

S Y BANCORP INC
Form DEF 14A
March 17, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

S.Y. Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206
502.582.2571

March 17, 2010

Dear Shareholder:

We cordially invite you to attend the 2010 Annual Meeting of Shareholders of S.Y. Bancorp, Inc., which will be held at 10:00 a.m., Eastern Time, on Wednesday, April 21, 2010, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40207. The Olmsted is located on the campus of the Masonic Widows and Orphans Home, and there is a map on the back cover for your reference.

The enclosed Notice and Proxy Statement contain complete information about matters to be considered at the Annual Meeting, at which we will also review S.Y. Bancorp's business and operations. Only shareholders and their proxies are entitled to vote at the Annual Meeting.

We hope you will attend the meeting. Your vote is important. Whether or not you plan to attend, we urge you to complete, sign and return the enclosed proxy card, so that your shares will be represented and voted at the Annual Meeting.

Sincerely yours,

/s/ David P. Heintzman

David P. Heintzman
Chairman and Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on April 21, 2010: The notice and proxy statement and annual report are available at <http://www.sn1.com/IRWebLinkX/GenPage.aspx?IID=100548&gkp=203200>.

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206

NOTICE OF THE
2010 ANNUAL MEETING OF SHAREHOLDERS

March 17, 2010

To our Shareholders:

The Annual Meeting of Shareholders of S.Y. Bancorp, Inc., a Kentucky corporation, will be held on Wednesday, April 21, 2010 at 10:00 a.m., Eastern Time, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40207 for the following purposes:

- (1) To approve the action of the Board of Directors fixing the number of directors at twelve;
- (2) To elect eleven (11) directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified;
- (3) To ratify the selection of KPMG LLP as the independent registered public accounting firm for S.Y. Bancorp, Inc. for the year ending December 31, 2010;
- (4) To approve a proposal to amend the 2005 Stock Incentive Plan to reserve an additional 700,000 shares of Common Stock for issuance under the Plan and approve the performance criteria that may be applied to performance-based compensation under that Plan.
- (5) To transact such other business as may properly come before the meeting.

The record date for the determination of the shareholders entitled to vote at the meeting or at any adjournment thereof is the close of business on March 5, 2010.

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We hope you will be represented at the meeting. Please sign and return the enclosed proxy card in the accompanying envelope as promptly as possible, whether or not you expect to be present in person. Your vote is important. The Board of Directors of Bancorp appreciates the cooperation of shareholders in directing proxies to vote at the meeting.

By Order of the Board of Directors

/s/ David P. Heintzman

David P. Heintzman
Chairman and Chief Executive Officer

**WE URGE SHAREHOLDERS TO MARK, SIGN AND RETURN
PROMPTLY THE ACCOMPANYING PROXY CARD**

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206

PROXY STATEMENT
FOR THE 2010 ANNUAL MEETING OF SHAREHOLDERS

General Information about the Annual Meeting

Why have I received these materials?

We are mailing the accompanying proxy to shareholders on or about March 17, 2010. The proxy is solicited by the Board of Directors of S.Y. Bancorp, Inc. (referred to throughout this Proxy Statement as S.Y. Bancorp, the Company or we or our) in connection with our Annual Meeting of Shareholders that will take place on Wednesday, April 21, 2010. We cordially invite you to attend the Annual Meeting and request you to vote on the proposals described in this Proxy Statement.

What am I voting on?

- Approving the action of the Board of Directors fixing the number of directors at twelve;
- Electing eleven (11) directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected;
- Ratification of the selection of KPMG LLP as the independent registered public accounting firm for S.Y. Bancorp, Inc. for the year ending December 31, 2010; and
- Approval of a proposal to amend the 2005 Stock Incentive Plan to reserve an additional 700,000 shares of Common Stock for issuance under the Plan and approve the performance criteria that may be applied to performance-based compensation under that Plan.

Where can I find more information about these voting matters?

- Information about nominees for election or reelection is contained in ITEM 1 and ITEM 2.
- Information about the ratification of the selection of KPMG LLP as the independent registered public accounting firm is contained in ITEM 3.
- Information about the proposal to amend the 2005 Stock Incentive Plan is contained in ITEM 4.

