S Y BANCORP INC
Form DEF 14A
March 21, 2011

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:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	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)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
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(1)	Amount Previously Paid:
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(3)	Filing Party:
(4)	Date Filed:

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206
502.582.2571

March 21, 2011

Dear Shareholder:

We invite you to attend the 2011 Annual Meeting of Shareholders of S.Y. Bancorp, Inc., to be held at 10:00 a.m., Eastern Time, on Wednesday, April 27, 2011, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40207. 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 27, 2011: The notice and proxy statement and annual report are available at http://irinfo.com/sybt/sybt.html.

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206

NOTICE OF THE
2011 ANNUAL MEETING OF SHAREHOLDERS

March 21, 2011

To our Shareholders:

The Annual Meeting of Shareholders of S.Y. Bancorp, Inc., a Kentucky corporation, will be held on Wednesday, April 27, 2011 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 thirteen;

(2) To elect twelve (12) 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, 2011;

(4) To approve a non-binding resolution to approve the compensation of S.Y. Bancorp s named executive officers;

(5) To hold an advisory vote on the frequency of the advisory resolution to approve the compensation of S.Y. Bancorp s named executive officers; and

(6) 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 4, 2011.

If your schedule permits, I hope you will join me at the meeting. Please, however, 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 S.Y. 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 2011 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 21, 2011. 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 27, 2011. 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?

- Approving the action of the Board of Directors fixing the number of directors at thirteen;

- Electing twelve (12) 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 S.Y. Bancorp, Inc. for the year ending December 31, 2011;

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

- Recommending the frequency of the non-binding vote to approve the compensation of S.Y. Bancorp s named executive officers.

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 resolution to approve the compensation of S.Y. Bancorp s named executive officers and the frequency of that vote is contained in ITEM 4 and ITEM 5.

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 4, 2011 will be entitled to vote at the Annual Meeting. On March 4, 2011, there were 13,738,076 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, Registrar and Transfer Company), you may complete and sign the accompanying proxy card and return it to Registrar and Transfer Company 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 thirteen (13), FOR the election of the twelve director nominees; FOR the ratification of the selection of KPMG LLP as the independent registered public accounting firm, FOR the approval of the compensation of the named executive officers and for ONE YEAR frequency of the advisory vote on executive compensation.

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 to 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).

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 3) 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 2) or executive compensation matters (Items 4 and 5) 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 no longer permits brokers to vote in the election of Directors if the holder of record has not received instructions from the beneficial owner. 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 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?

The proposal to fix the number of directors at thirteen 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 twelve directors are to be elected, a plurality means that the twelve 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 approval of 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 Compensation Committee 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?

Registrar and Transfer Company, our independent transfer agent, will count votes cast by proxy at the Annual Meeting. Registrar and Transfer Company will 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?

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. Votes withheld

from the election of any nominee for director and abstentions from any other proposal 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 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 will not be counted as votes cast on the matter.

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 fixing the number of directors at thirteen (13), 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 for ONE YEAR frequency of the advisory vote 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 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 2012 Annual Meeting of Shareholders (the 2012 Annual Meeting) must deliver the proposal to the Corporate Secretary at 1040 East Main Street, Louisville, Kentucky 40206 not later than November 8, 2011, 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 3, 2012. 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 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 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 and independent Board of Directors, 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 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 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 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. Oversight of the trust department is addressed by the Trust Committee of the Bank. Financial, operational and regulatory risks are addressed by the Audit Committee of Bancorp. Corporate governance matters are addressed by Nominating and Governance Committee of Bancorp, and director and executive compensation matters are addressed by the Compensation Committee of Bancorp. The full Board hears reports from each of these committees at the Board meeting immediately following the committee meeting. 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 2010, 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 2010 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 2010 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 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 audit and permitted non-audit 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 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 six meetings during 2010.

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, Northern, 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 two meetings during 2010.

Compensation Committee

The Board of Directors of S.Y. Bancorp, Inc. maintains a Compensation Committee. Members of this committee are Messrs. Carrico, Edinger, Lechleiter (Chairman) and Tasman, 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 and Board compensation and related programs. The Compensation Committee held six meetings during 2010. 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 Madison. This committee held twelve meetings in 2010. 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 Tasman. This committee held six meetings in 2010. 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. 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.

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 thirteen for the ensuing year, subject to approval by shareholders at the Annual Meeting. If the individuals nominated are elected, there will be twelve individuals serving on the Board following the 2011 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 THIRTEEN

ITEM 2. ELECTION OF TWELVE 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 death, resignation, retirement, removal or disqualification.

The twelve (12) directors nominated by the Nominating and Corporate Governance Committee of the Board of Directors for election this year to hold office until the 2012 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 68 Director since 1985	Retired; Former Chairman and Chief Executive Officer, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
James E. Carrico Age 69 Director since 1978	Retired; Former Managing Director, Wells Fargo Insurance Services
Charles R. Edinger, III Age 61 Director since 1984	President, J. Edinger & Son, Inc.
David P. Heintzman Age 51 Director since 1992	Chairman and Chief Executive Officer, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
Carl G. Herde Age 50 Director since 2005	Vice President and Chief Financial Officer, Baptist Healthcare System, Inc.
James A. Hillebrand Age 42 Director since 2008	President, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
Richard A. Lechleiter	Executive Vice President and Chief Financial Officer Kindred Healthcare, Inc.

Age 52 Director since 2007	
Bruce P. Madison Age 60 Director since 1989	Chief Executive Officer, Plumbers Supply Company, Inc.
Richard Northern 62 Director since 2011	Partner, Wyatt, Tarrant & Combs
Nicholas X. Simon Age 52 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 59 Director since 1995	President, Tasman Industries, Inc., and Tasman Hide Processing, Inc.
Kathy C. Thompson Age 49 Director since 1994	Senior Executive Vice President, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company, Manager of the Bank s Investment Management and Trust Department

(1) Ages listed are as of December 31, 2010. Mr. Northern was elected as a director of Bancorp and the Bank at the meetings of the respective Board of Directors held in December 2010 effective January 18, 2011.

(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 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, Northern, 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 2012 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 except Mr. Northern, who is standing for election for the first time.

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:

- 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 required to own stock equal in value to $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 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 exceed the requirement, and some of the more long-serving directors are among the Company s largest shareholders.

The Nominating and Governance Committee of the Board of Directors has presented a slate of twelve nominees for election as directors at the 2011 Annual Meeting. With the exception of Mr. Northern, all are standing for re-election. Below is a summary of the Committee s consideration and evaluation of each Director nominee.

Mr. Brooks joined Stock Yards Bank in 1971 and retired in 2004. From 1993 until his retirement in 2004, he served as Chairman and Chief Executive Officer of both Bancorp and the Bank. Additionally, he holds an accounting degree and was a certified public accountant. Mr. Brooks brings to the Board an understanding of our Company s business, history and organization as well as leadership, community banking expertise and management experience. He serves on the Bank s Loan and Trust Committees.

Mr. Carrico, prior to his retirement at the end of 2009, was in the insurance business for approximately 40 years as an insurance broker, the Chief Financial Officer and Chief Executive Officer of an insurance brokerage company, and a managing director for a national insurance broker. Mr. Carrico brings professional experience in insurance and risk management to the Board. He serves on Bancorp s Audit and Compensation Committees and the Bank s Loan committee.

Mr. Edinger is President of a family owned business, J. Edinger & Son, Inc., 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 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, and he serves on the Compensation Committee of Bancorp and the Bank s Trust 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 over the last 25 years. His commitment to ethical standards sets the example for the Bank and its employees.

