

Stock Yards Bancorp, Inc.  
Form DEF 14A  
March 24, 2017  
**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

Filed by a Party other than the Registrant

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

**Stock Yards Bancorp, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Date Filed:

**1040 East Main Street  
Louisville, Kentucky 40206  
502.582.2571**

March 24, 2017

Dear Shareholder:

We invite you to attend the 2017 Annual Meeting of Shareholders of Stock Yards Bancorp, Inc., to be held at 10:00 a.m., Eastern Time, on **Thursday, April 27, 2017**, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40206. 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 Stock Yards Bancorp's business and operations. Only shareholders of record on the record date for the meeting and their proxies are entitled to vote at the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting of Shareholders, we hope you will vote as soon as possible. You may vote your shares via a toll free number or over the Internet, or by completing, signing and returning the enclosed proxy card in the envelope provided. Instructions regarding each of the three methods of voting are contained in the Proxy Statement.

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 27, 2017: The Notice and Proxy Statement and Annual Report are available at <http://irinfo.com/sybt/sybt.html>.**

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**Stock Yards Bancorp, Inc.**

1040 East Main Street  
Louisville, Kentucky 40206

NOTICE OF THE  
2017 ANNUAL MEETING OF SHAREHOLDERS

March 24, 2017

To our Shareholders:

The Annual Meeting of Shareholders of Stock Yards Bancorp, Inc., a Kentucky corporation, will be held on **Thursday, April 27, 2017** at 10:00 a.m., Eastern Time, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40206 for the following purposes:

- (1) To elect eleven directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified;
- (2) To ratify the selection of KPMG LLP as the independent registered public accounting firm for Stock Yards Bancorp, Inc. for the year ending December 31, 2017;
- (3) To approve a non-binding resolution to approve the compensation of Stock Yards Bancorp's named executive officers;
- (4) To hold an advisory vote on the frequency of future shareholder advisory votes on executive compensation; and
- (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 6, 2017.

Your vote is important. Whether or not you plan to attend the Annual Meeting of Shareholders, we hope you will vote as soon as possible. Please review the instructions with respect to each of your voting options as described in the Proxy Statement. The Board of Directors of Stock Yards Bancorp appreciates your cooperation in directing proxies to vote at the meeting. If your schedule permits, I hope you will join me 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 VOTE AS SOON AS POSSIBLE**

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**Stock Yards Bancorp, Inc.**

1040 East Main Street  
Louisville, Kentucky 40206

PROXY STATEMENT  
FOR THE 2017 ANNUAL MEETING OF SHAREHOLDERS

**General Information about the Annual Meeting**

*Why have I received these materials?*

We are mailing this Proxy Statement and the accompanying proxy to shareholders on or about March 24, 2017. The proxy is solicited by the Board of Directors of Stock Yards Bancorp, Inc. (referred to throughout this Proxy Statement as “Stock Yards Bancorp”, “Bancorp”, “the Company” or “we” or “our”) in connection with our Annual Meeting of Shareholders that will take place on Thursday, April 27, 2017. We 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?*

Electing eleven directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected;

Ratifying the selection of KPMG LLP as the independent registered public accounting firm for Stock Yards Bancorp, Inc. for the year ending December 31, 2017;

Approving a non-binding resolution to approve the compensation of the Company's named executive officers; and

Determining shareholders' preferred frequency for conducting future advisory votes on executive compensation.

*Where can I find more information about these voting matters?*

Information about the nominees for election as directors is contained in Item 1;

Information about the ratification of the selection of KPMG LLP as the independent registered public accounting firm is contained in Item 2;

Information about the non-binding resolution to approve the compensation of Stock Yards Bancorp's named executive officers is contained in Item 3; and

Information about the frequency of future shareholder advisory votes on executive compensation is contained in Item 4.

*What is the relationship of Stock Yards Bancorp and Stock Yards Bank & Trust Company?*

Stock Yards Bancorp is the holding company for Stock Yards Bank & Trust Company (referred to throughout this Proxy Statement as "the Bank"). Stock Yards Bancorp owns 100% of Stock Yards Bank & Trust Company. Because Stock Yards Bancorp has no significant 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 Stock Yards Bancorp as of the close of business on March 6, 2017 will be entitled to vote at the Annual Meeting. On March 6, 2017, there were 22,642,046 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 Stock Yards Bancorp’s stock records maintained by our transfer agent), you may vote your shares by using one of the following three options.