What is the relationship of S.Y. Bancorp and Stock Yards Bank & Trust Company?

S.Y. Bancorp is the holding company for Stock Yards Bank & Trust Company (referred to throughout this Proxy Statement as the Bank). S.Y. Bancorp owns 100% of Stock Yards Bank & Trust Company. Because S.Y. Bancorp has no operations of its own, its business and that of Stock Yards Bank & Trust Company are essentially the same.

Who is entitled to vote at the Annual Meeting?

Holders of record of common stock (Common Stock) of S.Y. Bancorp as of the close of business on March 5, 2010 will be entitled to vote at the Annual Meeting. On March 5, 2010, there were 13,674,676 shares of Common Stock outstanding and entitled to one vote on all matters presented for vote at the Annual Meeting.

How do I vote my shares?

If you are a record shareholder of Common Stock (that is, if you hold Common Stock in your own name in S.Y. Bancorp's stock records maintained by our transfer agent, Stock Yards Bank & Trust Company), you may complete and sign the accompanying proxy card and return it to S.Y. Bancorp or deliver it in person. Shares will be voted as you instruct. If you return your proxy card and do not mark your voting instructions on your signed card, David Heintzman and Ja Hillebrand as proxies named on the proxy card, will vote FOR fixing the number of

directors at twelve (12), FOR the election of the eleven director nominees; FOR the ratification of the selection of KPMG LLP as the independent registered public accounting firm and FOR the proposal to amend the 2005 Stock Incentive Plan.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet. Beneficial owners who wish to vote at the Annual Meeting will need to obtain a proxy form from the institution that holds your shares and to follow the voting instructions on such form.

If you are a participant in the Stock Yards Bank & Trust Company 401(k) and Employee Stock Ownership Plan, are still employed by the Bank and have a Bank email address, you will receive an electronic version of the proxy card for the shares that you own through that savings plan. If you are a participant no longer employed by the Bank or for another reason do not have a Bank email address, you will receive a paper version of the proxy card via postal mail. In either case, that proxy card will serve as a voting instruction card for the trustee of the plan. If you own shares through the plan and do not vote, the plan trustee will be instructed by the plan's administrative committee vote the plan shares in the same proportion as shares for which instructions were received under the plan.

Can I change my vote after I return my proxy card?

Yes. After you have submitted a proxy, you may change your vote at any time before the proxy is exercised by submitting a notice of revocation to the Secretary of S.Y. Bancorp or a replacement proxy bearing a later date. Or you may attend the annual meeting, revoke your proxy and vote in person. In each event, the later submitted vote will be recorded and the earlier vote revoked. Your attendance at the Annual Meeting will not revoke your proxy unless you provide written notice of revocation.

What is a broker non-vote?

If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have the discretionary authority to vote. This is called a broker non-vote. In these cases the broker can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange (NYSE). There is an important change this year regarding the broker non-votes and Director elections.

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority to vote your shares on the ratification of KPMG LLP even if the broker does not receive voting instructions from you. However your broker does not have discretionary authority to vote on the election of Directors or on the proposal to amend the 2005 Stock Incentive Plan to reserve an additional 700,000 shares of Common Stock for issuance under the Plan and approve the performance criteria that may be applied to performance-based compensation under that Plan without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on these matters.

Important change: A NYSE rule change in effect for the 2010 Annual Meeting no longer permits brokers to vote in the election of Directors if the holder of record has not received instructions from the beneficial owner. This represents a change from prior years, when brokers had discretionary voting authority in the election of Directors. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares.

What constitutes a quorum for purposes of the Annual Meeting?

The presence at the Annual Meeting in person or by proxy of the holders of a majority of the voting power of all outstanding shares of Common Stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by shareholders will be treated as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on such matters.

What vote is required to approve each item?

The proposal to fix the number of directors at twelve will pass if votes cast for it exceed votes cast against it.

Directors will be elected by a plurality of the total votes cast at the Annual Meeting for the election of directors. Assuming eleven directors are to be elected, a plurality means that the eleven nominees receiving the highest number of FOR votes will be deemed elected.

The selection of the independent registered public accounting firm will be ratified if the votes cast for it exceed the votes cast against it.

The proposal to amend the 2005 Stock Incentive Plan will be approved if the votes cast for it exceed the votes cast against it.