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. Since 1993 he has been Vice President of Finance and Chief Financial Officer. He has extensive experience in financial reporting and corporate finance. Mr. Herde chairs the Audit Committee, is an Audit Committee financial expert and serves on the Bank s Loan 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 a certified public accountant and since 2002 has 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 has also served in senior financial positions at other large publicly held healthcare services companies such as Humana, Inc. and HCA, Inc. over his professional career. His extensive experience in financial reporting, corporate finance, investor relations, mergers and acquisitions and corporate governance is valuable to the Board. Mr. Lechleiter serves on the Audit Committee as a financial expert and also chairs the Compensation Committee.

Mr. Madison is Chief Executive Officer of Plumbers Supply Company, Inc., an 85-year-old family-owned regional supplier and service source in the plumbing, heating and piping industries. Because his company is typical of our customer base, Mr. Madison s business perspective is important to the Company s Board of Directors. In addition, he is a long-serving member with a deep understanding of the role of the Board and of the Company and its operations. Mr. Madison serves on the Audit and Nominating and Corporate Governance Committees of Bancorp and the Bank s Loan Committee.

Mr. Northern is a partner in the Louisville office of Wyatt, Tarrant & Combs 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. Upon joining the Board in January 2011, he was appointed to the Nominating and Corporate Governance Committee of Bancorp and the Bank s Trust Committee.

Mr. Simon is President and Chief Executive Officer of Publishers Printing Company LLC, a fifth-generation printing company. The company is the largest employer located in a county contiguous to the Bank s primary market - one designated as a growth area for the Bank. Mr. Simon s reputation has assisted the Bank in gaining a larger market share in that area. Mr. Simon brings his business perspective to the Board. He serves on the Audit and Nominating and Corporate Governance Committees of Bancorp as well as the Bank s Trust Committee.

Mr. Tasman is President of Tasman Industries, Inc. and Tasman Hide Processing, a family-owned hide processing businesses, headquartered in Louisville. Mr. Tasman s extensive global business perspective brings a unique perspective to the Board. He serves on the Compensation and Nominating and Corporate Governance Committees of Bancorp and the Trust Committee of the Bank.

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 $1.7 billion in assets under management and is one of the most profitable independent 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 THESE NOMINEES

ITEM 3. 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, 2011 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 S.Y. Bancorp for the past twenty-one 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 4: 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. Following is a summary of some of the key points of our 2010 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 S.Y. Bancorp s primary objective of creating value for its shareholders. The Committee strives to ensure that compensation of S.Y. Bancorp s executive officers is adequate to attract and retain talented individuals to lead S.Y. 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 to further enhance shareholder value. In designing the 2010 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 2010. As Company goals were met and as the Company continued to outperform its peers in a difficult economic environment, annual cash and stock incentives were earned, as were long-term equity incentives.

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 S.Y. Bancorp, Inc. approve, on an advisory basis, the compensation paid to the Company s named executive officers as disclosed in the S.Y. Bancorp, Inc. 2011 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 5: ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION

In addition to the advisory approval of our executive compensation program, we are also holding a non-binding advisor vote by shareholders on the frequency with which shareholders would have an opportunity to provide an advisory approval of our executive compensation program. 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. We are providing shareholders the option of selecting a frequency of one, two or three years, or abstaining. For the reasons described below, we recommend that our shareholders select a frequency of one year.

While our executive compensation program is designed to support long-term value creation, executive compensation is evaluated, adjusted and approved annually. Accordingly, an annual vote will allow for the highest level of accountability and direct communication between the Company and its shareholders. We therefore recommend that our shareholders select One Year when voting on the frequency of advisory votes on executive compensation. Although the advisory vote is non-binding, our Board will review the results of the vote and take them into account in making a determination concerning the frequency of future advisory votes on executive compensation.

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 that has been selected by shareholders. 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 approved by our shareholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU SELECT ONE YEAR ON THE PROPOSAL RECOMMENDING THE FREQUENCY OF ADVISORY VOTES APPROVING 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 January 31, 2011 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 of S.Y. Bancorp, see the tables below.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of S.Y. Bancorp Common Stock (1)
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	795,787(2)	5.8%
Stock Yards Bank & Trust Company 1040 East Main Street Louisville, KY 40206	736,503(3)	5.4%
Directors and executive officers of Bancorp and the Bank as a group (16 persons)	1,392,150(4)	9.9%
Directors, executive officers, and employees of S.Y. Bancorp and the Bank as a group (369 persons)	2,360,047(4)(5)	16.2%

(1) Shares of S.Y. 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 S.Y. Bancorp s Stock Incentive Plans are deemed outstanding for purposes of computing the percentage of S.Y. 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 S.Y. Bancorp Common Stock beneficially owned by any other person or group.

(2) Based upon a Schedule 13G filed with the SEC as of December 31, 2010.

(3) Held by the Bank as agent, trustee, personal representative and in other fiduciary capacities.

(4) Includes 394,418 shares subject to outstanding stock options and stock appreciation rights that are currently exercisable or may become exercisable within the following 60 days and 80,324 shares held in 401(k)/ESOP accounts.

(5) The shares held by the group include 133,681 shares held by non-executive officers and employees of the Bank. In addition, 409,881 shares are subject to currently exercisable stock options held by non-executive

officers of the Bank and 430,335 shares are held by non-executive officers and employees of the Bank in their 401(k)/ESOP accounts, with sole voting power and investment power. S.Y. 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 S.Y. Bancorp, Inc. s common stock as of January 31, 2011 by each nominee for election as directors and each named executive officer.

Name		Number of Shares Beneficially Owned (1) (2) (3) (4)	Percent of S.Y. Bancorp Common Stock
David H. Brooks	(6)	132,583	(5)
James E. Carrico		46,967	(5)
Nancy B. Davis	(7)	115,142	(5)
Charles R. Edinger III	(8)	187,457	1.4%
David P. Heintzman	(9)	274,247	2.0%
Carl G. Herde		12,435	(5)
James A. Hillebrand	(10)	72,012	(5)
Richard A. Lechleiter	(11)	10,159	(5)
Bruce P. Madison	(12)	45,594	(5)
Richard Northern	(13)	1,982	
Phillip S. Poindexter		38,049	(5)
Nicholas X. Simon	(14)	53,887	(5)
Norman Tasman	(15)	206,600	1.5%
Kathy C. Thompson		120,516	(5)

(1) 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 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.

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

Name	Number of Stock Options and SARs	Number of Unvested Restricted Stock Grants
Brooks	11,535	480
Carrico	1,050	480
Davis	42,065	2,431
Edinger	1,050	480
Heintzman	153,865	9,570
Herde	1,050	480
Hillebrand	37,367	3,876
Lechleiter	800	480
Madison	1,050	480
Northern		482
Poindexter	28,396	3,012
Simon	1,470	480
Tasman	1,050	480
Thompson	68,852	3,652

(3) Includes shares held in Directors Deferred Compensation Plan as follows:

Name	Number of Shares
Brooks	1,322
Edinger	9,882
Herde	4,805
Hillebrand	235
Lechleiter	3,279
Madison	31,874
Simon	6,492
Tasman	23,650

(4) Includes shares held in the Company s 401(k)/ESOP as follows:

Name	Number of Shares
Davis	12,779
Heintzman	23,902
Hillebrand	8,922
Poindexter	3,756
Thompson	14,789

(5) Less than one percent of outstanding S.Y. Bancorp Common Stock.