By Internet – If you have Internet access, we encourage you to vote on [www.proxyvote.com](http://www.proxyvote.com) by following instructions on the proxy card;

By Telephone – by making a toll-free telephone call from the U.S. or Canada to 1(800) 690-6903; or

By Mail – You can vote by completing, signing and returning the enclosed proxy card in the postage-paid envelope provided.

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 provided by them or by following their instructions for voting by telephone or over 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 (“KSOP”), 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 to vote the plan shares as the Board of Directors recommend.

*What if I return my proxy card but do not provide voting instructions?*

If you vote by proxy card, your shares will be voted as you instruct. If you return your proxy card but do not mark your voting instructions on your signed card, Mr. Heintzman, Chairman and Chief Executive Officer, and Mr. James A. Hillebrand, President, as proxies named on the proxy card, will vote your shares FOR the election of the eleven director nominees, FOR the ratification of KPMG LLP, FOR the approval of the compensation of the named executive officers and 1 YEAR for the preferred frequency of future shareholder advisory votes on executive compensation.

*Can I change my vote after I have voted?*

Yes. You may change your vote at any time before the polls close at the Annual Meeting. You may do this by:

Signing another proxy card with a later date and returning it to us prior to the Annual Meeting;

Voting again by telephone or through the Internet prior to 11:59 p.m., Eastern Time, on April 26, 2017;

Giving written notice of revocation to the Secretary of the Company prior to the Annual Meeting; or

Voting again at the Annual Meeting.

Your attendance at the Annual Meeting will not have the effect of revoking a proxy unless you notify our Corporate Secretary in writing before the polls close that you wish to revoke a previous proxy.

*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”) that govern brokers.

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 (Item 2) 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 (Item 1), the approval of executive compensation (Item 3) or the determination of shareholders’ preferred frequency for conducting future advisory votes on executive compensation (Item 4) without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on these matters.

*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 more than 50 percent 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?*

You may vote “FOR” each nominee for director or “AGAINST” each nominee, or “ABSTAIN” from voting on one or more nominees. Unless you mark “AGAINST” or “ABSTAIN” with respect to a particular nominee or nominees or for all nominees, your proxy will be voted “FOR” each of the director nominees named in this Proxy Statement. A nominee will be elected as a director if the number of “FOR” votes exceeds the number of “AGAINST” votes.

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 approve the compensation of our named executive officers disclosed in this Proxy Statement will pass if votes cast for it exceed votes cast against it. Because this vote is advisory, it will not be binding upon Bancorp or the Board of Directors.

The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency of the advisory vote on executive compensation selected by shareholders. Because this vote is advisory, however, it will not be binding upon Bancorp or the Board of Directors. However, the Board of Directors will take into account the outcome of the vote when considering frequency of this vote.

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?*

Broadridge Financial Solutions will count votes cast by proxy at the Annual Meeting. They will also certify the results of the voting and will also determine whether a quorum is present at the meeting. Any votes cast in person at the Annual Meeting will be included in the final voting tally.

*How are abstentions and broker non-votes treated?*

You may abstain from voting on one or more nominees for director. You may also abstain from voting on any or all other proposals. Abstentions will be treated 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 nominee or with respect to any other 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, we will treat these shares as present at the meeting for purposes of determining a quorum but the shares will not count as votes cast on the matter. Abstentions and broker non-votes will not affect the outcome of any matters to be voted on at the Annual Meeting.

*What information do I need to attend the Annual Meeting?*

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 each of the nominees for director set forth in this document, FOR the ratification of the selection of the independent registered public accounting firm, FOR the approval of the compensation of the named executive officers and 1 YEAR for the frequency of future shareholder advisory votes on executive compensation.

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 Stock Yards 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?*

Stock Yards 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. The Company has engaged the services of Laurel Hill Advisory Group, LLC., a professional proxy solicitation firm, to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. The Company's costs for such services will not exceed \$14,000.

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

Any shareholder who intends to present a proposal at the 2018 Annual Meeting of Shareholders must deliver the proposal to the Corporate Secretary at 1040 East Main Street, Louisville, Kentucky 40206 no later than November 24, 2017, 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, our 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 Stock Yards Bancorp no later than January 26, 2018. 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 our Proxy Statement.

## **CORPORATE GOVERNANCE AND RELATED MATTERS**

### **Role of the Board and Governance Principles**

The Stock Yards 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 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, Stock Yards 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](http://www.syb.com) under the Investor Relations tab.

### **Board Leadership Structure**

The Board of Directors believes the most effective leadership structure for the Company is a combined Chairman and Chief Executive Officer position filled by Mr. Heintzman. He is the director most familiar with the business of the Company and the banking industry, and the Board believes that he is best suited to lead discussions on important issues affecting the Bank and Bancorp. Combining the Chief Executive Officer 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 practices, the Board has designated a lead independent 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 Corporate Governance Committee. Each is composed entirely of independent directors.

