

COMMUNITY TRUST BANCORP INC /KY/  
Form 10-Q  
May 07, 2010

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 March 31, 2010

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

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 “accelerated filer, large 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 – 15,227,946 shares outstanding at April 30, 2010

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

The accompanying information has not been audited by 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, 2009 for further information in this regard.

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Community Trust Bancorp, Inc.  
Condensed Consolidated Balance Sheets

	(unaudited) March 31 2010	December 31 2009
(dollars in thousands)		
Assets:		
Cash and due from banks	\$69,534	\$62,720
Interest bearing deposits	27,616	31,814
Federal funds sold	95,450	47,595
Cash and cash equivalents	192,600	142,129
Certificates of deposits in other banks	5,277	100
Securities available-for-sale at fair value (amortized cost of \$304,069 and \$263,756, respectively)	311,038	270,237
Securities held-to-maturity at amortized cost (fair value of \$10,300 and \$14,435, respectively)	10,291	14,336
Loans held for sale	330	1,818
Loans	2,428,934	2,435,760
Allowance for loan losses	(34,874 )	(32,643 )
Net loans	2,394,060	2,403,117
Premises and equipment, net	49,159	49,242
Federal Reserve Bank and Federal Home Loan Bank stock	29,052	29,048
Goodwill	65,059	65,059
Core deposit intangible (net of accumulated amortization of \$7,015 and \$6,857, respectively)	489	648
Bank owned life insurance	38,464	38,117
Mortgage servicing rights	3,442	3,406
Other real estate owned	38,612	37,333
Other assets	31,183	32,069
Total assets	\$3,169,056	\$3,086,659
Liabilities and shareholders' equity:		
Deposits		
Noninterest bearing	\$508,702	\$490,809
Interest bearing	2,021,532	1,971,400
Total deposits	2,530,234	2,462,209
Repurchase agreements	186,894	180,471
Federal funds purchased and other short-term borrowings	17,475	12,205
Advances from Federal Home Loan Bank	20,242	20,671
Long-term debt	61,341	61,341
Other liabilities	27,991	28,305
Total liabilities	2,844,177	2,765,202
Shareholders' equity:		
Preferred stock, 300,000 shares authorized and unissued	-	-

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Common stock, \$5 par value, shares authorized 25,000,000; shares outstanding 2010 – 15,217,088 ; 2009 – 15,183,987	76,085	75,920
Capital surplus	153,192	152,484
Retained earnings	91,072	88,840
Accumulated other comprehensive income, net of tax	4,530	4,213
Total shareholders' equity	324,879	321,457
Total liabilities and shareholders' equity	\$3,169,056	\$3,086,659

See notes to condensed consolidated financial statements.

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

	Three Months Ended	
	March 31	
(in thousands except per share data)	2010	2009
Interest income:		
Interest and fees on loans, including loans held for sale	\$35,151	\$34,188
Interest and dividends on securities		
Taxable	2,214	2,599
Tax exempt	424	430
Interest and dividends on Federal Reserve and Federal Home Loan Bank stock	619	344
Other, including interest on federal funds sold	89	115
Total interest income	38,497	37,676
Interest expense:		
Interest on deposits	7,596	11,054
Interest on repurchase agreements and other short-term borrowings	535	672
Interest on advances from Federal Home Loan Bank	21	476
Interest on long-term debt	1,000	1,000
Total interest expense	9,152	13,202
Net interest income	29,345	24,474
Provision for loan losses	5,722	1,981
Net interest income after provision for loan losses	23,623	22,493
Noninterest income:		
Service charges on deposit accounts	5,297	4,949
Gains on sales of loans, net	442	1,931
Trust income	1,424	1,162
Loan related fees	840	748
Bank owned life insurance	405	256
Securities gains	0	519
Other	1,333	1,188
Total noninterest income	9,741	10,753
Noninterest expense:		
Salaries and employee benefits	11,445	11,268
Occupancy, net	1,741	1,804
Equipment	983	1,119
Data processing	1,586	1,487
Bank franchise tax	978	910
Legal and professional fees	824	1,070
FDIC insurance	999	1,496
Other real estate owned provision and expense	872	513
Other	4,013	4,130
Total noninterest expense	23,441	23,797

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Income before income taxes	9,923	9,449
Income taxes	3,132	2,869
Net income	6,791	6,580
Other comprehensive income, net of tax:		
Unrealized holding gains on securities available-for-sale	317	1,086
Comprehensive income	\$7,108	\$7,666
Basic earnings per share		
Diluted earnings per share	\$0.45	\$0.44
Weighted average shares outstanding-basic		
Weighted average shares outstanding-diluted	15,202	15,076
Dividends per share		
	\$0.30	\$0.30

See notes to condensed consolidated financial statements.

Community Trust Bancorp, Inc.  
Condensed Consolidated Statements of Cash Flows  
(unaudited)

(in thousands)	Three Months Ended March 31	
	2010	2009
<b>Cash flows from operating activities:</b>		
Net income	\$6,791	\$6,580
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,169	1,274
Deferred taxes	(193 )	3,191
Stock based compensation	153	147
Excess tax benefits of stock-based compensation	40	149
Provision for loan and other real estate losses	6,051	2,308
Securities gains	0	(519 )
Gains on sale of mortgage loans held for sale	(442 )	(1,931 )
Gains on sale of assets, net	(19 )	(11 )
Proceeds from sale of mortgage loans held for sale	20,963	96,211
Funding of mortgage loans held for sale	(19,033 )	(96,742 )
Amortization of securities premiums, net	451	168
Change in cash surrender value of bank owned life insurance	(347 )	(209 )
Fair value adjustments of mortgage servicing rights	127	274
Changes in:		
Other liabilities	(258 )	1,624
Other assets	723	(1,250 )
Net cash provided by operating activities	16,176	11,264
<b>Cash flows from investing activities:</b>		
Certificates of deposit in other banks		
Purchase of certificates of deposit	(5,177 )	(23,520 )
Securities available-for-sale:		
Proceeds from sales	0	37,209
Proceeds from prepayments and maturities	25,175	15,242
Purchase of securities	(65,939 )	(49,745 )
Securities held-to-maturity:		
Proceeds from prepayments and maturities	4,525	2,283
Purchase of securities	(480 )	(480 )
Change in loans, net	411	5,387
Purchase of premises and equipment	(927 )	(806 )
Proceeds from sale of premises and equipment	1	9
Additional investment in equity securities	(4 )	(5 )
Proceeds from sale of other real estate and other repossessed assets	1,387	460
Additional investment in other real estate owned	(52 )	(29 )
Additional investment in bank owned life insurance	0	(945 )
Net cash used in investing activities	(41,080 )	(14,940 )
<b>Cash flows from financing activities:</b>		



