

FIRST NATIONAL COMMUNITY BANCORP INC
Form 10-Q
August 06, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2008**

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 No.

333-24121

First National Community Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania

23-2900790

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

102 E. Drinker St. Dunmore, PA

Identification Number)

18512

(Address of Principal Executive Offices)

(570) 346-7667

(Zip Code)

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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.

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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 the definitions 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-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 practicable date:

<u>Common Stock, \$1.25 par value</u>	<u>15,876,488 shares</u>
(Title of Class)	(Outstanding at August 4, 2008)

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FIRST NATIONAL COMMUNITY BANCORP, INC.

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FIRST NATIONAL COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars in thousands)

	June 30, 2008 (UNAUDITED)	December 31, 2007 (AUDITED)
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 27,703	\$ 24,735
Federal funds sold	0	0
Total cash and cash equivalents	27,703	24,735
Interest-bearing balances with financial institutions	0	0
Securities:		
Available-for-sale, at fair value	260,164	295,727
Held-to-maturity, at cost (fair value \$1,764 on June 30, 2008 and \$1,847 on December 31, 2007)	1,764	1,722
Federal Reserve Bank and FHLB stock, at cost	10,807	9,081
Net loans	939,187	899,015
Bank premises and equipment	17,858	16,425
Intangible Assets	9,878	9,847
Other assets	44,124	41,001
Total Assets	\$1,311,485	\$1,297,553
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Demand – non-interest bearing	\$ 81,498	\$ 79,834
Interest bearing demand	277,856	288,879
Savings	74,194	70,379
Time (\$100,000 and over)	185,556	176,249
Other time	300,609	330,176
Total deposits	919,713	945,517
Borrowed funds	271,214	227,832
Other liabilities	14,807	17,062
Total Liabilities	\$1,205,734	\$1,190,411
Shareholders' equity:		
Common Stock, \$1.25 par value,		
Authorized: 50,000,000 shares		
Issued and outstanding:		
15,873,863 shares at June 30, 2008 and	\$ 19,842	\$ 19,683
15,746,250 shares at December 31, 2007		
Additional Paid-in Capital	57,866	56,490

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Retained Earnings	37,330	33,159
Accumulated Other Comprehensive Income (Loss)	(9,287)	(2,190)
Total shareholders' equity	\$ 105,751	\$ 107,142
Total Liabilities and Shareholders' Equity	\$1,311,485	\$1,297,553

Note: The balance sheet at December 31, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to financial statements

(1)

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FIRST NATIONAL COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Interest Income:				
Loans	\$ 14,538	\$ 16,775	\$ 30,029	\$ 32,650
Investments	3,544	3,481	7,453	6,898
Federal Funds Sold	5	2	5	19
Total interest income	18,087	20,258	37,487	39,567
Interest Expense:				
Deposits	6,038	8,481	12,899	16,411
Borrowed Funds	2,267	2,067	4,967	4,044
Total interest expense	8,305	10,548	17,866	20,455
Net Interest Income before Loan Loss Provision	9,782	9,710	19,621	19,112
Provision for credit losses	550	300	850	600
Net interest income	9,232	9,410	18,771	18,512
Other Income:				
Service charges	791	710	1,520	1,381
Other Income	654	602	1,281	1,191
Gain / (Loss) on sale of:				
Loans	94	31	300	192
Securities	68	25	713	28
Other Real Estate	0	0	0	0
Total other income	1,607	1,368	3,814	2,792
Other expenses:				
Salaries & benefits	3,134	2,897	6,223	5,735
Occupancy & equipment	993	902	2,004	1,786
Advertising expense	240	210	480	420
Data processing expense	417	389	835	770
Other	1,582	1,482	2,955	2,804
Total other expenses	6,366	5,880	12,497	11,515
Income before income taxes	4,473	4,898	10,088	9,789
Income tax expense	964	1,150	2,388	2,426
NET INCOME	3,509	\$ 3,748	\$ 7,700	\$ 7,363
Basic earnings per share	\$ 0.22	\$ 0.24	\$ 0.49	\$ 0.47
Diluted earnings per share	\$ 0.22	\$ 0.23	\$ 0.48	\$ 0.46
Weighted average number of basic shares	15,827,339	15,571,876	15,793,330	15,545,004
Weighted average number of diluted shares	16,167,453	15,897,398	16,140,183	15,875,239

James B. Draughn
Executive Vice President 3,750 852

Each retention option has an exercise price of \$28.32 (equal to fair market value on the date of grant), a term of 10 years and a five-year vesting period. The restrictions on the restricted stock will generally lapse only if the holder continues to be employed by CTBI for a period of five years following the date of grant.

The Compensation Committee determined the amount of stock option and restricted stock grants based on equity incentive grants made by other companies within the financial services industry, including the Peer Group. The Compensation Committee believes that both stock options and restricted stock align executive officer incentives with shareholder interests. The Compensation Committee also believes that restricted stock is a particularly effective vehicle to retain key executives because none of the restricted shares will be become free of restriction (subject to exceptions related to death, disability or change in control of CTBI and, with the approval of the Compensation Committee, retirement) unless the holder remains in the employment of CTBI for a period of five years from the date of grant. The Consultant compared equity award levels of CTBI, as a percent of salary, to the Peer Group. The Consultant looked at the three-year average of equity awards to consider a longer period of award behavior. The Consultant's report notes that while median equity awards granted to named executive officers of the Peer Group ranged from 17% to 21% of base salary, equity awards to Named Executive Officers at CTBI, were closer to the Peer Group's 75th percentile, ranging from 28% to 31% of salary, which seemed appropriate given CTBI's past performance.