The Chair of the Nominating and Corporate Governance Committee (currently Charles R. Edinger III) 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 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 independent director is responsible for providing advice and consultation to the 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, and information distributed to board members.

## **Board Evaluation Process**

The Board conducts an annual self-assessment to enhance its effectiveness. Through regular evaluation of its policies, practices and procedures, the Board identifies areas for further consideration and improvement. The evaluation process is led by the Nominating and Corporate Governance Committee. Each director is requested to complete a questionnaire and provide feedback on a range of issues, including his or her assessment of the Board's overall effectiveness and performance; its committee structure; priorities for future Board discussion and attention; the composition of the Board and the background and skills of its members; the quality, timing and relevance of information received from management; and the nature and scope of agenda items. The lead director then meets with each director individually to discuss his or her questionnaire responses and any other thoughts or suggestions the director may have regarding the Board's overall effectiveness or specific Board practices or policies. The lead director prepares a summary of findings drawn from the questionnaire responses and director interviews for presentation to the full Board of Directors. The Audit and Compensation Committees also conduct their own self-assessments led by the committee chairs.



## **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 plan for mitigating these risks. Primary risks facing the Company are credit, operational, interest rate, liquidity, compliance/legal, strategic and reputational risks. After assessment by management, reports are made to committees of the Board. Credit risk is addressed by the Bank's Risk Committee. Operational and compliance/legal risks are addressed by the Audit Committee of Bancorp and the Bank's Risk Committee. Interest rate and liquidity risks are addressed by the Asset/Liability Committee comprised of Bank management and reports are made monthly to the Board. Strategic and reputational risk is addressed by the above committees in addition to the Compensation Committee of Bancorp along with other executive compensation matters. Oversight of the trust department is addressed by the Trust Committee of the Bank. Corporate governance matters are addressed by the Nominating and Corporate Governance Committee of Bancorp. The full Board hears reports from each of these committees at the Board meeting immediately following the Committee meeting. The Bank's Director of Internal Audit has a direct reporting line to the Audit Committee of the Board. The Chief Risk Officer, Information Security Officer and Compliance Officer make regular reports to the Audit and Risk Committees and the full Board when appropriate. During 2016, the Risk Committee assumed oversight responsibility for a broader range of enterprise-related risks within the Bank and has become the primary board level committee focused on risk management and related policies and processes.

## **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: Stock Yards Bancorp Board of Directors, P.O. Box 32890, Louisville, KY 40232-2890. Communications directed to the Board of Directors will be received by the Chairman and processed by the Nominating and Corporate Governance Committee when the communications concern matters related to the duties and responsibilities of the Board of Directors.

## **BOARD OF DIRECTORS' MEETINGS AND COMMITTEES**

During 2016, the Board of Directors of Stock Yards Bancorp held thirteen regularly scheduled meetings. All directors of Stock Yards Bancorp are also directors of the Bank. During 2016, the Bank's Board of Directors also 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 that were held during the period he or she served as a director. All directors are encouraged to attend annual meetings of shareholders, and all attended the 2016 Annual Meeting.

Stock Yards Bancorp has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee of the Board of Directors. The Bank has a Risk Committee and a Trust Committee of the Board of Directors.

### **Audit Committee**

The Board of Directors of Stock Yards Bancorp maintains an Audit Committee comprised of directors who are not officers of Stock Yards Bancorp. For 2016, the Audit Committee was comprised of Messrs. Brown, Herde (Chairman), Lechleiter and Priebe. Upon joining the Board in October 2016, Ms. Heitzman replaced Mr. Brown on the Audit Committee. Each of these individuals meets the SEC and NASDAQ independence requirements for membership on an audit committee and each is financially literate within the meaning of the NASDAQ listing rules. The Board of Directors has adopted a written charter for the Audit Committee, and this charter is available on Stock Yards Bancorp's website: [www.syb.com](http://www.syb.com).

The Audit Committee oversees Stock Yards 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 external auditors for Stock Yards 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 external auditors, reviews the independence of the external auditors, reviews Stock Yards Bancorp's financial results as reported in Securities and Exchange Commission filings, and approves all audit and permitted non-audit services performed by its external 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 external auditors and with our 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 2016.

The Board of Directors has determined that Messrs. Herde and Lechleiter and Ms. Heitzman are audit committee financial experts for Stock Yards 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 Stock Yards Bancorp maintains a Nominating and Corporate Governance Committee. Members of this Committee are Messrs. Brown, Edinger (Chairman) and Northern, 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 has adopted a written charter for the Nominating and Corporate Governance Committee, and this charter is available on Stock Yards Bancorp's website: [www.syb.com](http://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 four meetings during 2016.

