

COMMUNITY TRUST BANCORP INC /KY/  
Form 11-K  
June 24, 2016

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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, 2015

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.  
EMPLOYEE STOCK OWNERSHIP 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.  
Employee Stock Ownership Plan

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Consent of Independent Registered Public Accounting Firm - Exhibit 23.1

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Report of Independent Registered Public Accounting Firm

Plan Administrator and Audit Committee  
Community Trust Bancorp, Inc. Employee Stock  
Ownership Plan  
Pikeville, Kentucky

We have audited the accompanying statements of net assets available for benefits of the Community Trust Bancorp, Inc. Employee Stock Ownership Plan (Plan) as of December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015, and Schedule of Reportable Transactions for the year ended December 31, 2015, has 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 (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). 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 DOL's Rules and Regulations for Reporting and Disclosure under ERISA. 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 24, 2016  
Federal Employer Identification Number: 44-0160260

Community Trust Bancorp, Inc.  
Employee Stock Ownership Plan

Statements of Net Assets Available for Benefits

December 31, 2015 and 2014

|  |              |              |
|--|--------------|--------------|
| Assets                                     | 2015         | 2014         |
| Cash                                       | \$0          | \$1,056      |
| Investments at fair value:                 |              |              |
| Community Trust Bancorp, Inc. common stock | 26,766,425   | 27,556,713   |
| Mutual funds                               | 819,539      | 763,654      |
| Money market funds                         | 86,605       | 136,478      |
| Total investments                          | 27,672,569   | 28,456,845   |
| Receivables:                               |              |              |
| Accrued interest and dividends             | 236,631      | 225,500      |
| Total receivables                          | 236,631      | 225,500      |
| Total assets                               | 27,909,200   | 28,683,401   |
| Liabilities                                |              |              |
| Trade settlements payable                  | 0            | 1,056        |
| Net assets available for benefits          | \$27,909,200 | \$28,682,345 |

See notes to financial statements.

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Community Trust Bancorp, Inc.  
Employee Stock Ownership Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2015 and 2014

|   |              |              |
|---|--------------|--------------|
| Additions:                                    | 2015         | 2014         |
| Contributions                                 | \$1,530,254  | \$1,533,014  |
| Investment income:                            |              |              |
| Net depreciation in fair value of investments | (1,248,305 ) | (3,287,119 ) |
| Interest and dividends                        | 948,678      | 894,021      |
| Total investment loss                         | (299,627 )   | (2,393,098 ) |
| Deductions:                                   |              |              |
| Benefits paid to participants                 | (2,003,772 ) | (1,971,620 ) |
| Decrease in net assets available for benefits | (773,145 )   | (2,831,704 ) |
| Net assets available for benefits:            |              |              |
| Beginning of year                             | 28,682,345   | 31,514,049   |
| End of year                                   | \$27,909,200 | \$28,682,345 |

See notes to financial statements.

Community Trust Bancorp, Inc.  
Employee Stock Ownership Plan

Notes to Financial Statements

As of December 31, 2015 and 2014 and  
For the Years Ended December 31, 2015 and 2014

1. Description of Plan

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

General

The Plan is an employee stock ownership 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

Each year, CTBI shall make a contribution to the Plan in an amount not less than 3% of the compensation, as defined, of each participant. The contributions are non-participant directed and invested directly in CTBI stock. During 2015 and 2014, the contribution percentage was 4%.

Participant Accounts

Each participant’s account is credited with employer contributions. 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 various investment funds including CTBI common stock, mutual funds and money market funds. Employer contributions are automatically invested in CTBI common stock. Once a participant attains the age of 55 and has completed ten years of participation in the Plan, the participant may allocate a portion of their Plan balance to other investments within 90 days after the close of each Plan year. These elections may be made for six consecutive years.

## Vesting

Vesting of an employee's interest 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 or her account is payable to him or her 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 based upon 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 and/or CTBI common stock made in equal annual installments over a period equal to five years. Notwithstanding the foregoing, if the vested interest in the ESOP Stock Fund of the Plan exceeds \$1,070,000 (as adjusted per Code Section 409(o)), the distribution period may be extended by one year for each \$210,000 (as adjusted per Code) or portion thereof that the ESOP Stock Fund exceeds \$1,070,000, up to a maximum of five additional years.

## Forfeited Accounts

At December 31, 2015 and 2014, forfeited non-vested accounts totaled \$20,550 and \$24,940, respectively. These amounts will be used to reinstate any previously forfeited balances required, if any, with the remainder reallocated to participants in the same manner as employer contributions.

## 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 plan 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. Change in Accounting Principle

In 2015, the Plan changed its accounting policy on Plan accounting disclosures by adopting the provisions of ASU 2015-12, Plan Accounting (Topics 960, 962 and 965): Part II: Plan Investment Disclosures. The accounting policy change provided for in ASU 2015-12 changes the Plan's disclosure requirements to eliminate and modify certain investment-related disclosures. This change was applied retrospectively to all periods presented.

#### 4. Net Assets by Participant and Non-Participant Directed Investments

All CTBI stock is non-participant directed, while the mutual and money market funds are participant directed. Information about the net assets and the significant components of the changes in net assets relating to the participant and non-participant directed investments is as follows:

|   | 2015                             |  |                |
|---|----------------------------------|--|----------------|
|   | Participant<br>Directed<br>Funds | Non-Participant<br>Directed<br>Employer Fund | Total          |
| Additions:  |                                  |  |                |
| Investment income:  |                                  |  |                |
| Net depreciation in fair value of investments                               | \$ (27,415 )                     | \$ (1,220,890 )                              | \$ (1,248,305) |
| Interest and Dividends  | 15,208                           | 933,470                                      | 948,678        |
| Net investment loss   | (12,207 )                        | (287,420 )                                   | (299,627 )     |
| Contributions   | -                                | 1,530,254                                    | 1,530,254      |
| Transfers from non-participant directed funds to participant directed funds | 124,018                          | -  | 124,018        |
| Total additions   | 111,811                          | 1,242,834                                    | 1,354,645      |
| Deductions:   |                                  |  |                |
| Benefits paid to participants   | (105,799)                        | (1,897,973 )                                 | (2,003,772)    |
| Transfers from non-participant directed funds to participant directed funds | -                                | (124,018 )                                   | (124,018 )     |
| Total deductions  | (105,799)                        | (2,021,991 )                                 | (2,127,790)    |
| Net increase (decrease)   | 6,012                            | (779,157 )                                   | (773,145 )     |