Any other item to be voted upon at the Annual Meeting will pass if votes cast for it exceed votes cast against it.

Who counts the votes?

Judges appointed for the meeting will tabulate votes cast in person or by proxy at the Annual Meeting. These judges are independent inspectors who certify the results of the voting and will also determine whether a quorum is present at the meeting.

How are abstentions and broker non-votes treated?

A shareholder entitled to vote for the election of directors may withhold authority to vote for all nominees for directors or may withhold authority to vote for certain nominees for directors. A shareholder may also abstain from voting on any or all other proposals. The judges will treat votes withheld from the election of any nominee for director and abstentions from any other proposal as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but will not be counted in the number of votes cast for or against any matter. If a broker does not receive voting instructions from the beneficial owner of shares on a particular matter and indicates on the proxy that it does not have discretionary authority to vote on that matter, the judges will treat these shares as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on the matter.

What information do I need to attend the Annual Meeting?

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We do not use tickets for admission to the Annual Meeting. If you are voting in person, we may ask for photo identification.

How does the Board recommend that I vote my shares?

The Board recommends a vote FOR fixing the number of directors at twelve (12), FOR each of the nominees for Director set forth in this document, FOR the ratification of the selection of the independent registered public accounting firm, and FOR the proposal to amend the 2005 Stock Incentive Plan.

With respect to any other matter that properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion in the best interests of S.Y. Bancorp. At the date this Proxy Statement went to press, the Board of Directors had no knowledge of any business other than that described herein that would be presented for consideration at the Annual Meeting.

Who will bear the expense of soliciting proxies?

S.Y. Bancorp will bear the cost of soliciting proxies in the form enclosed. In addition to the solicitation by mail, proxies may be solicited personally or by telephone, facsimile or electronic transmission by our employees. We reimburse brokers holding Common Stock in their names or in the names of their nominees for their expenses in sending proxy materials to the beneficial owners of such Common Stock.

Is there any information that I should know about future annual meetings?

Any shareholder who intends to present a proposal at the 2011 Annual Meeting of Shareholders (the 2011 Annual Meeting) must deliver the proposal to the Corporate Secretary at 1040 East Main Street, Louisville, Kentucky 40206 not later than November 17, 2010, if the proposal is submitted for inclusion in our proxy materials for that meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934. In addition, S.Y. Bancorp's Bylaws impose certain advance notice requirements on a shareholder nominating a director or submitting a proposal to an Annual Meeting. Such notice must be submitted to the secretary of S.Y. Bancorp no later than January 21, 2011. The notice must contain information prescribed by the Bylaws, copies of which are available from the secretary. These requirements apply even if the shareholder does not desire to have his or her nomination or proposal included in S.Y. Bancorp's proxy statement.

CORPORATE GOVERNANCE AND RELATED MATTERS

Board Leadership Structure

The S.Y. Bancorp's Board of Directors represents shareholders' interests in perpetuating a successful business including optimizing shareholder returns. The Directors are responsible for determining that the Company is managed in such a way as to ensure this result. This is an active responsibility, and the Board monitors the effectiveness of policies and decisions including the execution of the Company's business strategies. Strong corporate governance guidelines form the foundation for Board practices. As a part of this foundation, the Board believes that high ethical standards in all Company matters are essential to earning the confidence of investors, customers, employees and vendors. Accordingly, S.Y. Bancorp has established a framework that exercises appropriate measures of oversight at all levels of the Company and clearly communicates that the Board expects all actions be consistent with its fundamental principles of business ethics and other corporate governance guidelines. The Company's governance guidelines and other related matters are published on the Company website: www.syb.com under the Investor Relations tab.

The Board of Directors believes the most effective leadership structure for the Company is a combined Chairman and CEO position filled by Mr. Heintzman. He is the director most familiar with the business of the Company and the banking industry, and the Board feels he is best suited to lead discussions on important issues affecting the Bank and Bancorp. Combining the CEO and Chairman positions creates a firm link between management and the Board and promotes development and implementation of corporate strategy. As the Board is committed to strong corporate governance and independent Board of Directors, the Board has designated a lead director. In addition to an independent lead director three committees of the Board provide independent oversight of management – the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each is composed entirely of independent directors.