### **Compensation Committee**

The Board of Directors of Stock Yards Bancorp maintains a Compensation Committee. Members of this Committee are Messrs. Edinger, Lechleiter (Chairman) and Tasman, all of whom meet the NASDAQ independence requirements for membership on the Compensation Committee. The Board of Directors has adopted a written charter for the Compensation Committee, and this charter is available on Stock Yards Bancorp's website: [www.syb.com](http://www.syb.com). The responsibilities of this Committee include oversight of executive and Board compensation and related programs. The Compensation Committee held six meetings during 2016. See "EXECUTIVE COMPENSATION AND OTHER INFORMATION - REPORT ON EXECUTIVE COMPENSATION" for more information.

### **Risk Committee**

In 2015, the Company established a new Bank Risk Committee. This Committee is responsible for monitoring the Bank's commercial and consumer loan portfolio and the related credit risk. The Committee reviews and discusses with management its assessment of asset quality and trends in asset quality, credit quality administration and underwriting standards and the effectiveness of portfolio risk management systems. The Committee is also responsible for reviewing and approving significant lending and credit policies and compliance with those policies. During 2016, the Risk Committee significantly expanded its duties to include oversight responsibility for a wider range of enterprise-related risks within the Bank, including regulatory compliance, information security, cybersecurity, insurance and physical security. Members of this Committee are Messrs. Edinger, Northern (Chairman) and Tasman. The Committee meets monthly and held eleven meetings in 2016.

**Trust Committee**

The members of the Bank’s Trust Committee are Messrs. Brown, Herde and Priebe and Ms. Heitzman. This Committee held six meetings in 2016. The Trust Committee oversees the operations of the investment management and trust department of the Bank to help ensure it operates in accordance with sound fiduciary principles and is in compliance with pertinent laws and regulations.

**ITEM 1. ELECTION OF ELEVEN DIRECTORS**

The Board of Directors presently consists of eleven 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 death, resignation, retirement, removal or disqualification.

The eleven directors nominated by the Nominating and Corporate Governance Committee of the Board of Directors for election this year to hold office until the 2018 Annual Meeting and until their respective successors are elected and qualified are:

<b>Name, Age and Year</b>	<b>Principal Occupation;</b>
<b>Individual Became Director (1) Certain Directorships (2) (3)</b>	
J. McCauley Brown Age 64 Director since 2015	Retired Vice President, Brown-Forman Corporation
Charles R. Edinger III Age 67 Director since 1984	President, J. Edinger & Son, Inc.
David P. Heintzman (4) Age 57 Director since 1992	Chairman and Chief Executive Officer, Stock Yards Bancorp, Inc. and Stock Yards Bank & Trust Company
Donna L. Heitzman (4)	Retired Portfolio Manager,

Age 64  
Director since 2016

KKR Prisma Capital

Carl G. Herde  
Age 56  
Director since 2005

Vice President/Finance,  
Kentucky Hospital Association

James A. Hillebrand  
Age 48  
Director since 2008

President,  
Stock Yards Bancorp, Inc. and Stock Yards Bank & Trust Company

Richard A. Lechleiter (3)  
Age 58  
Director since 2007

President, Catholic Education Foundation of Louisville

Richard Northern  
Age 68  
Director since 2011

Partner, Wyatt, Tarrant & Combs LLP

<b>Name, Age and Year Individual Became Director (1)</b>	<b>Principal Occupation; Certain Directorships (2) (3)</b>
Stephen M. Priebe Age 53 Director since 2012	President, Hall Contracting of Kentucky
Norman Tasman Age 65 Director since 1995	President, Tasman Industries, Inc. and Tasman Hide Processing, Inc.
Kathy C. Thompson  Age 55  Director since 1994	Senior Executive Vice President, Stock Yards Bancorp, Inc. and Stock Yards Bank & Trust Company, Manager of the Bank's Investment Management and Trust Department

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(1) Ages listed are as of December 31, 2016.

(2) Each nominee has been engaged in his or her chief occupation for five years or more with the exception of Messrs. Brown, Herde and Lechleiter and Ms. Heitzman as described below.

Mr. Lechleiter is a director of Amedisys, Inc., a publicly-traded healthcare services company. No other nominee holds, or at any time in the last five years has 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, other than Stock Yards Bancorp.

(4) There is no family relationship between Mr. Heintzman and Ms. Heitzman.

