
Section 1: 8-K/A (CTBI 2020 EXECUTIVE COMPENSATION FORM 8-K/A)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

January 28, 2020

Commission file number 001-31220

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.)

P.O. Box 2947

346 North Mayo Trail

Pikeville, Kentucky

(Address of principal executive offices)

41502

(Zip code)

(606) 432-1414

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock

(Title of class)

CTBI

(Trading symbol)

The Nasdaq Global Select Market

(Name of exchange on which registered)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- ☐ Soliciting material pursuant to Rule 14a-12 under the Securities Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

Community Trust Bancorp, Inc. is filing this Form 8-K/A as an amendment to its Current Report on Form 8-K filed on January 31, 2020 (the “Original Report”). The Original Report inadvertently omitted a grant of restricted stock to James B. Draughn on January 28, 2020. This Current Report on Form 8-K/A corrects that error and does not amend the Original Report in any other way.

ITEM 1.01 – ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On January 28, 2020, Community Trust Bancorp, Inc.’s Board of Directors approved the Employee Incentive Compensation Plan for the year ending December 31, 2020, which is included under Item 5.02 below, and incorporated herein by reference.

ITEM 5.02 – DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

On January 28, 2020, Community Trust Bancorp, Inc.’s (“CTBI”) Board of Directors approved the following actions, which were approved by the Compensation Committee and recommended to the Board of Directors:

- *Base Salary Increases.* New annual base salaries were approved for the following named executive officers: Jean R. Hale (Chairman, President and Chief Executive Officer) - \$675,000; Kevin J. Stumbo (Executive Vice President, Chief Financial Officer, and Treasurer) - \$315,000; Mark A. Gooch (Executive Vice President and Secretary) - \$475,000; Larry W. Jones (Executive Vice President) - \$300,000; and James B. Draughn (Executive Vice President) - \$302,000.
- *Cash Incentive Compensation Awards for the Year(s) Ended December 31, 2019.* CTBI’s named executive officers were participants in CTBI’s Senior Management Incentive Compensation Plan for the year ended December 31, 2019 (“2019 Plan”). The Committee previously established the performance measures under the 2019 Plan and the required minimum level of performance was achieved by CTBI under the Plan. Accordingly, the named executive officers were entitled to the following cash incentive awards (paid in January 2020).

	2019 Cash Incentive Awarded Under the Senior Management Incentive Compensation Plan (\$)
Jean R. Hale – Chairman, President and Chief Executive Officer	162,500
Kevin J. Stumbo – Executive Vice President, Chief Financial Officer, and Treasurer	44,250
Mark A. Gooch – Executive Vice President and Secretary	92,000
Larry W. Jones – Executive Vice President	43,500
James B. Draughn – Executive Vice President	43,500

CTBI’s named executive officers were also participants in CTBI’s 2017 Executive Committee Long-Term Incentive Compensation Plan (“2017 Plan”) for the three year period ending December 31, 2019. The Committee previously established the performance measures under the 2017 Plan and the required level of performance was achieved by CTBI under the Plan. Accordingly, the named executive officers were entitled to the following cash incentive awards (paid in January 2020).

	2019 Cash Incentive Awarded Under the Long-Term Incentive Compensation Plan (\$)
Jean R. Hale – Chairman, President and Chief Executive Officer	180,000
Kevin J. Stumbo – Executive Vice President, Chief Financial Officer, and Treasurer	38,250
Mark A. Gooch – Executive Vice President and Secretary	96,525
Larry W. Jones – Executive Vice President	40,500
James B. Draughn – Executive Vice President	39,750

- *Grants of Restricted Stock.* Restricted stock was also granted to the named executive officers (as shown in the chart below) as a result of achieving the minimum level of performance under the 2019 Senior Management Incentive Compensation Plan. The restricted stock was granted pursuant to the terms of CTBI’s 2015 Stock Ownership Incentive Plan. The restrictions on the restricted stock will lapse ratably over four years. However, in the event of certain participant employee termination events occurring within 24 months of a change in control of CTBI or the death of the participant, the restrictions will lapse, and in the event of the participant’s disability, the restrictions will lapse on a pro rata basis. The Committee will have discretion to review and revise restrictions applicable to a participant’s restricted stock in the event of the participant’s retirement.