The Chair of the Nominating and Corporate Governance Committee acts in the role of lead director. The lead director presides at executive sessions of the Board which consist of non-management directors and are held at least four times annually. He has authority to call special meetings of the independent directors and committees of the Board, serves as liaison between the Chairman and independent board members and is available to discuss with any director concerns he or she may have regarding the Board, the Company or the management team. The lead director is responsible for providing advice and consultation to Chairman and Chief Executive Officer and informing him of decisions reached and suggestions made during executive sessions of the Board of Directors. The lead director reviews and approves matters such as agendas for Board meetings and executive sessions, information distributed to Board members, and meeting schedules – both as to when meetings occur and the sufficiency of time allocated to agenda items.

Board Oversight of Risk Management

The Board of Directors has a significant role in the oversight of risk management. The Board receives information regarding risks facing the Company, their relative magnitude and management's plans for mitigating these risks. Among risks facing the Company are credit, financial, operational, interest rate, liquidity, and regulatory risks. After assessment by management, reports are made to committees of the Board. Credit risk is addressed by the

Loan Committee of the Bank. Financial, operational and regulatory risks are addressed by the Audit Committee of Bancorp. The full Board hears reports from the Loan Committee monthly and from the Audit Committee quarterly. Liquidity and interest rate risk are addressed by the Asset/Liability Committee comprised of Bank management and reports are made monthly to the Board. The Bank's Internal Auditor has a direct reporting line to the Board. The Chief Risk Officer, Information Security Officer and Compliance Officer make regular reports to the Board.

BOARD OF DIRECTORS MEETINGS AND COMMITTEES

During 2009, the Board of Directors of S.Y. Bancorp held thirteen regularly scheduled meetings. All directors of S.Y. Bancorp are also directors of the Bank. During 2009 the Bank's Board of Directors held thirteen regularly scheduled meetings.

All directors attended at least 75% of the number of meetings of the Board and committees of the Board on which they served. All directors are encouraged to attend annual meetings of shareholders, and all attended the 2009 Annual Meeting.

S.Y. Bancorp has an Audit Committee, Compensation Committee and a Nominating and Corporate Governance Committee of the Board of Directors. The Bank has a Loan Committee and a Trust Committee of the Board of Directors.

Audit Committee

The Board of Directors of S.Y. Bancorp, Inc. maintains an Audit Committee comprised of five directors who are not officers of S.Y. Bancorp. The Audit Committee is comprised of Messrs. Carrico, Herde (Chairman), Lechleiter, Madison and Simon. Each of these individuals meets the NASDAQ independence requirements for membership on an audit committee. The Board of Directors has adopted a written charter for the Audit Committee, and this charter is available on S.Y. Bancorp's website: www.syb.com.

The Audit Committee oversees S.Y. Bancorp's financial reporting process on behalf of the Board of Directors. Management has primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee, among other things, considers the appointment of the independent auditors for S.Y. Bancorp, reviews with the auditors the plan and scope of the audit and audit fees, monitors the adequacy of reporting and internal controls, meets regularly with internal and independent auditors, reviews the independence of the independent auditors, reviews S.Y. Bancorp's financial results as reported in Securities and Exchange Commission filings, and approves all auditing and permitted non auditing services performed by its independent auditors. The Committee reviews and evaluates identified related party transactions and discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures. The Audit Committee meets with our management at least quarterly to consider the adequacy of our internal controls and the objectivity of our financial reporting. This Committee also meets with the independent auditors and with our own appropriate financial personnel and internal auditors regarding these matters. Both the independent auditors and the internal auditors regularly meet privately with this Committee and have unrestricted access to this Committee. The Audit Committee held five meetings during 2009.

The Board of Directors has determined that Mr. Herde and Mr. Lechleiter are audit committee financial experts for S.Y. Bancorp and are independent as described in the paragraph above. See **REPORT OF THE AUDIT COMMITTEE** for more information.