Our Board of Directors, through a process managed by the Nominating and Corporate Governance Committee, conducts an annual review of director independence. During this review, the Nominating and Corporate Governance Committee considers transactions and relationships between each director or any member of his or her immediate family and the Company. The purpose of this review is to determine whether any such relationships or transactions are inconsistent with a determination that the director is independent.

As a result of this review, and based upon the advice and recommendations of the Nominating and Corporate Governance Committee, the Board of Directors has affirmatively determined that Messrs. Brown, Edinger, Herde,

Lechleiter, Northern, Priebe and Tasman and Ms. Heitzman 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.

In performing its independence review, the Nominating and Corporate Governance Committee noted that the Bank has a business relationship with Wyatt, Tarrant & Combs, of which Mr. Northern is a partner. Additionally, the Committee noted that the Bank and Mr. Heintzman have made charitable donations to the Catholic Education Foundation of Louisville, of which Mr. Lechleiter is the President. However, in all cases, the Committee determined that these relationships were not material to the director or his affiliated company or organization.

Our Articles of Incorporation and Bylaws require majority voting for the election of directors in uncontested elections. This means that the director nominees in an uncontested election for directors must receive a number of votes cast “for” his or her election that exceeds the number of votes cast “against.” The Company’s corporate governance guidelines further provide that any incumbent director who does not receive a majority of “for” votes in an uncontested election must, within five days following the certification of the election results, tender to the Chairman of the Board his or her resignation from the Board. The resignation will specify that it is effective upon the Board’s acceptance of the resignation. The Board will, through a process managed by the Nominating and Corporate Governance Committee and excluding the nominee in question, accept or reject the resignation within 90 days after certification of the shareholder vote. The Board will promptly communicate any action taken on the resignation.



## **Additional Information Regarding the Background and Qualifications of Director Nominees**

The Nominating and Corporate Governance 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:

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 Bancorp's shareholders in reaching decisions.

Directors must have time available to devote to Board activities and to enhance their knowledge of Stock Yards Bancorp, Inc. and the banking industry.

All non-management directors are required to own stock equal in value to three times their annual director compensation within five years of joining the Board and to maintain that minimum ownership level for the remainder of their service as a director. "Annual director compensation" is defined as the total of a director's annual retainer fee, board meeting attendance fees and stock grants; committee fees (both attendance and chair fees) are excluded. 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 Bancorp stock or changes in director compensation. Management directors also have ownership targets as set forth elsewhere in this Proxy Statement. All directors' ownership positions meet or exceed the requirement, and some of the more tenured directors are among the Company's largest shareholders.

The Nominating and Corporate Governance Committee of the Board of Directors has presented a slate of eleven nominees for election as directors at the 2017 Annual Meeting. If elected, we expect that all of the aforementioned nominees will serve as directors and hold office until the 2018 annual meeting of shareholders and until their respective successors have been elected and qualified. However, if for any reason a nominee should become unable or unwilling to serve, proxies may be voted for another person nominated as a substitute by the Board of Directors, or the Board may reduce the number of directors to be elected.

All eleven nominees are standing for re-election and were last elected to the Board of Directors by shareholders at the 2016 Annual Meeting except Ms. Heitzman, who was first appointed in October 2016 to fill a vacancy on the Board of Directors and will be standing for election by shareholders for the first time. Below is a summary of the Committee's consideration and evaluation of each director nominee.

**Mr. Brown** retired as a Vice President of Brown-Forman Corporation, a Fortune 1,000 company, in 2015. His extensive experience in business, management and accounting, and his deep ties to the Louisville community, bring valuable local and global perspectives to our Board. Additionally, his widespread commitment to community organizations in Louisville and beyond gives him a strong sense of the needs, prospects and potential of our region. Mr. Brown currently serves on the Nominating and Corporate Governance Committee of Bancorp and the Bank's Trust Committee. He previously served on the Audit Committee of Bancorp during 2016.

**Mr. Edinger** is President of J. Edinger & Son, Inc., a family owned business, which is typical of the Bank's historical customer base. He brings this perspective to the Board, and he has the skills necessary to serve as lead director. Mr. Edinger is a long-serving member of the Board with a deep understanding of the role of the Board and of the Company and its operations. He chairs the Nominating and Corporate Governance Committee of Bancorp, and he serves on the Compensation Committee of Bancorp and the Bank's Risk Committee.