Benefits and Perquisites – CTBI does not provide significant perquisites or personal benefits to its executive officers; however, the Named Executive Officers, as well as other executive officers and members of senior management, are provided with perquisites with an aggregate value of less than \$10,000, including country club memberships.

Long-term incentives to align the interests of CTBI's employees with the shareholders have been implemented through the development of a company-sponsored ESOP. The ESOP provides awards of CTBI stock subject to vesting requirements. Participation in the ESOP is available to any employee of CTBI or its subsidiaries who has been employed for one year, completed 1,000 hours of service, and attained the age of 21. CTBI currently contributes 4% of covered employees' gross wages to the ESOP. The ESOP uses the contribution to acquire shares of CTBI's common stock.

CTBI has established a 401(k) Plan within which employees can contribute 1% to 15% of their annual salary and CTBI will contribute 50% of the first 8% of contributions. CTBI also provides health insurance, life insurance, and other programs that are usual and customary to encourage retention of employees. Named Executive Officers also participate in CTBI's supplemental executive life insurance plan. This plan provides a split-dollar share of death benefits at an amount necessary to provide the Named Executive Officer with a total company-provided death benefit of three times their annual salary. This amount is consistent with the death benefit provided to other eligible employees. The benefit is dependent upon the executive's eligibility to receive payments. Additionally, each Named Executive Officer is provided a post-retirement death benefit equal to one times his or her annual salary. The benefits are funded with bank-owned life insurance (BOLI). The BOLI is used to provide the additional post-retirement death benefit to the Named Executive Officer with minimal cost to CTBI. Split-dollar life insurance plans are widely available in the banking industry, because the financial institution will recover its plan costs upon the death of an executive, and the executive's beneficiary will receive a split of the insurance proceeds. This benefit provides further incentive for longevity with CTBI.

The Consultant's report found that CTBI offered a competitive level of benefits compared to the Peer Group. However, CTBI does not sponsor any supplemental executive retirement plan or deferred compensation plan. The Consultant's report noted that 79% of the Peer Group have either a deferred compensation plan or a supplemental executive retirement plan. The Compensation Committee determined that it would not recommend that CTBI implement a deferred compensation plan or supplemental executive retirement plan at this time. However, the Compensation Committee may consider the implementation of such a plan in the future.

On a long-term basis, the Compensation Committee believes that it is in the best interest of CTBI to establish executive officer compensation at levels similar to compensation paid by peer group companies with comparable past performance. The Compensation Committee believes that CTBI's executive officers performed at a high level in 2007. However, in light of the current economic uncertainties and challenges facing financial institutions, the Compensation Committee concluded that CTBI should not make significant changes to executive compensation levels for 2008. Instead, the Compensation Committee believes it is in the best interest of CTBI to attain these executive officer compensation levels on a gradual basis over the next few years.

OBRA Deductibility Limitation

The Omnibus Budget Reconciliation Act of 1994 ("OBRA") prohibits the tax deduction by public companies of compensation of certain executive officers in excess of \$1 million, unless certain criteria are met. CTBI has no executive officers that exceed this amount and, therefore, has determined not to take any action at this time with respect to its compensation plans to seek to meet these criteria.

Employment Contracts, Termination of Employment and Change-in-Control Arrangements

As of December 31, 2007, CTBI had in effect certain termination of employment and change-in-control agreements (“Severance Agreements”) with each of its Named Executive Officers, as well as its other executive officers. Severance Agreements are offered in order to attract and retain key executives by protecting them in case of a change-in-control of the company. The Severance Agreements are effective for a term equal to the longer of three years or the covered period should a change-in-control of CTBI occur during such three-year period. These agreements are automatically renewable for additional one-year periods, and the covered period during which the terms and conditions of the Severance Agreements are effective is the period of time following a change-in-control equal to (i) two years following the occurrence of the change-in-control in the event of an involuntary termination or a voluntary termination following a change in duties, or (ii) the thirteenth month following the change-in-control in the event of a voluntary termination not preceded by a change in duties.

The Severance Agreements require the payment to a Named Executive Officer or other executive officer of a severance amount in the event of an involuntary or voluntary termination of employment after a change-in-control of CTBI during the covered period. The severance amount payable under the Severance Agreements is equal to (i) 2.99 times the Named Executive Officer’s or other executive officer’s base annual salary in the event of involuntary termination or in the event of a voluntary termination of employment preceded by a change in duties subsequent to a change-in-control of CTBI, or (ii) 2.00 times the Named Executive Officer’s or other executive officer’s annual base salary in the event of a voluntary termination of employment not preceded by a change in duties subsequent to a change-in-control of CTBI.

A change-in-control occurs, for purposes of the Severance Agreements, when (i) any person, including a group under Section 13(d)(3) of the Securities Exchange Act of 1934, is or becomes the owner of 30% or more of the combined voting power of CTBI’s outstanding securities; (ii) as a result of, or in connection with, any tender offer, exchange offer, merger or other combination, sale of assets or contested election, the persons who were directors of CTBI before such transaction(s) cease to constitute a majority of the Board of Directors of CTBI or successor of CTBI; (iii) a tender or exchange offer is made and consummated for the ownership of 30% or more of the combined voting power of CTBI’s outstanding voting securities; or (iv) CTBI transfers substantially all of its assets to another corporation that is not a wholly-owned subsidiary of CTBI.

The Compensation Committee believes the use and structure of the Severance Agreements are consistent with CTBI’s compensation objectives to attract, motivate and retain highly qualified executives. The Compensation Committee also believes that the Severance Agreements promote job stability and financial security, preserve morale and productivity, and encourage retention in the event of an actual or potential change-in-control. However, the Compensation Committee intends to review the terms of the Severance Agreements annually in the context of executive compensation packages and related developments.