(6) Includes 51,945 shares owned by Mr. Brooks wife.

(7) Includes 5,829 shares owned by Ms. Davis husband.

(8) Includes 56,596 shares owned by Mr. Edinger s wife and 10,376 held in trust for his sons.

(9) Includes 3,495 shares owned by Mr. Heintzman s wife.

(10) Includes 13,402 shares held jointly by Mr. Hillebrand and his wife, 7,506 shares owned by Mr. Hillebrand s wife and 31 shares held as custodian for children.

(11) Includes 5,000 shares held jointly by Mr. Lechleiter and his wife and 400 shares held as custodian for children.

(12) Includes 1,889 shares owned by Mr. Madison s wife.

(13) Mr. Northern joined the Board in January 2011 and subsequently purchased more S.Y. Bancorp Common Stock to reach the ownership threshold of $100,000 by mid-March 2011.

(14) Includes 37,805 shares held by Publishers Printing Company LLC, of which Mr. Simon is President and Chief Executive Officer.

(15) Includes 46,551 shares owned by Mr. Tasman s mother for which Mr. Tasman shares voting control but from which he derives no economic benefit; 59,359 shares held jointly by Mr. Tasman and his wife; 4,685 shares held as custodian for their son, and 69,825 shares owned by a partnership from which Mr. Tasman derives economic benefit.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, our Directors and persons who own more than 10% of a registered class of S.Y. Bancorp s common stock to file initial reports of ownership and changes in ownership with the SEC and the NASDAQ. Such executive officers, Directors and shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to us and written representations from the applicable executive officers and our Directors, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis for the year ended December 31, 2010 with the following exceptions:

- Mr. William Dishman s wife purchased shares on November 1, 2010 and the transaction was reported on November 5, 2010. Mr. Dishman is an Executive Vice President and Chief Risk Officer of the Bank.

- Mr. David Brooks, director, and his wife gifted shares on December 21 and 22, 2010 and it was reported on February 22, 2011.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

REPORT ON EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The members of the Compensation Committee are Messrs. Carrico, Edinger, Lechleiter, and Tasman, all of whom are independent non-employee Directors. Mr. Lechleiter was elected chairman of the Committee upon the retirement of Dr. Robert Taylor in April 2010. The Board of Directors has adopted a written charter for the Compensation Committee. The functions of this committee include establishing the compensation amounts and programs for the executive officers and directors. The Compensation Committee held six meetings during 2010, and its actions included discussion of compensation philosophy, review and approval of peer group institutions, review of Compensation Discussion

and Analysis requirements, review of the deferred compensation program for executive officers, review of board compensation, review and amendment of executive change in control severance agreements, and recommendations to the Board for their review and approval regarding executive compensation.

The Role of Compensation Consultants

The Company periodically engages compensation consultants as a resource on pay practices, to advise the Committee on Company-specific practices as well as to validate the Committee s conclusions and actions. While these consultants have provided advice concerning the design of the Company s compensation plans, they have not had a role in determining or recommending the amount or form of executive or director compensation. They are selected and engaged by the Committee and are independent of management. In 2007, the Committee contracted with Clark Consulting s compensation group to study the Bank s executive pay practices and provide resources to the Committee. The Committee engaged the independent consultant to provide an assessment of the Bank s overall executive compensation program. The consultant concluded the Committee s practices to be consistent with its objectives and with sound governance principles. The Committee used the consultant s findings as a foundation for its decisions regarding executive compensation. For 2010, the Committee elected to use data and methodology

from the prior assessment and update it with the most recently available compensation information to provide guidelines for 2010 compensation. The Committee reviewed compensation details for selected peer banks provided by SNL Financial publication entitled Executive Compensation Review. For its work regarding 2010 compensation, the Committee used the most current information available that reported for 2008 in 2009 proxy materials. To estimate compensation for 2010, the Committee rolled forward the information based upon average pay increases detailed in the publication. The Committee has used this methodology consistently, and through testing when new data is available, has satisfied itself that the methodology produces reasonable results. In 2009 the Committee contracted with Mercer Consulting regarding trends and issues in executive compensation as part of the Committee s ongoing activities. In 2010 the Committee engaged Mercer Consulting to evaluate executive and director compensation for 2011. These engagements also served as further corroboration that the Committee s actions corresponded to current market practices.

For 2010, the Chief Executive Officer s compensation was determined by the Committee. Having considered each individual s performance, the Chief Executive Officer recommends levels for all compensation for the other executive officers to the Committee. After discussion of each executive to ensure consistency with Company philosophy and external competitive dynamics the Committee either approves or adjusts the recommendations.

Objectives of Compensation Programs

The pay-for-performance compensation philosophy of the Compensation Committee supports S.Y. Bancorp s primary objective of creating value for its shareholders. The Committee strives to ensure the compensation of S.Y. Bancorp s executive officers is adequate to attract and retain talented individuals to lead S.Y. Bancorp and the Bank to growth and higher profitability while maintaining stability and capital strength. The Bank competes with many other financial institutions in the markets where it operates metropolitan Louisville, Indianapolis and Cincinnati for the most outstanding individuals available. Competing financial institutions range in size from start-up organizations to established community banks to significantly larger super-regional and money center banks. All of these businesses are competing for capable leaders, and accordingly, are willing to attractively compensate individuals to join and/or remain with their respective organization.

As a point of reference and comparison in its analysis of the Chief Executive Officer s compensation, the Committee uses compensation information compiled for a group of peer banks. This peer group is comprised of publicly traded banks from $1.5 billion to $3 billion in total assets. The larger banks are included because the Committee considers the Bank s Investment Management and Trust Department to provide an element of sophistication resulting in the overall Bank being more comparable to larger community banks. The peer group is comprised of banks in metropolitan areas of at least 250,000 people to more closely reflect the operating conditions of Stock Yards Bank both from the standpoint of competing for business and for talented people. Many of these locations were areas with significantly higher costs of living. To more closely equate this information to our circumstances, each peer location was associated with an appropriate MSA (Metropolitan Statistical Area) and compensation was adjusted by a cost of living factor obtained from the U.S. Census Bureau. The peer group is generally comprised of banks with common stock widely held and not family controlled. Peers are included regardless of operating results, again to provide a more representative sample. The goal of the Committee is to have management s base compensation to approximate between the 50th and 75th percentiles of this peer group with the Chairman and Chief Executive Officer target at 75 percent of the peer group. The Committee uses peer data most directly to determine the compensation of the Chief Executive Officer. Other executive officers compensation relates to the Chief Executive Officer s compensation after evaluating duties, levels of responsibility, performance and competition. The Committee reviewed executive compensation and performance information for the following group of banks.

Bancorp Rhode Island, Inc.

Capital Bank Corp.

Cardinal Financial Services Corp.

Guaranty Bancorp

CoBiz Financial, Inc.

Enterprise Financial Services Corp.

Fidelity Southern Corporation

Great Southern Bancorp

Mercantile Bank Corporation

Old Second Bancorp, Inc.

Pinnacle Financial Partners, Inc.

Republic Bancorp, Inc.

Southern Community Financial Corp.

Southwest Bancorp, Inc.

State Bancorp, Inc.

Sterling Bancorp

Towne Bank

Univest Corporation of Pennsylvania

Virginia Commerce Bancorp, Inc.

The Committee believes the following compensation strategies for S.Y. Bancorp s executive officers, including the Chief Executive Officer, achieve its objectives. The philosophy of the Compensation Committee reflects a pay-for-performance culture that is competitive with other employers with which the Company competes for executive talent.