**Mr. Heintzman** holds an accounting degree, and prior to joining the Bank, worked as a certified public accountant for an international accounting firm. He joined the Bank in 1985 and has served as Chief Financial Officer, Executive Vice President and President. In January 2005 he assumed the position of Chairman and Chief Executive Officer. Mr. Heintzman has been instrumental in the Bank's growth strategies and profitable execution. His commitment to ethical standards sets the example for the Bank and its employees, and his tenure and experience in all areas of the business provide a unique perspective of the business and strategic direction of the Company.

**Ms. Heitzman**, CPA, CFA, with expertise in the institutional credit markets and experience with investment strategies, provides our Board with a deep knowledge and understanding of capital markets, finance and accounting. Ms. Heitzman recently retired as a portfolio manager for New York City-based KKR Prisma Capital. She joined that company in 2004 to help construct and manage customized portfolios. Before joining KKR Prisma, Ms. Heitzman served in various capacities at AEGON USA, previously Providian Capital. As a portfolio manager in capital market strategies, she facilitated significant growth and broad diversification of a \$1 billion fund portfolio. Ms. Heitzman serves on the Audit Committee of Bancorp and has been designated by the Board of Directors as an audit committee financial expert. She also serves on the Bank's Trust Committee.

**Mr. Herde** holds an accounting degree, is a certified public accountant and joined Baptist Healthcare System, Inc., one of the largest not-for-profit health care systems in Kentucky, in 1984 as controller. He served as the Chief Financial Officer from 1993 until his retirement from Baptist in September 2016. He now serves as the Vice President of Finance for the Kentucky Hospital Association. He has extensive experience in financial reporting and corporate finance. Mr. Herde chairs the Audit Committee of Bancorp and has been designated by the Board of Directors as an audit committee financial expert. He also serves on the Bank's Trust Committee.

**Mr. Hillebrand** joined Stock Yards Bank in 1996 as director and developer of the private banking group. Prior to joining the Bank, he was with a regional bank and a community bank where he specialized in private banking. He has directed the expansion of the Bank into the Indianapolis and Cincinnati markets and was named President in 2008.

**Mr. Lechleiter** is the President of the Catholic Education Foundation of Louisville. From February 2002 until his retirement in January 2014, he served as the Executive Vice President and Chief Financial Officer of Kindred Healthcare, Inc., a Fortune 500 healthcare services company based in Louisville. Mr. Lechleiter also served in senior financial positions at other large publicly held healthcare services companies such as Humana Inc. and HCA, Inc. during his professional financial career spanning nearly 35 years. His extensive experience in business leadership,

financial reporting, corporate finance, investor relations, mergers and acquisitions and corporate governance is valuable to the Board. Mr. Lechleiter serves on the Audit Committee of Bancorp and has been designated by the Board of Directors as an audit committee financial expert. He also chairs the Compensation Committee of Bancorp.

**Mr. Northern** is a partner in the Louisville office of Wyatt, Tarrant & Combs LLP where he has practiced law since 1980. Earlier in his career Mr. Northern was a White House Fellow, served as Special Assistant to the United States Secretary of the Interior Cecil Andrus and was the Legislative Director for U.S. Representative Romano Mazzoli. Mr. Northern's legal experience is valuable to the Board including corporate governance, compliance, strategy and acquisition and development activities. He serves on the Nominating and Corporate Governance Committee of Bancorp and chairs the Bank's Risk Committee.

**Mr. Priebe** is President of Hall Contracting of Kentucky, which provides construction services in the areas of heavy construction, asphalt, civil, pipeline, and highway and bridge construction. A registered professional civil engineer, he began his career at Hall in 1986. Mr. Priebe has had extensive involvement with many civic organizations throughout his career. He has worked with the Kentucky Transportation Cabinet Disadvantaged Business Enterprise Training Program and is actively mentoring a local electric contractor. Mr. Priebe's business acumen and familiarity with the local and regional economic climate bring valuable perspective to the Board. Mr. Priebe serves on the Audit Committee of Bancorp and the Bank's Trust Committee.

**Mr. Tasman** is President of Tasman Industries, Inc. and Tasman Hide Processing headquartered in Louisville. This family-owned business was founded in 1947 and operates 14 locations in North America with offices in Europe and Asia. The company produces leather and finished products used by the military and general population. Mr. Tasman's extensive knowledge of consumer demands and global business trends brings a unique perspective to the Board. He serves on the Compensation Committee of Bancorp and the Bank's Risk Committee.