Nominating and Corporate Governance Committee

The Board of Directors of S.Y. Bancorp, Inc. maintains a Nominating and Corporate Governance Committee. Members of this committee are Messrs. Edinger (Chairman), Madison, Simon and Tasman, all of whom are non-employee directors meeting the NASDAQ independence requirements for membership on a nominating and governance committee. Responsibilities of the committee are set forth in a written charter satisfying the NASDAQ's corporate governance standards, requirements of federal securities law, and incorporating other best practices. The Board of Directors adopted the charter for the Nominating and Corporate Governance Committee, and this charter is available on S.Y. Bancorp's website: www.syb.com.

Among the Committee's duties are identifying and evaluating candidates for election to the board of directors, including consideration of candidates suggested by shareholders. To submit a candidate for consideration by the Committee, a shareholder must provide written communication to the Committee. The Committee would apply the same board membership criteria to shareholder-nominated candidates as it would to Committee-nominated candidates. The Committee also assists the Board in determining the composition of Board committees, assessing the Board's effectiveness and developing and implementing the Company's corporate governance guidelines.

This committee held one meeting during 2009.

Compensation Committee

The Board of Directors of S.Y. Bancorp, Inc. maintains a Compensation Committee. Members of this committee are Messrs. Carrico, Edinger, Lechleiter and Tasman and Dr. Taylor (Chairman), all of whom are independent non-employee Directors. The Board of Directors has adopted a written charter for the Compensation Committee, and this charter is available on S.Y. Bancorp's website: www.syb.com. The responsibilities of this committee include oversight of executive compensation by establishing and administering compensation programs and making recommendations to our Board of Directors regarding the compensation of executive officers and Directors. The Compensation Committee held four meetings during 2009. See EXECUTIVE COMPENSATION AND OTHER INFORMATION - REPORT ON EXECUTIVE COMPENSATION for more information.

Loan Committee

The members of the Bank's Loan Committee are Messrs. Brooks, Carrico, Herde and Tasman. This committee held eleven meetings in 2009. The Loan Committee is primarily responsible for oversight of the Bank's lending function including loan quality matters and approval of large credit facilities.

Trust Committee

The members of the Bank's Trust Committee are Messrs Brooks, Edinger and Simon and Dr. Taylor. This committee held six meetings in 2009. The Trust Committee oversees the operations of the trust department of the Bank to ensure it operates in accordance with sound fiduciary principles and is in compliance with pertinent laws and regulations.

Shareholder Communications with the Board of Directors

Shareholders may communicate directly to the Board of Directors in writing by sending a letter to the Board at: S.Y. Bancorp Board of Directors, P.O. Box 32890, Louisville, KY 40232-2890. All communications directed to the Board of Directors will be received and processed by the Nominating and Corporate Governance Committee without any editing or screening.

ITEM 1. FIXING THE NUMBER OF DIRECTORS

Directors Proposal to Fix the Number of Directors

The articles of incorporation and bylaws of S.Y. Bancorp provide that the Board of Directors be composed of nine to twenty members. Each year the Board of Directors recommends the number for the coming year and presents a resolution to be adopted by the shareholders at the Annual Meeting. The Board of Directors has recommended that the number of directors constituting the Board be fixed at twelve for the ensuing year, subject to approval by shareholders at the Annual Meeting. If the individuals nominated are elected, there will be eleven individuals serving on the Board following the 2010 Annual Meeting. The Board of Directors may appoint individuals to fill vacancies or elect an additional director to serve until elected by shareholders at the next Annual Meeting.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO FIX THE NUMBER OF DIRECTORS AT TWELVE

ITEM 2. ELECTION OF ELEVEN DIRECTORS

The Board of Directors presently consists of twelve (12) members. Directors serve a one-year term and hold office until the annual meeting following the year of their election and until his or her successor is elected and qualified, subject to his or her prior death, resignation, retirement, removal or disqualification. Dr. Taylor will retire concurrent with the 2010 Annual Meeting having reached age 70, the retirement age for the Board of Directors.