The General Design of S.Y. Bancorp s Compensation Programs

As the business of banking evolves and Stock Yards Bank & Trust Company continues to distinguish itself as an exceptional performer, it has become increasingly apparent that the Company s success is highly dependent upon the continuity realized by retaining very capable key officers. It is these individuals who execute the strategic plans of the Company. They deliver the Bank s hallmark high quality services and maintain the Bank s century-old exceptional reputation. With the primary reason for customer dissatisfaction being disruption caused by banking officer turnover, management and the Compensation Committee have designed compensation programs to respond to the high priority of appropriately compensating officers critical to its customer service mission.

The Committee believes that a structure focusing on base salary, annual cash incentives, annual performance stock incentives, and long-term equity incentives is appropriate to achieve its objectives of attracting, motivating and retaining key executives, and paying them based on their performance. In addition to these elements of compensation, the Committee monitors and periodically modifies post-employment types of compensation (nonqualified or supplemental retirement and severance pay programs), each designed to retain valuable executive talent. The Company has no employment contracts with any of its officers.

Specific Elements of Compensation, and How Performance Impacts Each

The Company s in-service compensation program consists of three key components:

- Base pay
- Annual cash and stock incentive compensation
- Long-term incentives

The elements of post-employment compensation and benefits for executives (in addition to the retirement programs provided to employees generally) include:

- Contributory nonqualified deferred compensation for all executives
- Noncontributory nonqualified supplemental pension plan for two executives
- Change-in-control severance agreements with certain executive officers

Base Salary. Executive officers base pay is determined by evaluating the most recent comparative peer data relative to similar roles and responsibilities designated in their positions. For positions not specifically matched to peers, the officer s level of responsibility is compared to positions deemed equivalent. The Committee has set the 75th percentile as a benchmark for base salary relative to peers for Mr. Heintzman. Additionally, management uses competitive data based on ongoing hiring activity. Individual salary increases are reviewed annually using this information as well as consideration of the executive s individual performance during the preceding year. For 2010, the Committee established a range between the 50th and 75th percentile for base salary relative to peers. In consideration of this range, the Committee increased the Chief Executive Officer s salary $19,600 or 4%, which equates to approximately the 70th percentile of peers when projecting peer base pay data.

Annual Cash Incentives. The objective of annual cash incentive compensation is to deliver levels of compensation conditioned on the attainment of certain financial, departmental and/or operating results of the Bank. The Committee believes these to be primary drivers of stock price performance over time. Therefore, the Committee established an incentive program based upon the achievement of certain earnings per share goals as well as line of business goals applicable to specific officers duties. For annual cash incentives, the Bank measures performance compared to its absolute performance rather than its performance compared to peers. For 2010, the determination as to whether cash incentives would be paid to Mr. Heintzman and non-line of business executive vice presidents was based upon the achievement of earnings per share (EPS) targets as set forth below. The formula has increasingly higher payout percentages for corresponding EPS growth that reinforce the Committee s pay-for-performance philosophy. EPS targets and corresponding bonus percentages follow:

EPS Target	EPS Increase Over 2009	Bonus as a Percentage of Base Salary Messrs. Heintzman and Hillebrand	Ms. Davis
$ 1.53	28.6%	10%	7%
$ 1.56	31.1%	15%	10%
$ 1.59	33.6%	20%	15%
$ 1.62	36.1%	25%	18%
$ 1.66	39.5%	30%	22%
$ 1.69	42.0%	40%	30%
$ 1.73	45.4% or greater	50%	35%

For 2010, the Company earned $1.67 per diluted share; accordingly Mr. Heintzman and Mr. Hillebrand received a 30% bonus; Ms. Davis received a 22% bonus.

The main component of Ms. Thompson s annual cash incentive is based upon the net income before allocated non-controllable expenses of the Investment Management and Trust Department. The Investment Management and Trust Department contributes approximately 40% of the Bank s total non-interest income and nearly 17% of the Bank s net income, distinguishing the Bank from many peers. Growth in departmental net income therefore directly impacts the profitability of the Bank and makes a significant contribution to enhancement of shareholder value. For that portion of her annual incentive to be earned, departmental net income must have increased by a minimum of 7%, and the amount of the incentive increased as net income increased as follows:

Departmental Income Growth	Bonus as a Percentage of Base Salary
7%	14%
8%	16%
9%	18%
10%	20%
11%	22%
12%	24%
13%	26%
14%	28%
15-20%	40%
Over 20%	50%

In addition to departmental goals, Ms. Thompson can earn an annual cash bonus based on the overall performance of the Company, as follows:

EPS Target	Bonus as a Percentage of Base Salary
$ 1.59	5%
$ 1.69 or greater	10%

For 2010, departmental income increased 16%; accordingly Ms. Thompson received a 40% award, or $125,200, for this component. At a minimum EPS of $1.59 her award was an additional 5% of base salary or $15,700.

The Committee believes its program for Mr. Poindexter s incentives drives achievement of the Bank s annual performance goals to support our strategic business objectives and promote the attainment of specific financial goals while encouraging teamwork and compliance. Mr. Poindexter s bonus plan covers a matrix of all areas of his responsibility including: Commercial Banking, Private Banking, Business Banking, Treasury Management, International, and Correspondent Banking. The Commercial Banking, Private Banking, and Business Banking areas of all three markets are the source of significant loan and deposit growth. Net interest income comprises approximately 65% of the Bank s total revenues. Shareholder value is enhanced as growth in these areas directly impacts the profitably of the Bank. Mr. Poindexter s matrix assigns various weights to several categories including: net loan and deposit growth, growth of loan fees and service charges, customer satisfaction, profitability of the loan portfolio, charge-offs, past dues, and referrals to other areas of the Bank. Net loan growth and non-interest bearing deposit growth are given the highest weight. The program requires the attainment of certain minimums before any bonus is paid. Additionally, certain deductions are considered in order to promote the quality of growth including deductions for charge-offs, past dues, and minimum service standards. The matrix used to compute this incentive is structured such that achievement of target performance in all categories results in a bonus equal to 25% of base salary. Once certain qualifiers are met, achievement under the target results in a prorated bonus and performance exceeding targets results in a bonus proportionately higher than 25% of base salary. Goals are aggressive and considered relatively difficult to achieve.

In addition to departmental goals, Mr. Poindexter has a component of his annual cash incentive based on overall performance of the Company, as follows:

EPS Target	Bonus as a Percentage of Base Salary
$ 1.59	5%
$ 1.69 or greater	10%

For 2010, Mr. Poindexter s performance matrix resulted in a bonus of $82,250 or 33% of his base salary. At a minimum EPS of $1.59 his award was an additional 5% of base salary or $12,350.

Annual Performance Stock Incentives In 2006, the Committee introduced a long-term performance plan. The plan measured two performance ratios - return on average assets and return on average equity. If the Company s return on average assets or return on average equity exceeded the 90th percentile of its peers calculated over a three-year period, an award was earned. The Committee recognizes and rewards management for stellar performance and recognizes that the achievement of these objectives enhances shareholder value. Therefore, each objective had a target set at the 90th percentile of the peer group three-year average returns. The peer group used to determine the 2010 grants is detailed under the caption Objectives of the Compensation Programs. If the Company performed at or above the 90th percentile level, executive incentives were awarded as follows:

Return on average assets - Chief Executive Officer receives 5% of base pay, and President and executive vice presidents receive 2.5% of base pay

Returns on average equity - Chief Executive Officer receives 5% of base pay, and President and executive vice presidents receive 2.5% of base pay

Awards as determined above are made annually in the form of restricted stock with a three-year vesting schedule designed to enhance employee retention. With these metrics, these awards shifted dependency of incentives from the single EPS growth objective. Awards made in 2010 were based upon 2009 performance. In 2009, the three-year average return on average assets and return on average equity for the Company, 1.40% and 15.26%, respectively, exceeded the 90th percentile target of the peers, .95% and 11.19%, respectively, and therefore the awards were earned by the executives. These awards are included in the Grant of Plan-Based Awards Table under the All Other Stock Awards.