No termination of employment or change-in-control payments were made in 2007.

Role of the Compensation Committee

All directors who serve on the Compensation Committee are independent in accordance with the NASDAQ listing standards. During 2007, there were no interlocking relationships between any executive officers of CTBI and any entity whose directors or executive officers serve on the Board of Directors' Compensation Committee.

The principal duties of the Compensation Committee are to set the compensation of the CEO, review the recommendations of the CEO concerning appropriate compensation of the other executive officers of CTBI and establish the compensation of the other executive officers, and make recommendations to the Board concerning executive officer compensation for approval. The Compensation Committee has responsibility for establishing, implementing, and continually monitoring adherence with CTBI's compensation philosophy.

The Compensation Committee periodically reviews the compensation levels of the Board. In its review, the Compensation Committee looks to ensure that the compensation is fair and reasonable commensurate to the amount of work required from the individual directors as well as from the Board in aggregate. The Compensation Committee also periodically reviews Board committee compensation levels and practices and recommends to the Board changes in such compensation levels and practices. Although the Compensation Committee did not increase the level of Board compensation for 2008, the Compensation Committee expects to review the level of Board compensation in upcoming years and make appropriate adjustments. At the current time, chairs of two Board committees (the Audit and Asset Quality Committee and the Risk and Compliance Committee) receive additional compensation for serving as chair, while chairs of the other Board committees receive the same compensation as other members of the committees. The Compensation Committee will likely review the compensation paid to chairs of those Board committees in the future.

The Compensation Committee is responsible for the review and approval of corporate goals and objectives relevant to the compensation of CTBI's CEO to evaluate the performance of the CEO in light of the goals and objectives. The Compensation Committee determines and approves the CEO's compensation levels based on this evaluation. Additionally, the Compensation Committee reviews compensation levels of CTBI's other executive officers. To achieve these goals and objectives, the Compensation Committee expects to maintain compensation plans that create an executive compensation program that is set at competitive levels within our peer group. The Compensation Committee makes recommendations to the Board with respect to compensation plans, incentive plans, and stock option plans and oversees the administration of these plans.

The Compensation Committee has followed certain fundamental objectives to ensure the effectiveness of CTBI's compensation strategy. The Compensation Committee recognizes the importance of perceived fairness both internally and externally of compensation practices. The Compensation Committee believes that the long-term success of CTBI and its ability to consistently increase shareholder value is dependent on its ability to attract and retain skilled executives. CTBI's compensation strategy encourages alignment with the interests of management and shareholders. The Compensation Committee seeks to provide full disclosure to the independent members of the Board of Directors of CTBI's compensation practices and issues to ensure that all directors understand the implications of committee decisions.

The Compensation Committee recognizes that the competition among financial institutions for attracting and retaining senior management executives has become more intense in the past few years. The Compensation Committee takes such market considerations into account to ensure that CTBI is providing appropriate long-term incentives to enable it to continue to attract new senior management executives and to retain current executives.

The Compensation Committee has established various processes to assist it in ensuring CTBI's compensation program is achieving its objectives. Among these are:

Assessment of Company Performance - The Compensation Committee uses company performance measures in two ways. In establishing total compensation ranges, the Compensation Committee considers various measures of company and industry performance, asset growth, earnings per share, return on assets, return on equity, total shareholder return, and the effective execution of CTBI's growth strategy. The Compensation Committee does not apply a formula or assign these performance measures relative weights. Instead, it makes a subjective determination after considering such measures collectively.

·Assessment of Individual Performance - Individual performance has a strong impact on the compensation of all employees, including the CEO and the other executive officers. The CEO's compensation is determined by the Compensation Committee. For the other Named Executive Officers, the Compensation Committee receives a performance assessment and compensation recommendation from the CEO and also exercises its judgment based on the Board's interactions with the executive officer. As with the CEO, the performance evaluation of these executives is based on their contributions to CTBI's performance, and other leadership accomplishments.

·Total Compensation Review – The Compensation Committee reviews each executive's base pay, bonus, and equity incentives annually. In addition to these primary compensation elements, the Compensation Committee reviews other compensation and payments that would be required under various severance and change-in-control scenarios.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of CTBI has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Governor Paul E. Patton, Chairman

Nick A. Cooley, Member

M. Lynn Parrish, Member

March 3, 2008

EXECUTIVE COMPENSATION

The following table sets forth the total annual compensation paid or accrued by CTBI to or for the account of the Chief Executive Officer, the Principal Financial Officer, and each of the other three most highly compensated executive officers of CTBI for the fiscal year ended December 31, 2007 and 2006.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (1) (\$)	Options (2) (\$)	All Other Compensation (3) (\$)	Total Compensation (\$)
Jean R. Hale, Chairman, President and Chief Executive Officer	2007	398,154	0	88,764	17,864	504,782
	2006	349,538	70,400	75,726	19,198	514,862
Kevin J. Stumbo, Executive Vice President and Treasurer (Principal Financial Officer)	2007	156,923	0	47,474	11,813	216,210
	2006	148,846	30,000	47,790	10,240	236,876
Mark A. Gooch, Executive Vice President and Secretary	2007	294,923	0	66,796	17,844	379,563
	2006	268,077	54,000	56,406	17,215	395,698
Michael S. Wasson, Executive Vice President	2007	183,538	0	43,952	109,536	337,026
	2006	177,231	35,600	38,065	16,502	267,398
James B. Draughn, Executive Vice President	2007	166,154	0	57,856	64,869	288,879
	2006	148,846	30,000	64,125	11,846	254,817

- (1) Bonuses are paid under the Senior Management Incentive Compensation Plan, which is open to all executive officers, market presidents, and senior vice presidents of consolidated functions. Individuals below senior vice president level may be recommended and approved by the Compensation Committee for special awards of options for extraordinary performance. Bonuses for executive officers are earned based on CTBI reaching certain earnings per share and return on assets goals after accruing for the cost of the bonuses. In 2007, CTBI did not meet these goals, and therefore, no bonus was earned. (See the Compensation Discussion and Analysis.)
- (2) This column includes the value of all option awards under the company stock ownership plans. The value is the amount recognized for financial statement reporting purposes with respect to fiscal year 2007 and 2006 in accordance with FAS 123(R). The assumptions used in the valuation of option awards are included in notes 1 and 14 to CTBI's consolidated financial statements for the year ended December 31, 2007 included in CTBI's Annual Report on Form 10-K filed with the SEC on March 5, 2008.