	Restricted Stock Granted (Shares)
Jean R. Hale – Chairman, President and Chief Executive Officer	1,456
Kevin J. Stumbo – Executive Vice President, Chief Financial Officer, and Treasurer	496
Mark A. Gooch – Executive Vice President and Secretary	902
Larry W. Jones – Executive Vice President	487
James B. Draughn – Executive Vice President	487

In addition to these restricted stock grants, a management retention restricted stock award was granted to James B. Draughn for 2,500 shares. The terms of this grant are consistent with the above described restricted stock grants, except the retention award will cliff vest at the end of five years.

- *Plans for Annual Incentive Compensation Awards for the Year Ending December 31, 2020.* The Committee approved the Senior Management Incentive Compensation Plan for the year ending December 31, 2020 which is included herein as Exhibit 10.7 to this Current Report on Form 8-K. The participation groups under the Plan are: (i) Group I, consisting of the Community Trust Bancorp, Inc. Chief Executive Officer (“CTBI CEO”), Community Trust Bank, Inc. Chief Executive Officer (“CTB CEO”), and other members of the Executive Committee (“Other Executive Officers”); (ii) Group II, consisting of CTB officers responsible for the various consolidated functions as selected by the CTB CEO, the Presidents of each market, and the Community Trust and Investment Company (CTIC) officers responsible for various departments as selected by the CTIC CEO; and (iii) Group III, consisting of Senior Vice Presidents of consolidated functions selected for participation by the Compensation Committee. Individuals below the Senior Vice President level may be selected by the Compensation Committee for special option awards for extraordinary performance. This Plan may be amended, modified, or terminated by the Board of Directors at any time at its sole discretion, except that after the 90th day of the year the performance standards may not be changed in a manner that would increase the amount of incentive compensation payable for such year.
 - Participants will be eligible for a cash award determined by earnings per share (EPS) growth and earnings as a percentage of average assets (ROAA). The minimum and maximum awards as a percentage of salary for each group will be: (i) Group I – CTBI CEO minimum award of 25% of salary and maximum award of 100% of salary; (ii) Group I – CTB CEO minimum award of 20% of salary and maximum award of 80% of salary; (iii) Group I – Other Executive Officers minimum award of 15% of salary and maximum award of 60% of salary; (iv) Group II – minimum award of 3.5% of salary and maximum award of 8.75% of salary; and (v) Group III – minimum award of 2.75% of salary and maximum award of 6.71% of salary. In the event that the ROAA or EPS are not attained but the target net income is attained, the amount of the award under the Plan shall be paid at the base level of target performance payment. There shall be a minimum acceptable performance beneath which no incentive awards are paid and a maximum above which there is no additional award paid to avoid excessive payout in the event of windfall profits.
 - Participants will be eligible to receive stock options (pursuant to CTBI’s 2015 Stock Ownership Incentive Plan) with a face value equal to certain percentages of salary or restricted stock (or a combination of options and restricted stock) of an amount recommended by the Compensation Committee and approved by the Board of Directors of CTBI subject to any limitations of the 2015 Stock Ownership Incentive Plan. The minimum and maximum stock option awards as a percentage of salary for each group will be: (i) Group I – CTBI CEO minimum award of 10% of salary and maximum award of 23% of salary; (ii) Group I – CTB CEO minimum award of 8.757% of salary and maximum award of 20.125% of salary; (iii) Group I – Other Executive Officers minimum award of 7.5% of salary and maximum award of 17.25% of salary; (iv) Group II – minimum award of 5% of salary and maximum award of 11.5% of salary; and (v) Group III – minimum award of 2.25% of salary and maximum award of 5% of salary. In the event that the ROAA or EPS are not attained but the target net income is attained, the amount of stock options and/or restricted stock awarded under the Plan shall be granted at the base level of target performance. There shall be a minimum acceptable performance beneath which awards will not be granted and a maximum above which there is no additional award in the event of windfall profits.