Long-Term Incentives The Committee believes the long-term incentive stock awards to executives best serves the interests of shareholders by providing those persons having responsibility for the management and growth

of S.Y. Bancorp and the Bank with an opportunity to increase their ownership of S.Y. Bancorp Common Stock and to have a stake in the future of the Company. Additionally these equity awards further the Company s competitive advantage against significantly larger institutions in attracting and retaining talented individuals critical to the Company s success. Equity awards also provide the Company an advantage over smaller community banks where equity compensation is not available. In consideration of the financial statement impact of expensing stock awards and the dilutive effect of such awards, the Company first changed from granting incentive stock options to nonqualified stock options and then, beginning in 2008, executive officers were awarded a combination of stock appreciation rights (SARs) and restricted stock grants. SARs give the executive the right to receive S.Y. Bancorp Common Stock equal in value to the difference between the price of the Common Stock s trading value as of the date of grant and that at the date of exercise and are exercisable for a specified future period. The vesting period of these SARs is five years and the exercise period is ten years. Therefore, as the common market price increases, executives have an incentive because they can exercise and be issued stock based on the appreciation from the lower grant-date price. The vesting period of the restricted shares is also five years. The number of equity awards granted to each executive is based upon individual performance, contribution to the company s overall performance, and comparative practices. For awards granted in 2010, the allocation between stock appreciation rights and restricted stock was equally weighted. For Mr. Heintzman, the total value of the award, determined in the same fashion as the awards are valued for accounting purposes, amounted to 40% of his base salary. For Mr. Hillebrand and Ms. Thompson, the equity award value approximated 32% of base pay and for Mr. Poindexter and Ms. Davis, the equity award value approximated 30% of base salary. Based on market compensation data, the Committee determined the grant levels to be reasonable.

Post-Employment Compensation and Benefits To enhance the objective of retaining key executives, the Company previously established Senior Executive Severance Agreements (the Severance Agreement) for Mr. Heintzman, Ms. Davis and Ms. Thompson, concluding it to be in the best interests of S.Y. Bancorp, its shareholders and the Bank to take reasonable steps to help assure these key executives of the Bank that they will be treated fairly in the event of a tender offer or takeover bid, or an actual Change in Control. With these agreements in place, if S.Y. Bancorp should receive takeover or acquisition proposals from third parties, S.Y. Bancorp will be able to call upon the key executives of the Bank for their advice and assessment of whether such proposals are in the best interests of shareholders, free of the influences of their personal employment situations. These severance agreements have been in place since the mid-1990s and were updated in 2005 to reflect tax law changes. These agreements were restated and amended in their entirety in early 2010 based on conclusions reached by the Committee during 2009 deliberations about peer group comparables and current trends, and the Committee s view as to the appropriate arrangement with these and other key executives in the event that a Change in Control is proposed.

The Bank has a nonqualified deferred compensation plan which, until 2006, merely provided executives with the ability to defer a portion of their cash compensation and related taxes, and instead receive such compensation after their employment with the Bank ends or, in certain cases while still employed by the Bank through in-service distributions. Amendments in 2006 provided executives with Bank contributions for the amount of match and ESOP contributions they do not receive under the Bank s qualified retirement plan because of certain limits under the Internal Revenue Code.

In the 1990 s, the Bank created a plan (called the Senior Officer Security Plan, or SOSP) to enhance the retirement security of key executives by granting them a fixed annual benefit per year after retirement. This fixed amount was originally designed to supplement broader-based retirement programs and bring the executives retirement income from combined sources of the tax-qualified employer retirement programs, social security and this plan to a level of approximately 70% of their pre-retirement income. The Committee studied this program in 2006, concluded that other than this defined benefit, it would move forward with defined contribution plans.

Stock Ownership/Retention Guidelines

As noted above, equity compensation is awarded to align executives and shareholders interest over the longer term; therefore, management and the Committee expect executives to own stock exclusive of unexercised options/SARs. While retention or disposition of shares acquired upon option/SARs exercise is at the discretion of the option/SARs holder, to further the ownership objectives of the option/SARs grants there are Company minimum ownership guidelines based upon salary multiples. The Chief Executive Officer is expected to own stock at a multiple three

times his base pay. For all other executives, that multiple is two times base pay. These guidelines

encourage the equity compensation holder not to sell shares acquired upon exercise of options/SARs or vesting of restricted stock other than to pay related taxes at least until the guideline level of ownership is attained. For the officers in the Summary Compensation Table, all have exceeded the applicable guideline level with the exception of Mr. Poindexter who, having joined the Bank in 2004, has not yet reached the guideline level but whose share ownership continues to increase.

Conclusion

In summary, the Committee believes the total compensation program for S.Y. Bancorp s executive officers is competitive with programs offered by similar institutions, and executive compensation is appropriate to further the long-term goals and objectives of S.Y. Bancorp and the Bank.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based upon this review and discussion, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

The Compensation Committee of the Board of Directors of S.Y. Bancorp, Inc.

Richard A. Lechleiter, Chairman	James E. Carrico
Charles R. Edinger, III	Norman Tasman

The report of the Compensation Committee shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed soliciting material or subject to Regulation 14A of the Exchange Act or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Executive Compensation Tables and Narrative Disclosure

The following table sets forth information concerning the compensation of our Chief Executive Officer, Chief Financial Officer, and the three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer. Throughout this section, we refer to executives named in this table individually, as the Executive and collectively as the Executives .

Summary Compensation Table

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (4)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($) (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (5)	All Other Compensation ($) (6) (7)	Total ($)
David P. Heintzman	2010	511,000	153,300	93,191	122,962		89,598	95,170	1,065,221
Chairman and Chief Executive Officer	2009	491,400		92,567	65,928		77,251	86,027	813,173
	2008	491,400		93,363	61,695		54,067	80,937	781,462
Nancy B. Davis	2010	210,000	46,200	30,936	30,620			22,373	340,129
Chief Financial Officer	2009	203,900		25,040	16,080			21,282	266,302
	2008	203,900		20,051	14,624	12,000		23,620	274,195
James A. Hillebrand	2010	316,000	94,800	47,790	48,033			39,748	546,371
President	2009	300,000		31,904	26,800			41,470	400,174
	2008	253,333	75,295	24,889	19,628			31,779	404,924
Kathy C. Thompson	2010	313,000	140,900	47,848	48,096		50,091	46,894	646,829
Senior EVP and manager of Investment	2009	300,350		34,561	29,480		34,210	46,697	445,298
Management and Trust	2008	300,350		34,985	27,420		24,132	53,979	440,866
Phillip S. Poindexter	2010	247,000	94,600	36,416	36,045			26,455	440,516
EVP and Chief Lending Officer	2009	240,000		24,841	19,832			27,629	312,302
	2008	213,917	36,162	22,529	16,909	8,788		23,150	321,455

(1) Officers deferred the following amounts in 2010, 2009 and 2008. In addition to salary, the 2010 amounts for all include bonus deferrals, and for Messrs. Heintzman and Hillebrand in 2008, director fees:

	2010		2009		2008	
	Qualified Plan	Nonqualified Plan	Qualified Plan	Nonqualified Plan	Qualified Plan	Nonqualified Plan
Heintzman	$ 22,000	$ 39,858	$ 22,000	$ 29,484	$ 15,500	$ 43,484
Davis	22,000	18,750	22,000	7,200	20,496	7,200
Hillebrand	16,500	5,688	16,500		15,500	6,000
Thompson	16,500	22,695	16,500	6,007	15,500	18,021

Poindexter	16,500	9,670	16,500	15,500

(2) Stock awards represent restricted stock granted in February of each year shown in the table. In all three years the grants included shares based on achievement of performance objectives and as part of the annual stock incentive program. The values of the restricted stock grants measured at the grant date value were $21.03, $22.14 and 23.37 in 2010, 2009 and 2008, respectively. For assumptions used in valuation of stock awards and other information regarding stock-based compensation, refer to Note 15 to the 2010 consolidated financial statements.