(3) The compensation represented by the amounts for 2007 and 2006 set forth in the All Other Compensation column for NEOs is detailed in the following tables.

Name	Year	Company Contributions to ESOP (\$) (a)	Company Contributions to 401(k) (\$) (a)	Perquisites (\$) (b)	Company Paid Life Insurance Premiums (\$) (c)	Total All Other Compensation (\$)
Jean R. Hale	2007	9,000	4,954	-	3,910	17,864
	2006	8,800	6,743	-	3,655	19,198
Kevin J. Stumbo	2007	7,477	3,738	-	598	11,813
	2006	6,494	3,247	-	499	10,240
Mark A. Gooch	2007	9,000	7,750	-	1,094	17,844
	2006	8,800	7,500	-	915	17,215
Michael S. Wasson	2007	8,766	6,103	93,228	1,439	109,536
	2006	7,761	6,500	-	1,241	16,502
James B. Draughn	2007	7,846	5,885	50,550	588	64,869
	2006	6,494	4,870	-	482	11,846

(a) For further information regarding the ESOP and 401(k) Plans, see the Compensation Discussion & Analysis. Company Contributions to the ESOP in 2006 for Ms. Hale and Mr. Gooch reflect retroactive reallocations to comply with certain limits on employer contributions to the ESOP. The amounts previously reported in 2006 for Ms. Hale and Mr. Gooch were \$15,262 and \$11,703, respectively. Total All Other Compensation and Total Compensation in the above tables have been restated to reflect this change.

(b) This includes the federal and state tax gross-up of including taxable income from nonqualified stock options in 2007. In addition, Mr. Wasson's perquisites include \$1,374 for personal use of the leased value of a company automobile.

(c) This column included excess premiums reported as taxable compensation on the NEO's W-2 for life insurance at three times salary. A similar insurance benefit at three times salary is provided to all full-time employees on a nondiscriminatory basis.

The following table sets forth the information regarding plan based awards granted to NEOs in 2007. No bonuses were granted to NEOs during 2007.

GRANTS OF PLAN BASED AWARDS

Name	Grant Date	Payouts Under Non-Equity Incentive Plan Awards (1) (\$)	All Other Awards: Number of Securities Underlying Options Granted (2) (#)	Exercise or Base Price (\$/share)	Grant Date Fair Value of Equity Awards (3) (\$)
Jean R. Hale	1/23/2007	-----	11,297	38.95	143,924
Kevin J. Stumbo	1/23/2007	-----	4,814	38.95	61,330
Mark A. Gooch	1/23/2007	-----	8,665	38.95	110,392
Michael S. Wasson	1/23/2007	-----	5,712	38.95	72,771
James B. Draughn	1/23/2007	-----	4,814	38.95	61,330

- (1) This column shows the payouts for 2007 performance under the Senior Management Incentive Compensation Plan as described in the Incentive Based Compensation section of the Compensation Discussion & Analysis. There was no bonus payment earned for 2007.
- (2) All options granted to NEOs were senior management incentive options earned during 2006 and granted in 2007 under the company stock ownership plans with an exercise price equal to the closing market price on the date of the grant.
- (3) The grant-date fair value of stock options is measured using the Black-Scholes option-pricing model in accordance with FAS 123(R).

The following tables set forth information concerning options exercised by the NEOs during 2007 and 2006 and the number and value of unexercised options held by the NEOs of CTBI at December 31, 2007.

OPTION EXERCISES

Name	Shares Acquired on Exercise (#)	Value Realized (1) (\$)
Jean R. Hale	0	-
Kevin J. Stumbo	6,207	63,468
Mark A. Gooch	0	-
Michael S. Wasson	12,306	194,359
James B. Draughn	6,655	142,370

- (1) The value realized is calculated based on the closing market price on the date of exercise.