The Committee also approved the Employee Incentive Compensation Plan for the year ending December 31, 2020 which is included herein as Exhibit 10.9 to this Current Report on Form 8-K. Full-time employees who do not participate in another incentive plan are eligible to participate in this Plan. This Plan may be amended, modified, or terminated by the Board of

Directors at any time at its sole discretion, except that after the 90th day of the year the target award and the performance standards may not be changed in a manner that would increase the amount of incentive compensation payable over the amount which would have been payable under the performance standards previously established.

- Participants will be eligible for a cash award determined by earnings per share growth and earnings as a percentage of average assets (ROAA). The minimum and maximum awards as a percentage of salary for each participant will be: minimum award – 2% of salary and maximum award – 4.5% of salary. In the event that the ROAA or EPS are not attained but the target net income is attained, the amount of the award under the Plan shall be paid at the base level of target performance payment. There shall be a minimum acceptable performance beneath which no incentive awards are paid and a maximum above which there is no additional award paid to avoid excessive payout in the event of windfall profits.
- *Plan for Long-Term Incentive Compensation for Executive Committee.* The Committee approved the 2020 Executive Committee Long-Term Incentive Compensation Plan which is included herein as Exhibit 10.20 to this Current Report on Form 8-K. This Plan may be amended, modified, or terminated by the Board of Directors at any time at its sole discretion, except that after the 90th day of the year, the performance goals set forth within may not be amended in a manner which would increase the amount of compensation payable pursuant to performance units over the amount which would have been payable under the performance goals previously established for such year. Participants in this Plan will be the members of the Executive Committee of CTBI.
 - The target award fund shall be generated by 40% of the salary of the CTBI CEO, 30% of the CTB CEO, and 20% of the salary of other members of the Executive Committee. The target award may be changed by the Compensation Committee of the Board of Directors at any time during the Performance Period at their discretion provided, however, that the target award as a percentage of salary may not be increased after the 90th day of the 2020 calendar year.
 - The actual amount of payments under the performance units shall be calculated according to a schedule comparing cumulative net income (over a three-year performance period) to the performance goals described within the Plan and payments will be made in the form of cash or shares. The minimum and maximum awards as a percentage of salary will be 10.0% and 60.0% for the CTBI CEO, 7.50% and 45.0% for the CTB CEO, and 5.00% and 30.0% for all other members of the Executive Committee, respectively. No amounts may be paid under the performance units unless CTBI attains a minimum acceptable performance, and no additional amounts may be paid above the maximum performance level.

ITEM 9.01 – FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
10.7	Senior Management Incentive Compensation Plan (for the year ending December 31, 2020)
10.9	Employee Incentive Compensation Plan (for the year ending December 31, 2020)
10.20	Community Trust Bancorp, Inc. 2020 Executive Committee Long-Term Incentive Compensation Plan

EXHIBIT INDEX

Exhibit No.	Description
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10.7	Senior Management Incentive Compensation Plan (for the year ending December 31, 2020) {incorporated by reference to Exhibit 10.7 of the Original Report}
10.9	Employee Incentive Compensation Plan (for the year ending December 31, 2020) {incorporated by reference to Exhibit 10.9 of the Original Report}
10.20	Community Trust Bancorp, Inc. 2020 Executive Committee Long-Term Incentive Compensation Plan {incorporated by reference to Exhibit 10.20 of the Original Report}

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMMUNITY TRUST BANCORP, INC.

By:

Date: February 18, 2020

/s/ Jean R. Hale

Jean R. Hale

Chairman, President and Chief Executive Officer

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