(3) Stock appreciation rights were granted in 2010 with an exercise price equal to the closing price of the common stock on the applicable grant date, or $21.03, $22.14 and 23.37 in 2010, 2009 and 2008, respectively. The fair value of each SAR was $5.31, $5.36 and $4.57, respectively. For assumptions used in valuation of stock appreciation rights and other information regarding stock-based compensation, refer to Note 15 to the 2010 consolidated financial statements.

(4) Cash incentives and bonuses were or will be fully vested when paid. The amounts were determined in accordance with the process and using the performance criteria described in Compensation Discussion and Analysis in the respective Proxy Statements.

(5) Totals include the change in actuarial value of defined benefit as follows:

	Heintzman	Davis	Hillebrand	Thompson	Poindexter
2010	$ 89,598			$ 50,091	
2009	$ 77,251			$ 34,210	
2008	$ 54,067			$ 24,132	

Assumptions used in calculating the change in actuarial value of the defined benefit above include a discount rate of 5.20% for December 31, 2010 and 5.60% for December 31, 2008 and 2009, retirement age of 65, and payments occurring for 15 years, with no pre- or post-retirement mortality.

Earnings on the Executives nonqualified deferred compensation balances are not included above. The investment alternatives of the nonqualified plan do not and have not offered above market rates of interest or preferential returns.

(6) All Other Compensation consists of the following:

	Heintzman	Davis	Hillebrand	Thompson	Poindexter
2010					
Contribution to 401(k)	$ 14,700	$ 12,600	$ 14,700	$ 14,700	$ 14,700
Contribution to ESOP	4,900	4,200	4,900	4,900	4,900
Board fees	13,000		13,000	13,000	
Contribution to nonqualified plan (2)	46,784	1,163	2,079	8,155	1,598
Other	15,786	4,410	5,069	6,139	5,257
	$ 95,170	$ 22,373	$ 39,748	$ 46,894	$ 26,455
2009					
Contribution to 401(k)	$ 14,700	$ 12,234	$ 14,700	$ 14,700	$ 14,400
Contribution to ESOP	4,900	4,078	4,900	4,900	4,800
Board fees	13,000		13,000	13,000	
Contribution to nonqualified plan (2)	41,848	1,560	3,123	9,273	4,430
Other	11,579	3,410	5,747	4,824	3,999
	$ 86,027	$ 21,282	$ 41,470	$ 46,697	$ 27,629
2008					
Contribution to 401(k)	$ 13,800	$ 12,234	$ 13,800	$ 13,800	$ 12,835
Contribution to ESOP	4,600	4,078	4,600	4,600	4,278
Board fees (1)	14,000		6,000	14,000	
Contribution to nonqualified plan (2)	37,915	4,308	2,605	17,025	2,852
Other	10,622	3,000	4,774	4,554	3,185
	$ 80,937	$ 23,620	$ 31,779	$ 53,979	$ 23,150

(1) In 2008 Messrs. Heintzman and Hillebrand deferred receipt and taxation of Board fees.

(2) Includes a Bank contribution to make up for the contributions the Executive does not receive under the Bank s tax-qualified 401(k) and ESOP plan because of plan or Internal Revenue code limits.

(7) Perquisites totaled less than $10,000 for each Executive and are therefore not included in the table.

The following table sets forth information concerning plan-based awards made to the Executives during the last fiscal year. No Executive was granted an equity or non-equity incentive plan award for potential payment in a future year.

Grants of Plan-Based Awards Table

Name	Grant date	Estimated future payouts under equity incentive plan awards Threshold ($)	Target ($)	Maximum ($)	All other stock awards: number of shares of stock (1)	All other option awards: number of securities underlying options	Exercise or base price of option awards ($/Sh)	Grant date fair value of stock and option awards ($)
David P. Heintzman	February 16, 2010				5,847	17,550	21.03	216,153
Nancy B. Davis	February 16, 2010				1,456	5,826	21.03	61,556
James A. Hillebrand	February 16, 2010				2,284	9,000	21.03	95,823
Kathy C. Thompson	February 16, 2010				2,287	9,011	21.03	95,944
Phillip S. Poindexter	February 16, 2010				1,714	6,858	21.03	72,461

(1) Includes stock and SARs granted as described in Compensation Discussion and Analysis paragraph Annual Performance Stock Incentives and paragraph Long Term Incentives . Holders of the restricted stock are entitled to any quarterly cash dividend, and to the extent the dividend constitutes compensation, it is included in All Other Compensation in the Summary Compensation Table.

The following table sets forth information concerning equity stock options/SAR held by the Executives as of the end of the last fiscal year.

Outstanding Equity Awards at Fiscal Year End Table

	Option/SARs Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options/SARs (#) Exercisable	Number of Securities Underlying Unexercised Options/SARs (#) Unexercisable(1)	Option/SARs Exercise Price ($)	Option/SARs Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)
David P. Heintzman						
	21,000		16.0000	12/27/2011		
	16,590		18.6190	12/17/2012		
	15,750		20.1714	12/16/2013		
	25,095		22.8095	12/14/2014		
	31,500		24.0667	1/17/2016		
	22,000		26.8300	2/20/2017		
	13,500		23.3700	2/19/2018	674	16,547
	2,460	9,840	22.1400	2/17/2019	3,049	74,853
		17,550	21.0300	2/16/2020	5,847	143,544
	147,895	27,390			9,570	234,944
Nancy B. Davis						
	6,825		16.0000	12/27/2011		
	5,250		18.6190	12/17/2012		
	4,725		20.1714	12/16/2013		
	6,300		22.8095	12/14/2014		
	8,400		24.0667	1/17/2016		

5,000		26.8300	2/20/2017		
3,200		23.3700	2/19/2018	132	3,241
600	2,400	22.1400	2/17/2019	843	20,696
	5,826	21.0300	2/16/2020	1456	35,745
40,300	8,226			2,431	59,682

James A. Hillebrand						
	2,940		16.0000	12/27/2011		
	3,150		18.6190	12/17/2012		
	3,150		20.1714	12/16/2013		
	6,300		22.8095	12/14/2014		
	7,560	1,890	24.0667	1/17/2016		
	3,600	2,400	26.8300	2/20/2017		
	1,718	2,577	23.3700	2/19/2018	522	12,815
	1,000	4,000	22.1400	2/17/2019	1,070	26,269
		9,000	21.0300	2/16/2020	2,284	56,072
	29,418	19,867			3,876	95,156
Kathy C. Thompson						
	8,400		16.0000	12/27/2011		
	7,140		18.6190	12/17/2012		
	9,765		20.1714	12/16/2013		
	9,345		22.8095	12/14/2014		
	14,700		24.0667	1/17/2016		
	9,500		26.8300	2/20/2017		
	6,000		23.3700	2/19/2018	206	5,057
	1,100	4,400	22.1400	2/17/2019	1,159	28,453
		9,011	21.0300	2/16/2020	2,287	56,146
	65,950	13,411			3,652	89,656
Phillip S. Poindexter						
	7,875		22.8095	12/14/2014		
	7,560	1,890	24.0667	1/17/2016		
	3,600	2,400	26.8300	2/20/2017		
	1,480	2,220	23.3700	2/19/2018	468	11,489
	740	2,960	22.1400	2/17/2019	830	20,377
		6,858	21.0300	2/16/2020	1,714	42,079
	21,255	16,328			3,012	73,945

(1) The unvested options and stock appreciation rights vest 20% each year beginning one year after the grant date and each anniversary thereafter.

