

**CHARTER  
OF THE  
COMPENSATION 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**

*Appointment.* Members of the Compensation committee (the “Committee”) will be 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.

*Qualifications of Members.* The Committee will be composed of at least three members, all of whom must meet the independence requirements of the Nasdaq Global Select Market or such other exchange or system upon which the securities of Community Trust Bancorp, Inc. (Corporation”) are currently listed, quoted and/or traded (“Listing Requirements”) and any standards of independence as may be prescribed for purposes of any federal securities, tax or other laws relating to the Committee’s duties and responsibilities. Each member of the Committee shall meet both the definition of “non-employee director” under Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange Act”) and the definition of “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986. No member of the Committee shall be an officer or of the Corporation or have been an officer of the Corporation within the prior three years or an “affiliated person” of the Corporation or any of its subsidiaries. No member of the Committee may have any interlocking relationships required to be disclosed under the federal securities laws, including Item 407(e) (4) (iii) of Regulation S-K. 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 request 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 appropriate funding, as determined solely by the Committee, for payment of compensation to any advisors retained by the Committee. The Committee may request any officer or employee of the Corporation or the

Corporation's outside counsel or other advisors to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee.

## **II. PURPOSE OF THE COMMITTEE**

### **Primary Purpose**

The Committee's primary purpose is to:

- Discharge the Corporation's responsibilities relating to the compensation of the Corporation's executive officers. The Committee has responsibility for evaluating and approving the benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Corporation and its subsidiaries; and
- Prepare the annual report concerning executive compensation for inclusion in the Corporation's proxy statement.

## **III. RESPONSIBILITIES OF THE COMMITTEE**

### **Charter Review**

- Review and reassess the adequacy of the Committee's charter 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 Securities and Exchange Commission ("SEC"), Listing Requirements and rules or regulations of any other regulatory body having authority over the Corporation.

### **Executive Compensation/Approval of Transactions**

- Annually review and approve corporate and/or individual goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation level based on this evaluation. In determining any long-term incentive component of CEO compensation, the Committee will consider all such factors as it deems relevant, such as the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards granted to the CEO in previous years.
- Annually review and approve, for the CEO and the senior executives of the Company, (a) the annual base salary level, (b) the level and requirements of any annual incentive opportunity, (c) the level and requirements for any long-term incentive opportunity, and (d) any special or supplemental benefits.

- Annually review and make recommendations to the Board with respect to Director compensation
- Annually review and make recommendations to the Board with respect to the compensation of all officers and other key executives, including grants and awards under any incentive compensation plans and equity-based plans.
- Negotiate and approve any and all employment agreements, severance agreements, and change in control agreements or provisions, in each case when and if appropriate.
- Adopt, administer, approve and ratify any and all incentive compensation and equity-based plans and awards thereunder, including amendments to the plans or awards made under any such plans.
- Pre-approve all loans or other extensions of credit and all related party or affiliate transactions between the Corporation and any of its subsidiaries, affiliates, directors, executive officers , or in which any of such persons directly or indirectly is interested or benefitted, and establish and maintain policies and procedures for the review and approval of the same; provided, however, that the Committee shall ensure that no loans or other extensions of credit are made in violation of the prohibitions contained in the Sarbanes-Oxley Act of 2002 and the regulations adopted thereunder.

**Compliance Oversight**

- Periodically review the Corporation’s insider trading policies and procedures; any and all benefit, incentive compensation and equity-based plans; compensation agreements, plans, policies and arrangements; and outstanding loans to corporate, subsidiaries and affiliates directors and executive officers , and adopt necessary or desirable amendments or changes to the same, and establish procedures and mechanisms designed to cause the same to comply with all provisions of applicable corporate, securities, tax, banking, ERISA or other laws and regulations or Listing Requirements including those regarding:
  - (a) loans or other extensions of credit to affiliates, subsidiaries, directors, and executive officers or of the Corporation and its affiliates and subsidiaries;
  - (b) reimbursement of the Corporation for, or forfeiture of, any profits, bonus or equity-based compensation by the Corporation’s CEO, principal financial officer and/or executive officers in connection with an accounting restatement;
  - (c) investment elections and changes thereto, blackout periods, and restrictions on trading by plan participants, directors, officers and employees of the Corporation;

- (d) related party or affiliate transactions with the Corporation; and
- (e) Section 16 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

**General**

- Form and delegate authority to subcommittees when appropriate;
- Retain and terminate any compensation consultant to be used to assist in the evaluation, review or development of director, CEO or senior executive compensation, compensation plans or arrangements, or benefits, and have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Corporation shall pay all fees and expenses of legal, accounting or other advisors retained by the Committee;
- Report regularly to the Board with regard to the Committee's activities;
- Maintain minutes or other records of the Committee's meeting and activities;
- Prepare the Committee report to be included in the Corporation's proxy statement when and as required by applicable securities laws and regulations;
- Review the compensation discussion and analysis with management; and
- Annually review the performance of the Committee.

In performing their 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 believes to be within the professional or expert competence of such person; and
- Another committee of the Board as to matters within its designated authority