The eleven (11) directors nominated by the Nominating and Corporate Governance Committee of the Board of Directors for election this year to hold office until the 2011 annual meeting and until their respective successors are elected and qualified are:

Name, Age and Year Individual Became Director (1)	Principal Occupation; Certain Directorships (2) (3)
David H. Brooks Age 67 Director since 1985	Retired; Former Chairman and Chief Executive Officer, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
James E. Carrico Age 68 Director since 1978	Retired; Former Managing Director, Wells Fargo Insurance Services
Charles R. Edinger, III Age 60 Director since 1984	President, J. Edinger & Son, Inc.
David P. Heintzman Age 50 Director since 1992	Chairman and Chief Executive Officer, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
Carl G. Herde Age 49 Director since 2005	Vice President and Chief Financial Officer, Baptist Healthcare System, Inc.
James A. Hillebrand Age 41 Director since 2008	President, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
Richard A. Lechleiter Age 51 Director since 2007	Executive Vice President and Chief Financial Officer Kindred Healthcare, Inc.
Bruce P. Madison Age 59 Director since 1989	Chief Executive Officer, Plumbers Supply Company, Inc.
Nicholas X. Simon Age 51 Director since 2002	President and Chief Executive Officer, Publishers Printing Company LLC

Name, Age and Year Individual Became Director (1)	Principal Occupation; Certain Directorships (2) (3)
Norman Tasman Age 58 Director since 1995	President, Tasman Industries, Inc., and Tasman Hide Processing, Inc.
Kathy C. Thompson Age 48 Director since 1994	Senior Executive Vice President, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company

(1) Ages listed are as of December 31, 2009.

(2) Each nominee has been engaged in his or her chief occupation for five years or more with the exception of Mr. Hillebrand who was appointed President of Stock Yards Bank & Trust Company and S.Y. Bancorp, Inc. in August 2008; he formerly held the title of Executive Vice President and manager of Private Banking for Stock Yards Bank & Trust Company.

(3) No nominee holds, or at any time in the last five years has not held, any directorship in a company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or subject to the requirements of Section 15(d) of such act or any company registered as an investment company under the Investment Company Act of 1940.

Our Board of Directors has determined that Messrs. Brooks, Carrico, Edinger, Herde, Lechleiter, Madison, Simon and Tasman satisfy the independence requirements of the NASDAQ Stock Market. As employees of the Bank, Messrs. Heintzman and Hillebrand and Ms. Thompson do not satisfy these requirements.

If elected, we expect that all of the aforementioned nominees will serve as directors and hold office until the 2011 annual meeting of shareholders and until their respective successors have been elected and qualified. Based on the recommendation of the Nominating and Corporate Governance Committee, all of the aforementioned nominees are standing for reelection.

Additional Information Regarding the Background and Qualifications of Director Nominees

The Nominating and Corporate Governance Committee (the Committee) considers the particular experience, qualifications, attributes and expertise of each nominee for election to the Board. Having directors with different points of view, professional experience, education and skills provides broader perspectives and more diverse considerations valuable to the directors as they fulfill their leadership roles. Potential Board candidates are evaluated based upon various criteria, including:

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- direct industry knowledge, broad-based business experience, or professional skills that indicate the candidate will make a significant and immediate contribution to the Board's discussion and decision-making in the array of complex issues facing Bancorp;
- behavior and reputation that indicate he or she is committed to the highest ethical standards and the values of Bancorp;
- special skills, expertise, and background that add to and complement the range of skills, expertise, and background of the existing Directors;
- the ability to contribute to broad Board responsibilities, including succession planning, management development, and strategic planning; and
- confidence that the candidate will effectively, consistently, and appropriately take into account and balance the legitimate interests and concerns of all our shareholders in reaching decisions.

Directors must have time available to devote to Board activities and to enhance their knowledge of S.Y. Bancorp, Inc. and the banking industry. Non-management Directors are encouraged to limit the number of other boards of U.S. public companies (excluding non-profits and subsidiaries) on which they serve to no more than two, taking into account potential board attendance, participation and effectiveness on these boards. In addition, no board member may serve on the board of a competing institution or corporation.

Non-management Directors are required to own stock equal in value \$100,000 within five years of joining the Board or the adoption of this ownership requirement. The Nominating and Corporate Governance Committee may exercise its discretion in enforcing the guidelines when the accumulation of common stock is affected by the price of SYB stock or changes in Director compensation. Management Directors also have ownership targets as set forth elsewhere in this proxy statement. All directors' ownership positions exceed the requirement, and some of the more long-serving directors are among the Company's largest shareholders. Each Director has the option of deferring some or all of his/her fees, and investment options include Company common stock.