(2) The unvested shares vest ratably over three or five years beginning one year from the date of grant and each anniversary thereafter.

The following table sets forth the stock options exercised by or stock awards vested for the Executives during the last fiscal year:

Option Exercises and Stock Vested Table

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
David P. Heintzman	27,300	391,126	2,100	43,468
Nancy B. Davis	7,140	102,459	476	9,844
James A. Hillebrand			698	14,449
Kathy C. Thompson	9,450	104,423	694	14,357
Phillip S. Poindexter			596	12,345

Noncontributory Nonqualified Pension Plan

The 2005 Restated Senior Officer Security Plan (the SOSP) provides benefits, beginning at age 65, of $136,500 per year for 15 years for Mr. Heintzman and $82,000 per year for 15 years for Ms. Thompson, as a means to help them attain reasonable levels of income replacement during retirement, after also considering expected Social Security benefits and the broad-based retirement plan applicable to Bank employees generally. The total potential benefit vests gradually at 4% per year of service so that it is 100% vested if the Executive works for the Bank for a total of 25 years. As of the end of 2010, Mr. Heintzman was 100% vested, and Ms. Thompson was 72% vested in their respective benefits. The retirement benefit also becomes fully vested in the event of the Executive s disability or a change of control of the Bank or the Bancorp while the Executive is employed by the Bank.

If the Executive terminates employment before age 55, benefit payments can begin as early as age 55 (or such later age as the Executive has elected), but the annual payment amount will be lowered accordingly. If the Executive leaves the Bank after age 55, the benefits do not begin until age 65.

Death benefits are provided in lieu of these retirement payments if the participant dies while in the employ of the Bank before age 65 or after leaving the Bank due to disability. The death benefits are provided by the Bank endorsing over to the Executive via a split dollar agreement a right to payment of a portion of the death benefits due under several insurance policies purchased by the Bank on the Executives. As of the end of 2010, the SOSP provided for a $3,271,184 death benefit for Mr. Heintzman and a $1,762,805 death benefit for Ms. Thompson.

If an executive dies after employment termination (other than on account of disability) but before retirement payments begin, the Executive s selected beneficiary is paid a death benefit equal to the retirement payments to which the Executive would have been entitled, at the same time and in the same amounts those payments would have even paid to the Executive. The following table illustrates these pension benefits:

Pension Benefit Table

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
David P. Heintzman	Senior Officers Security Plan	26	743,416	
Nancy B. Davis				
James A. Hillebrand				
Kathy C. Thompson	Senior Officers Security Plan	19	306,687	
Phillip S. Poindexter				

Contributory Nonqualified Deferred Compensation Plan

The Executive Nonqualified Deferred Compensation Plan (the NQ Plan) allows the Executive to defer receipt of and income taxes on up to 10% of base salary and 50% of annual incentive compensation. In addition, based on those deferrals, Executives are credited with the amount of 401(k) match and ESOP contribution that they do not receive under the Bank s tax-qualifed 401(k) and Employee Stock Ownership Plan (KSOP)

applicable to employees generally, because of plan and Internal Revenue Code limits on pay that can be taken into account. This Bank credit to the Executive s plan accounts is vested in accordance with the same vesting schedule as applies in the KSOP, but all Executive s in the Summary Compensation Table have sufficient tenure with the Bank to be 100% vested in all contributions to the NQ Plan.

Once amounts are credited to the NQ Plan, they increase or decrease based on the actual investment performance of certain investments funds selected by the Company, from which the Executives can designate (and re-designate as often as they wish) how their account balances should be allocated.

The Executives have elected between a lump sum distribution or annual installments over no more than 10 years from the NQ Plan, but that election applies only if they leave the Bank s employ due to death or after age 55. If the Executive s termination of employment occurs other than on account of death and prior to age 55, benefits are automatically paid in a lump sum.

The Executive also may elect (prior to the year in which credits are to be made) to have some or all of their own deferrals paid to them in a lump sum or installments over up to six years, while still employed by the Bank, provided they timely designate the amount and time for that payment, and subject to Internal Revenue Code restrictions on later accelerating the payment or delaying it. Executives may also apply to receive a distribution in the event of an unforeseeable emergency.

Nonqualified Deferred Compensation Table

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($) (2)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
David P. Heintzman (1)	30,660	46,784	76,726		509,024
			31,405		205,476
Nancy B. Davis	7,200	1,163	36,164		210,232
James A. Hillebrand (1)		2,079	485		24,388
			891		5,732
Kathy C. Thompson	15,650	36,225	8,155		241,869
Phillip S. Poindexter	4,940	1,598	4,713		29,588

(1) For Messrs. Heintzman and Hillebrand, includes first an employee account, then a director fee deferral account.

(2) Includes an amount for each officer equal to the 401(k) match and ESOP contribution not received under the Bank s tax-qualified 401(k) and Employee Stock Ownership Plan because of plan limits, as described above.

Other Potential Post-Employment Payments

Various benefit plans of the Bank have special terms that apply if a change in control occurs:

- The SOSP, described above, provides that a change in control of the Bank during the Executive s employment will trigger the Executive becoming fully vested in the SOSP benefit.

- The Nonqualified Deferred Compensation Plan discussed above provides that at a change in control while the Executive is still employed, any Bank credits to this plan that are then unvested will be 100% vested.

- The Executives ability to exercise stock awards is fully accelerated upon a change in control and any unvested stock-based compensation awards become 100% vested at change in control.

- Each of the Executives had Severance Agreements as of the end of 2010 that generally only applied in the event of a change in control. The following summarizes those agreements.

Mr. Heintzman, Ms. Thompson, Mr. Hillebrand and Ms. Davis

The Severance Agreement for each of Mr. Heintzman and Ms. Thompson, Mr. Hillebrand and Ms. Davis are similar to the one for Mr. Poindexter, with a few exceptions. Their change in control severance payment will equal three times the sum of their highest monthly base salary during the sixth months prior to termination or resignation, plus the highest annual cash bonus paid to them for the current and preceding two fiscal years preceding their termination or resignation. They also have a right to participate in the Bank s health plans at their cost for three years following severance, and are subject to an 18 month prohibition on competing with the Bank in any way within a 50 mile radius of any Bank office, in addition to the confidentiality and nonsolicitation covenants that bind other executives. In addition, rather than capping the amount paid based on Section 280G of the Internal Revenue Code, these agreements allow each executive to be paid the described severance amount, or an amount that is just below the Section 280G threshold, if the net amount they would receive after reduction for any triggered excise tax, would be higher than the full amount after excise taxes are paid by them.