**Ms. Thompson** joined the Bank in 1992 as Manager of the Investment Management and Trust Department, at which time the Trust Department had \$200 million in assets under management. Under her leadership, the department has grown to \$2.5 billion in assets under management and is one of the most profitable bank-owned trust companies in the country. Prior to joining the Company, Ms. Thompson practiced estate planning law and worked in a regional bank's trust department where she specialized in investment management and estate and personal financial planning.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THESE NOMINEES**

## **ITEM 2. RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017 and has directed that management submit the selection of the independent registered public accounting firm to shareholders for ratification at the Annual Meeting. KPMG LLP has been engaged to audit the consolidated financial statements of Stock Yards Bancorp for the past 29 years. Representatives of KPMG LLP are expected to be present at the meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Shareholder ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm is not required by the Company's Bylaws or otherwise. However, we are submitting the selection of KPMG LLP to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain KPMG LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent audit firm at any time during the year if it is determined that such a change would be in the best interests of the Company and its shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE SELECTION OF KPMG LLP**

**ITEM 3. ADVISORY VOTE ON EXECUTIVE COMPENSATION**

We are asking our shareholders to provide an advisory vote on the compensation of the named executive officers disclosed in the REPORT ON EXECUTIVE COMPENSATION section of this Proxy Statement. We have included this proposal among the items to be considered at the Annual Meeting pursuant to the requirements of Section 14A of the Securities Exchange Act of 1934. While this vote is non-binding on our Company and the Board of Directors, it will provide the Compensation Committee with information regarding investor sentiment about our executive compensation philosophy, policies and practices which the Committee will be able to consider when determining future executive compensation arrangements. Our current policy is to hold an advisory vote on executive compensation each year. We expect to hold the next advisory vote at our 2018 annual meeting of shareholders. Following is a summary of some of the key points of our 2016 executive compensation program. See the REPORT ON EXECUTIVE COMPENSATION section of this Proxy Statement for more information.

The pay-for-performance compensation philosophy of the Compensation Committee supports Stock Yards Bancorp's primary objective of creating value for its shareholders. The Committee strives to ensure that compensation of Stock Yards Bancorp's executive officers is market-competitive to attract and retain talented individuals to lead Stock Yards Bancorp and the Bank to growth and higher profitability while maintaining stability and capital strength. Our executive compensation program has been designed to align managements' interests with those of our shareholders. In addition, the program seeks to mitigate risks related to compensation. In designing the 2016 compensation program, the Compensation Committee used key performance measurements to motivate our executive officers to achieve short-term and long-term business goals after reviewing peer and market data and the Company's business expectations for 2016.

We believe that the information provided regarding executive compensation in this Proxy Statement demonstrates that our executive compensation program was designed appropriately and is working to maximize shareholder return while mitigating risk and aligning managements' interests with our shareholders. Accordingly, the Board of Directors recommends that shareholders approve the following advisory resolution:

RESOLVED, that the shareholders of Stock Yards Bancorp, Inc. approve, on an advisory basis, the compensation paid to the Company's named executive officers as disclosed in the Stock Yards Bancorp, Inc. 2017 Proxy Statement pursuant to the executive compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other executive compensation tables and related narratives.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DESCRIBED IN THIS PROXY STATEMENT**

#### **ITEM 4. ADVISORY VOTE ON THE FREQUENCY OF FUTURE "SAY-ON-PAY" VOTES**

As described in Item 3 above, our shareholders have the opportunity to cast an advisory vote to approve the compensation of our named executive officers, which we refer to as a "say-on-pay" vote. This Item 4 affords shareholders the additional opportunity to cast an advisory vote on how often we should include a say-on-pay proposal in our proxy materials for future annual shareholder meetings or any special shareholder meeting for which we must include executive compensation information in the proxy statement for that meeting. We have included this proposal among the items to be considered at the Annual Meeting pursuant to the requirements of Section 14A of the Exchange Act. Under this Item 4, shareholders may vote to conduct the say-on-pay vote every year, every two years or every

three years. Shareholders that do not have a preference regarding the frequency of future say-on-pay votes may abstain from voting on this proposal.

Our shareholders voted on a similar proposal in 2011. At that year's annual meeting, a majority of our shareholders voted to hold the say-on-pay vote every year, which was the recommendation of our Board of Directors. We continue to believe that say-on-pay votes should be conducted every year so that our shareholders may annually express their views on our executive compensation program.

This vote, like the say-on-pay vote described in Item 3 above, is advisory and not binding on Bancorp or the Board of Directors. Shareholders are not voting to approve or disapprove the Board's recommendation. However, the Board values the opinions expressed by shareholders in their votes on this proposal and will consider the outcome of the vote when making future decisions regarding the frequency of conducting a say-on-pay vote.

It is expected that the next vote on a say-on-pay frequency proposal will occur at the 2023 annual meeting of shareholders.