OUTSTANDING EQUITY AWARDS-2007

Name	Number of Securities Underlying Unexercised Options at Fiscal Year-End (1) (#)		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options at Fiscal Year-End (2) (\$)	
	Exercisable	Unexercisable			Exercisable	Unexercisable
Jean R. Hale						
Granted 07/27/99	29,282	0	15.368	07/27/09	356,128	-
Granted 01/25/00	5,952	0	13.233	01/25/10	85,096	-
Granted 01/23/01	13,310	0	11.833	01/23/11	208,927	-
Granted 01/29/02	13,310	0	16.717	01/29/12	143,921	-
Granted 01/17/03	12,390	0	20.983	01/17/13	81,117	-
Granted 01/27/04	0	8,250	27.109	01/27/14	-	3,473
Granted 01/28/05	4,776	4,776	30.880	01/28/15	-	-
Granted 01/27/06	2,466	7,398	32.440	01/27/16	-	-
Granted 01/23/07	0	11,297	38.950	01/23/17	-	-
Kevin J. Stumbo						
Granted 10/22/02	23,620	0	19.992	10/22/12	178,048	-
Granted 01/27/04	0	2,750	27.109	01/27/14	-	1,158
Granted 01/28/05	0	2,024	30.880	01/28/15	-	-
Granted 01/27/06	0	3,121	32.440	01/27/16	-	-
Granted 01/23/07	0	4,814	38.950	01/23/17	-	-
Mark A. Gooch						
Granted 07/27/99	14,641	0	15.368	07/27/09	178,064	-
Granted 01/25/00	8,501	0	13.233	01/25/10	121,539	-
Granted 01/23/01	13,310	0	11.833	01/23/11	208,927	-
Granted 01/29/02	9,983	0	16.717	01/29/12	107,946	-
Granted 01/17/03	9,293	0	20.983	01/17/13	60,841	-
Granted 01/27/04	0	5,500	27.109	01/27/14	-	2,316
Granted 01/28/05	3,642	3,642	30.880	01/28/15	-	-
Granted 01/27/06	1,888	5,664	32.440	01/27/16	-	-
Granted 01/23/07	0	8,665	38.950	01/23/17	-	-
Michael S. Wasson						
Granted 01/27/04	0	2,750	27.109	01/27/14	-	1,158
Granted 01/28/05	0	2,606	30.880	01/28/15	-	-
Granted 01/27/06	0	3,883	32.440	01/27/16	-	-
Granted 01/23/07	0	5,712	38.950	01/23/17	-	-
James B. Draughn						
Granted 01/17/03	1,406	0	20.983	01/17/13	-	-
Granted 01/27/04	0	2,750	27.109	01/27/14	-	1,158
Granted 01/28/05	2,104	2,104	30.880	01/28/15	-	-
Granted 01/27/06	1,040	13,121	32.440	01/27/16	-	-
Granted 01/23/07	0	4,814	38.950	01/23/17	-	-

(1) Options granted as senior management incentive options in the stock ownership plans become exercisable in equal 25% installments beginning one year after the date of the grant and become fully exercisable upon a change in control of CTBI. Options granted as management retention options in the stock ownership plans become exercisable after five years and become fully exercisable upon a change in control of CTBI. Options expire if not exercised ten years

after the date of the grant.

(2)Based on the closing price of \$27.53 of our common stock at December 31, 2007.

CHANGE IN CONTROL AND TERMINATION BENEFITS

CTBI provides additional benefits, not included in the previous tables, to the NEOs in the event of a change in control. The following table provides an estimate of the value of such benefits, assuming the change in control had occurred on December 31, 2007.

Name	Severance payment equal to 2.99 times annual base salary (1) (\$)	Severance payment equal to 2.00 times annual base salary (2) (\$)	Acceleration of stock options (3) (\$)	Total (based on 2.99 times annual base salary) (1) (\$)	Total (based on 2.00 times annual base salary) (2) (\$)
Jean R. Hale	1,201,980	804,000	3,473	1,205,453	807,473
Kevin J. Stumbo	470,925	315,000	1,158	472,083	316,158
Mark A. Gooch	888,030	594,000	2,316	890,346	596,316
Michael S. Wasson	550,160	368,000	1,158	551,318	369,158
James B. Draughn	500,825	335,000	1,158	501,982	336,158

- (1) Severance agreements with the NEOs require payment of an amount equal to 2.99 times annual base salary in the event of a change in control of CTBI followed by: (a) a subsequent involuntary termination; or (b) a voluntary termination preceded by a change in duties.
- (2) Severance agreements with the NEOs require payment of an amount equal to 2.00 times annual base salary in the event of a voluntary termination not preceded by a change in duties subsequent to a change in control of CTBI.
- (3) Stock options held by the NEOs provide for full vesting upon a change in control. In addition, upon the death or disability of the NEOs, stock options held by the NEOs become fully vested. The amounts shown represent the in-the-money value of the options that would accelerate, calculated based on the positive difference between the option exercise price and \$27.53 which was the closing price for a share of our common stock on December 31, 2007.

See the Employment Contracts, Termination of Employment and Change-in-Control Agreements section of the Compensation Discussion & Analysis for further information.

SHAREHOLDER PROPOSALS

It is currently contemplated that CTBI's 2008 Annual Meeting of Shareholders will be held on or about April 21, 2009. In the event that a shareholder desires to have a proposal considered for presentation at CTBI's 2009 Annual Meeting of Shareholders and inclusion in the Proxy Statement for such meeting, the proposal must be forwarded in writing to the Secretary of CTBI so that it is received no later than November 12, 2008. Any such proposal must comply with the requirements of Rule 14(a)-8 promulgated under the Act. If a shareholder intends to present a proposal at the 2009 Annual Meeting of Shareholders, but has not sought the inclusion of such proposal in CTBI's Proxy, Notice of Meeting, and Proxy Statement, such proposal must be received by the Secretary of CTBI prior to

January 26, 2009 or CTBI's management proxies for the 2009 Annual Meeting will be entitled to use their discretionary voting authority should such proposal then be raised, without any discussion of the matter in CTBI's Proxy, Notice of Meeting or Proxy Statement.

MISCELLANEOUS

The Board of Directors of CTBI knows of no other business to be presented to the Annual Meeting. If other matters should properly come before the Annual Meeting or any adjournment thereof, a vote may be cast pursuant to the accompanying proxy in accordance with the judgment of the person or persons voting the proxy. The Board of Directors urges each shareholder who does not intend to be present and to vote at the Annual Meeting to submit a proxy as promptly as possible.

By Order of the Board of Directors

Pikeville, Kentucky
Date: March 12, 2008

/s/ Jean R. Hale
Jean R. Hale
Chairman of the Board, President, and
Chief Executive Officer

APPENDIX A

CHARTER OF THE
AUDIT AND ASSET QUALITY COMMITTEE OF THE
BOARD OF DIRECTORS OF COMMUNITY TRUST BANCORP, INC.

