Bond Fund, 62,150 units	**	3,875,028
Vanguard 500 Index Fund	Equity Bond Fund, 61,022 units	**	12,605,243

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William Blair SM-Mid Cap	Equity Bond Fund, 101,445 units	**	2,030,930
		**	31,082,678
Fixed Mutual Funds			
Vanguard Short Term Bond Index	Fixed Bond Fund, 137,868 units	**	1,437,964
Vanguard Intm Term Corp-Adm	Fixed Bond Fund, 432,659 units	**	4,170,832
			5,608,796
Money Market Funds			
Goldman Sachs FS Gov't MM FD #465	Money Market Fund, 4,990,563 shares	**	4,990,563
SEI Daily Income Gov't Fund #36	Money Market Fund, 2,000 shares	**	2,000
			4,992,563
Common Stock			
Community Trust Bancorp, Inc. *	Common Stock, 480,578 shares	**	23,838,413
Total Investments			\$65,522,450

\* Indicates a party-in-interest to the Plan.

\*\* Cost information is not required for participant-directed investments and, therefore, is not included.

Community Trust Bancorp, Inc.  
Savings Plan

Form 5500, Schedule H, Part IV, Line 4j  
EIN 61-0979818, Plan #007  
Schedule of Reportable Transactions

For the Year Ended December 31, 2016

Identity of Party Involved and Description of Asset	Purchase Price	Selling Price	Number of Transactions	Cost of Asset	Realized Gain
<u>Series of transactions in excess of 5%</u>					
Community Trust Bancorp, Inc. common stock		\$2,285,659	24	\$2,043,176	\$242,483
Community Trust Bancorp, Inc. common stock	\$ 965,011		21	\$965,011	

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: June 23, 2017 By: /s/ Jean R. Hale

Jean R. Hale

Chairman, President, and Chief Executive Officer

/s/ Kevin J. Stumbo

Kevin J. Stumbo

Executive Vice President, Chief Financial Officer, and Treasurer

/s/ Howard W. Blackburn, Jr.

Howard W. Blackburn, Jr.

Senior Vice President/Director of Human Resources