Shareholders may cast their advisory vote to conduct advisory votes on executive compensation every "1 Year," "2 Years" or "3 Years," or they may abstain from this vote.



The option of every year, every two years or every three years that receives the highest number of votes cast by shareholders will reflect the shareholders' preferred frequency for holding future say-on-pay votes. However, because this vote is advisory and not binding on the Board of Directors or the Company, the Board may decide that it is in the best interests of our shareholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option selected by our shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU SELECT "ONE YEAR" AS THE PREFERRED FREQUENCY FOR HOLDING FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Set forth in the following table is the beneficial ownership of our Common Stock as of December 31, 2016 for each person or entity known by us to beneficially own more than five percent of the outstanding shares of our Common Stock; all our directors and executive officers as a group; and directors, executive officers and employees as a group. "Executive officer" means the chairman, president, any vice president in charge of a principal business unit, division or function, or other officer who performs a policy making function or any other person who performs similar policy making functions and is so designated by the Board of Directors. For a description of the voting and investment power with respect to the shares beneficially owned by the nominees for election as directors and named executive officers of Stock Yards Bancorp, see the tables below.

<u>Name of Beneficial Owner</u>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Stock Yards Bancorp Common Stock (1)</b>
Fidelity Management & Research Company 245 Summer Street Boston, MA 02210	1,851,951 (2)	8.2%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	1,502,422 (2)	6.7%
Directors and executive officers of Bancorp and the Bank as a group (16 persons)	1,429,664 (3)	6.2%
	2,301,607 (3) (4)	9.9%

Directors, executive officers, and employees of Bancorp and the Bank as a group (497 persons)

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Shares of Stock Yards Bancorp Common Stock subject to stock options and stock appreciation rights that are currently exercisable or may become exercisable within the following 60 days under Stock Yards Bancorp's Stock Incentive Plans are deemed outstanding for purposes of computing the percentage of Stock Yards Bancorp Common Stock beneficially owned by the person and group holding such options and stock appreciation rights but are not deemed outstanding for purposes of computing the percentage of Stock Yards Bancorp Common Stock beneficially owned by any other person or group.

(2) Based upon Schedule 13G filed with the SEC as of December 31, 2016.

Includes 374,396 shares held by directors and executive officers subject to outstanding stock options and stock appreciation rights that are currently exercisable or may become exercisable within the following 60 days and 110,507 shares held in KSOP accounts.

The shares held by the group include 294,212 shares held by non-executive officers and employees of the Bank. In addition, includes 160,978 shares subject to stock options and stock appreciation rights that are currently exercisable or may become exercisable within the following 60 days held by non-executive officers of the Bank and 416,753 shares held by non-executive officers and employees of the Bank in their KSOP accounts, with sole voting power and investment power. Stock Yards Bancorp has not undertaken the expense and effort of compiling the number of shares other officers and employees of the Bank may hold other than directly in their own name.

The following table shows the beneficial ownership of Stock Yards Bancorp, Inc.'s Common Stock as of December 31, 2016 by each nominee for election as directors and each named executive officer.

Name	Number of Shares Beneficially				Percent of Stock Yards Bancorp Common Stock
	Owned	(1)	(2)	(3) (4)	
J. McCauley Brown	7,424			(6)	(5)
Nancy B. Davis	121,736				(5)
Charles R. Edinger III	332,948			(7)	1.45%
David P. Heintzman	194,079			(8)	(5)
Donna L. Heitzman	1,185				(5)
Carl G. Herde	40,190				(5)
James A. Hillebrand	83,119			(9)	(5)
Richard A. Lechleiter	21,111			(10)	(5)
Richard Northern	39,296				(5)
Phillip S. Poindexter	63,059				(5)
Stephen M. Priebe	13,352				(5)
Norman Tasman	299,092			(11)	1.31%
Kathy C. Thompson	67,828				(5)

Includes, where noted, shares in which members of the nominee's or executive officer's immediate family have a beneficial interest. The column does not, however, include the interest of certain of the listed nominees or (1) executive officer in shares held by other non-dependent family members in their own right. In each case, the principal disclaims beneficial ownership of any such shares, and declares that the listing in this Proxy Statement should not be construed as an admission that the principal is the beneficial owner of any such securities.

Includes shares subject to outstanding stock options and SARs that are currently exercisable or may become (2) exercisable within the following 60 days and unvested restricted shares issued under Stock Yards Bancorp's Stock Incentive Plan(s) as follows:

Name	Number of Stock Options and SARs	Number of Unvested Restricted Stock Grants
Brown	300	1,018
Davis	20,237	897
Edinger	-	1,018
Heintzman	126,026	