As Approved by the Board of Directors on January 29, 2008

I. AUTHORITY AND MEMBERSHIP

Membership. The members of the Audit and Asset Quality Committee (“the Committee”) are appointed annually by the Board of Directors of Community Trust Bancorp, Inc. (the “Board”) on the recommendation of the Nominating and Corporate Governance Committee. The members will serve until their successors are duly elected and qualified by the Board. The qualifications of each member of the Committee will be reviewed annually.

The Board determines the number of members in the Committee from time to time, but the number will not be less than the minimum number prescribed by applicable law, the Community Trust Bancorp, Inc. (the “Corporation”) Bylaws or by requirements of the Nasdaq Global Select Market or such other exchange or system on which the Corporation’s securities are listed, quoted and/or traded (“Listing Requirements”). In no event will the number of members be less than three (3).

Committee members must fully satisfy independence and experience requirements as prescribed in Listing Requirements, Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”), the rules and regulations of the Securities and Exchange Commission (“SEC”), and the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and applicable rules and regulations thereunder.

At least one member of the Committee must be a “financial expert” as defined by the rules of the SEC and meet the “financial sophistication” experience or background standards contained in the Listing Requirements. All members of the Committee must be able to read and understand fundamental financial statements at the time of their appointment to the Committee. Committee members are encouraged to participate in continuing training and education programs and sessions in order to improve oversight skills and financial literacy, with such participation being considered in the annual assessment of the Committee’s performance.

No member of the Committee may be an “affiliated person” of the Corporation or any of its subsidiaries (as defined under federal securities laws) nor may any member of the Committee simultaneously serve on the audit committee of more than two other public companies. Fees for service as a director (and as a committee member or committee chair) are the only compensation that a Committee member may receive directly or indirectly from or on behalf of the Corporation.

Committee Chair and Secretary. The Board will appoint one of the members of the Committee to serve as Committee Chair. The Committee may also appoint a Secretary, who need not be a director.

Legal, Accounting and Other Advisors. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Committee also has the authority, as it deems necessary or appropriate, to ask the Corporation to provide the Committee with the support of one or more Corporation employees to assist it in carrying out its duties. The Corporation will provide for appropriate funding, as determined solely by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report and to any other advisors employed by the Committee. The Committee may request any officer or employee of the Corporation or the Corporation’s outside counsel, independent auditors or other advisors to attend a meeting of the

Committee or to meet with any members of, or advisor to, the Committee.

The Committee is directly and solely responsible for the appointment, compensation, and oversight of the work of the independent auditor (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors will report directly to the Committee.

II. PURPOSE OF THE COMMITTEE

The Committee's primary purpose is to:

- Provide assistance to the Board by monitoring:
 - (a) the integrity of the financial statements of the Corporation;
 - (b) the independent auditors' qualifications and independence;
 - (c) the performance of the Corporation's and its subsidiaries' internal audit function and independent auditors;
 - (d) the Corporation's system of internal controls;
 - (e) the Corporation's financial reporting and system of disclosure controls;
 - (f) the compliance by the Corporation with legal and regulatory requirements and with the Corporation's Corporate Governance Guidelines and Code of Business Conduct and Ethics; and
- Prepare the Committee report required by the rules of the SEC to be included in the Corporation's annual proxy statement.

The Committee will also perform the duties required by law to be performed by an audit committee for any subsidiary bank of the Corporation that does not have its own audit committee and by a fiduciary audit committee for any subsidiary of the Corporation exercising fiduciary powers that does not have its own audit committee, in each case to the extent permitted, and in the manner required, by applicable laws and regulations.

With respect to joint sessions of the Committee:

- (a) The Committee may meet simultaneously as a committee of the Corporation and any subsidiary of the Corporation that does not have its own Audit Committee, though it should hold separate sessions if necessary to address issues that are relevant to one entity but not the other(s) or to consider transactions between the entities or other matters where the Corporation and one or more subsidiaries may have different interests; and
- (b) The Committee should consult with internal or outside counsel if, in the opinion of the Committee, any matter under consideration by the Committee has the potential for any conflict between the interests of the Corporation and those of the Corporation's subsidiaries in order to ensure that appropriate procedures are established for addressing any such potential conflict and for ensuring compliance with the Corporation's policies regarding Sections 23A and 23B of the Federal Reserve Act.

The Committee's role is one of oversight as set forth in this charter. It is not the duty of the Committee to prepare the Corporation's financial statements, to plan or conduct audits, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP"). The Corporation's management is responsible for preparing the Corporation's financial statements and for maintaining internal controls. The independent auditors are responsible for auditing the financial statements.

III. RESPONSIBILITIES OF THE COMMITTEE

Charter Review

- Review and reassess the adequacy of the Committee's charter at least annually and recommend to the Board any necessary or desirable changes to the charter; and
- Publicly disclose the charter and any amendments to the charter on the Corporation's website and/or as otherwise required by the SEC, Listing Requirements and rules or regulations of any other regulatory body or stock exchange having authority over the Corporation.

Financial Reporting / Internal Controls

- Review and discuss with the internal auditors and the independent auditors their respective annual audit plans, reports and the results of their respective audits;
- Review and discuss with management and the independent auditors the Corporation's quarterly financial statements and its Quarterly Report on Form 10-Q and determine whether the quarterly financial statements should be included in the Corporation's Form 10-Q;
- Review and discuss with management and the independent auditors the Corporation's annual audited financial statements and its Annual Report on Form 10-K and recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K;
- Review and discuss with management and, where appropriate, the independent auditors, the Corporation's financial disclosures in its registration statements, press releases, earnings releases, current reports, real time disclosures, call reports or other public disclosures, including the use of "pro forma" or "adjusted" non-GAAP information, and all reconciliations of the same;
- Review and discuss with the Corporation's Chief Executive Officer and principal financial officer all matters such officers are required to certify in connection with the Corporation's Form 10-Q and 10-K or other filings or reports;
- Discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, the development, selection and disclosure of critical accounting estimates and principles and the use thereof, and analyses of the effect of alternative assumptions, estimates, principles or GAAP methods on the Corporation's financial statements;
- Discuss with management and the independent auditors the effect of regulatory and accounting initiatives and off-balance sheet transactions on the Corporation's financial statements, financial condition or results of operations and any necessary disclosures related thereto;
-

Discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies;

- Discuss with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 61;
- Ensure that the Corporation's independent auditors report to the Committee all of the Corporation's critical accounting policies and procedures and alternative accounting treatments of financial information within GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditors;
- Ensure that the Corporation's independent auditors share with the Committee all material written communication between the auditors and management;
- Discuss with the Corporation's independent auditors, internal auditors, and management their assessments of the adequacy of the Corporation's internal controls and disclosure controls and procedures;
 - Assess whether management is resolving any internal control weaknesses diligently;
- Discuss with the Corporation's independent auditors, internal auditors and management as appropriate the Corporation's FDICIA internal controls report and the attestation of the Corporation's independent auditors to the same;
- Discuss with the Corporation's independent auditors, internal auditors and management as appropriate any weaknesses or deficiencies that any of the foregoing have identified relating to financial reporting, internal controls or other related matters and their proposals for rectifying such weaknesses or deficiencies;
- Monitor the Corporation's progress in promptly addressing and correcting any and all identified weaknesses or deficiencies in financial reporting, internal controls or related matters;
- Receive periodic reports from the independent auditors and appropriate officers of the Corporation on significant accounting or reporting developments proposed by the Financial Accounting Standards Board or the SEC that may impact the Corporation; and
- Receive periodic reports from independent auditors and appropriate officers of the Corporation on significant financial reporting, internal controls or other related matters with respect to the Corporation's subsidiaries.

Independent Auditors

- Hire, fire, compensate, review and oversee the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting);
 - Review the experience, rotation and qualifications of the senior members of the independent auditors' team;
- Monitor the independence, qualifications and performance of the independent auditors by, among other things;
 - (a) Obtaining and reviewing a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the same, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Corporation;
 - (b) Reviewing with the independent auditors any relationships between the Corporation and the independent auditors or any services that may impact the objectivity and independence of the auditors;
 - (c) Evaluating the qualifications, performance and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and whether the provision of any non-audit services is compatible with maintaining the auditors' independence, and taking into account the opinions of management and the internal auditors;
 - (d) Establishing and overseeing restrictions on the actions of directors, officers or employees of the Corporation in illegally influencing, coercing, manipulating or misleading the Corporation's independent auditors, including violations of Rule 13b2-2 under the Exchange Act; and
 - (e) If so determined by the Committee, taking additional action to satisfy itself of the qualifications, performance and independence of the auditors.
 - Meet with the independent auditors prior to each annual audit to discuss the planning and staffing of the audit;
 - Pre-approve all auditing services and permitted non-audit services to be performed for the Corporation by the independent auditors or any other auditing or accounting firm, except as provided in this paragraph. In no event shall the independent auditors perform any non-audit services for the Corporation which are prohibited by Section 10A(g) of the Exchange Act or the rules of the SEC or the Public Corporation Accounting Oversight Board (or other similar body as may be established from time to time). The Committee shall establish general guidelines for the permissible scope and nature of any permitted non-audit services in connection with its annual review of the audit plan and shall review such guidelines with the Board. Pre-approval may be granted by action of the full Committee or, in the absence of such Committee action, by the Committee Chair whose action shall be considered to be that of the entire Committee. Pre-approval will not be required for the provision of non-audit services if (i) the aggregate amount of all such non-audit services constitutes no more than 5% of the total amount of revenues paid by the Corporation to the auditors during the fiscal year in which the non-audit services are provided, (ii) such services were not recognized by the Corporation at the time of engagement to be non-audit services, and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit. Approvals of a non-audit service to be performed by the auditors and, if applicable, the guidelines pursuant to which such services were approved, will be disclosed when required as promptly as practicable in the Corporation's quarterly or annual reports required by Section 13(a) of the Exchange Act;

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- Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit at least once every five years and considering whether, in order to assure continuing auditor independence, it is appropriate to rotate the auditing firm itself from time to time;
- Recommend to the Board policies for the Corporation's hiring of employees or former employees of the independent auditors who participated in any capacity in an audit of the Corporation, including the prohibition on employment of specified persons under Section 10A(1) of the Exchange Act;
- If appropriate, discuss with the national office of the independent auditors issues on which it was consulted by the Corporation's audit team and any matters of audit quality and consistency; and
- Ensure that the independent auditors have access to all necessary Corporation personnel, records or other resources.

Internal Audit Function

- Review and oversee the appointment, performance, compensation and replacement of the Chief Audit Executive (CAE);
- Review and approve the charter, plans, activities, staffing and organizational structure of the internal audit function;
 - Review internal audit reports and management's responses to such reports;
 - Ensure the CAE and internal audit staff have access to all necessary Corporation resources, and
- On a regular basis, meet separately with the CAE to discuss any matters that the committee or internal audit believes should be discussed privately.

Compliance Oversight

- Discuss with management and the CAE the Corporation's processes regarding compliance with applicable laws and regulations and with the Corporation's Corporate Governance Guidelines and Code of Business Conduct and Ethics; obtain reports from management, the CAE and the independent auditors regarding compliance by the Corporation and its subsidiaries with applicable legal requirements (including suspicious activity reports and regulatory exam reports) and the Corporation's Corporate Governance Guidelines and Code of Business Conduct and Ethics; and from time to time advise the Board of Directors with respect to the same. Obtain from the independent auditors any reports required to be furnished to the Committee under Section 10A of the Exchange Act or an assurance that no reports were required to be furnished to the Committee under Section 10A;
- Establish and review procedures designed to identify related party transactions that are material to the financial statements or otherwise require disclosure;
- Review any related party transactions of the type that would require disclosure under Item 404 of SEC Regulation S-K for potential conflicts of interest situations;
- Establish procedures and require the Corporation to obtain or provide the necessary resources and mechanisms for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
 - Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies or compliance with the Corporation's Corporate Governance Guidelines and Code of Business Conduct and Ethics; and
- Discuss with the Corporation's internal and/or outside legal counsel any legal matters that may have a material impact on the financial statements or that may have an impact on the Corporation's compliance policies.

Asset Quality

- Review the plans, reports and activities of the loan review function, and ensure that management responds appropriately to recommendations and findings included in Loan Review reports.

Subsidiaries of the Corporation

- Where the Committee is performing the duties required by law to be performed by an audit committee for a subsidiary bank of the Corporation that does not have its own audit committee, review with management and the independent auditors the basis for the reports required to be filed by management and by the independent auditors with the FDIC pursuant to 12 C.F.R. Section 363.2 (a) and (b) and Section 363.3 (a) and (b), respectively; and
- Perform the duties required to be performed by the fiduciary audit committee for any subsidiary of the Corporation exercising fiduciary powers that does not have its own audit committee, in each case to the extent permitted, and in the manner required, by applicable laws and regulations.

General

- Meet as often as the Committee or the Committee Chair determines, but not less frequently than quarterly;

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- On a regular basis, as appropriate, meet separately with management (in particular, the Chief Executive Officer and the principal financial officer), the CAE, and with the independent auditors;
 - Report regularly to the Board with respect to the Committee’s activities;
 - Maintain minutes or other records of the Committee’s meetings and activities;
- Review and assess the quality and clarity of the information provided to the Committee and make recommendations to management and the independent auditors as the Committee deems appropriate from time to time for improving such materials;
 - Form and delegate authority to subcommittees or members when appropriate;
- Prepare the audit committee report to be included in the Corporation’s proxy statement when and as required by the rules of the SEC; and
 - Annually review the performance of the Committee.

In performing their duties and responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Corporation whom the Committee member reasonably believes to be reliable and competent in the matters presented;
- Counsel, independent auditors or other persons as to matters which the Committee member reasonably believe to be within the professional or expert competence of such person; or
 - Another committee of the Board as to matters within its designated authority.

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF COMMUNITY TRUST BANCORP, INC., 346 NORTH MAYO TRAIL, PIKEVILLE, KY 41501-1492

The Undersigned Shareholder of COMMUNITY TRUST BANCORP, INC., a Kentucky corporation, hereby appoints DR. ORVILLE CLARK, JR., MARILYN T. JUSTICE, and ERNEST M. ROGERS, or any one of them acting in the absence of the others, as the attorneys and proxies of the undersigned with full power of substitution, to vote all shares of stock of Community Trust Bancorp, Inc., as designated on the reverse side, which the undersigned holds of record at the close of business on February 29, 2008, and is entitled to vote at the Annual Meeting of Shareholders to be held at COMMUNITY TRUST BANK, INC., 346 NORTH MAYO TRAIL, PIKEVILLE, KENTUCKY, at 10:00 a.m. on April 22, 2008, and at any adjournment thereof.

WHEN PROPERLY EXECUTED, THIS PROXY WILL BE VOTED IN THE MANNER DIRECTED BY THE SHAREHOLDER. IF NO SPECIFIC DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR PROPOSAL NOS. 1 AND 2.

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE MARK, DATE, AND SIGN THIS PROXY CARD, AND RETURN IT PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

(THIS PROXY IS CONTINUED ON THE REVERSE SIDE. PLEASE SEE FOR IMPORTANT INFORMATION.)

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

COMMUNITY TRUST BANCORP, INC.

THE BOARD OF DIRECTORS PROPOSES AND RECOMMENDS A VOTE FOR PROPOSAL NOS. 1 AND 2.

Vote on Directors

1. ELECTION OF DIRECTORS: For All Withhold All For All Except

Nominees:

- 01) Charles J. Baird
- 02) Nick A. Cooley
- 03) Jean R. Hale
- 04) James E. McGhee II
- 05) M. Lynn Parrish
- 06) Paul E. Patton
- 07) Dr. James R. Ramsey
- 08) Gary G. White

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

Vote on Proposal

2. Proposal to ratify and approve the appointment of BKD, LLP as Community Trust Bancorp, Inc.'s Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2008.

For Against Abstain

In their discretion, the Proxies are authorized to vote in accordance with their judgment upon such other business as may properly come before the meeting.

PLEASE MARK, SIGN, DATE AND RETURN PROMPTLY THIS PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

Please indicate if you plan to attend this meeting. Yes No

(When shares are held by joint tenants, both should sign. Trustees, guardians, attorneys, executors, administrators and others signing in a representative capacity should indicate the capacity in which they sign. If a corporation, the President or other authorized officer should sign in the full corporate name. If a partnership, an authorized person should sign in partnership name.)

Signature

Date

Signature (Joint Owners)

Date

VOTE BY INTERNET - www.proxyvote.com

Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by Community Trust Bancorp, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Community Trust Bancorp, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.