Certain features of the prior Severance Agreements are preserved for Mr. Heintzman, Ms. Davis and Ms. Thompson. The Bank will pay these executives the described severance if they resign for any reason in connection with a change in control (good reason is not required). In addition, because the prior Severance Agreements

required the Bank to also pay a tax gross-up to these executives if their severance exceeded the Section 280G threshold described above and therefore triggered an excise tax, and because the Bank s calculations indicate that Mr. Heintzman and Ms. Thompson would be due such a tax gross up under the prior Severance Agreements terms as of the end of 2008, the Severance Agreements grandfather that higher amount for a period of time. If change in control negotiations begin within three years after the date of the Severance Agreements (and conclude in a change in control occurring), the severance payment for Mr. Heintzman and Ms. Thompson will be the greater of (i) the severance payment and related tax gross up that would have been payable as of December 31, 2008 under the prior Severance Agreements, or (ii) the severance payment described above (three times current base salary and historical bonus).

Mr. Poindexter

The Severance Agreement for Mr. Poindexter provides that, in the event he is terminated without cause or resigns for good reason (as those terms are defined in the Severance Agreements) during negotiations or within two years following a change in control of the Bank or Bancorp, the Bank will pay him a severance payment equal to two times the sum of his highest monthly base salary during the sixth months prior to his termination or resignation, plus the highest annual cash bonus paid to him for the current and preceding two fiscal years preceding his termination or resignation. Mr. Poindexter also has a right to participate (at his cost) in the Bank s health plans for active employees for two years, with Federal Law (COBRA) continuation coverage rights to begin thereafter.

If the amount of any severance payment plus other payments that are triggered by or enhanced due to a change in control would cause the Bank to forfeit a tax deduction for some of the severance payment, the severance payment is reduced to an amount no less than $1.00 below the amount which the Bank can pay without a limitation on its deduction under Section 280G of the Internal Revenue Code and which the Mr. Poindexter can receive without subjecting the executive to an excise tax. Section 280G, in general, denies a tax deduction for part of the compensation received in connection with a change in control, and imposes an excise tax on the recipient of such a payment, if the total paid exceeds three times an executive s five-year average W-2 reported income.

The Severance Agreement requires that Mr. Poindexter maintain the confidentiality of all information regarding the business of the Bank and Bancorp and that he not solicit customers or employees of the Bank for a period of 12 months following the receipt of any severance payment.

Payment under each of the Severance Agreements is made only if the Executive fully releases all claims against Bancorp and the Bank.

The following table estimates the amount that would have been payable under the Severance Agreements (as recently revised) if their terms had been triggered as of December 31, 2010 and other amounts that vest or accelerate if there is a change in control.

Officer	Change in Control Severance Agreement (1)	Difference between lump sum value of SOSP if fully vested, as compared with its value at actual percentage now vested (2)	Value realized if unvested options and stock awards were exercised/vested (3)
Heintzman	$ 2,576,535		$ 320,434
Davis	$ 768,000		$ 85,968
Hillebrand	$ 853,838		$ 133,090

Thompson	$	1,604,142	$	135,814	$	131,979
Poindexter	$	669,200			$	108,732

(1) For Mr. Heintzman or Ms. Thompson, this is the grandfathered amount that the Bank had previously calculated would have been due, including excise tax gross-up payment, had they terminated as of December 31, 2008. But for the grandfathering of these amounts in the revised agreements, under the Severance Agreements and using base salary and historical bonuses through the end of 2010, they would have been paid $1,878,900 and $1,361,700 in severance respectively.

(2) This amount is the lump sum present value of 100% of the SOSP benefit, less the present value of the percentage of the benefit already vested, using an interest rate of 4.20% (120% of the IRS-published applicable federal rate as dictated by the SOSP s terms) and the actual attained ages of the Executive as of the fiscal year end.

(3) This is the total value as of December 31, 2010 of as-yet-unvested restricted stock held by each executive; because the market value of the Bancorp s stock at December 31, 2010 was less than the strike price on all unvested options and SARs, no value is included for the acceleration of vesting on those awards.

Director Compensation

The following table sets forth information concerning the compensation of our Directors for the last fiscal year:

Director Compensation Table

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (2)	All Other Compensation ($) (3)	Total ($)
Mr. Brooks	27,500					89,668	117,168
Mr. Carrico	31,000						31,000
Mr. Edinger	28,500						28,500
Mr. Herde	30,000						30,000
Mr. Lechleiter	24,275						24,275
Mr. Madison	29,000						29,000
Mr. Simon	26,000						26,000
Mr. Tasman	26,000						26,000

(1) Of this total, the directors deferred receipt and taxation of the following amounts of 2010 fees:

Mr. Brooks	
Mr. Carrico	
Mr. Edinger	28,500
Mr. Herde	15,000
Mr. Lechleiter	24,275
Mr. Madison	29,000
Mr. Simon	16,500
Mr. Tasman	26,000

(2) Each director has the option of deferring some or all of his/her fees. Investment options include Bancorp stock and various mutual funds. Earnings on the Directors nonqualified deferred compensation balances are not included above. The investment alternatives of the nonqualified plan do not and have not offered above market rates of interest or preferential returns.

(3) Mr. Brooks, a former executive of the Bank, participated in both the Director and the Executive NQ Plan. During 2010 he received distributions of $5,668 from his account in the Executive NQ Plan. Mr. Brooks, is also a participant in the SOSP (described in more detail above), and under that plan has an annual defined benefit of $84,000. He received his first annual payment under this plan in 2006, and payment of that same amount will continue for a total of 15 years. This amount is reflected under All Other Compensation above. The actuarially-determined present value of his benefit obligation declined in 2010 because he is receiving annual benefits, so no amount is included for the change in this pension value above.

As Mr. Northern joined the Board of Directors in 2011, he is not included in the tables above.

Messrs. Heintzman and Hillebrand and Ms. Thompson serve as directors for the Company. All of their compensation as directors is included in the Summary Compensation Table.

The Compensation Committee reviewed Board compensation in 2010. Their review of executive compensation benchmark institutions provided information that included the form and substance of how directors are compensated. For 2010, non-employee directors received an annual retainer of $6,000. All Bancorp s directors received $1,000 for each meeting of S.Y. Bancorp s Board of Directors he or she attended, if the meeting was not held immediately before or after a meeting of the Board of Directors of the Bank. S.Y. Bancorp s directors are also directors of the Bank, and received $1,000 for each Bank board meeting attended.

Non-employee directors of S.Y. Bancorp and the Bank who are members of the various committees of the Board of Directors received $600 during 2010 per meeting of S.Y. Bancorp s Audit Committee, $500 per meeting of S.Y. Bancorp s Compensation Committee, $500 per meeting of S.Y. Bancorp s Nominating and Corporate Governance Committee, $500 per meeting attended of the Bank s Trust Committee, and $500 per meeting attended of the Bank s Loan Committee. In addition, the Chairman of the Audit Committee received an annual retainer of $5,000, the Chairman of the Compensation Committee received an annual retainer of $2,500, and the Chairman of the Nominating and Governance Committee received an annual retainer of $2,500. Annual retainers are prorated if a director serves in a position for a portion of the year.

Directors may defer all or a portion of their fees pursuant to the Director Nonqualified Deferred Compensation Plan (the Director NQ Plan), and the amounts so deferred then increase or decrease in value based on how the director elects that the account be allocated as among various investment options selected by the Bank. The investment options are currently the same options available under the Executive NQ Plan, except that directors may also direct that their fees be invested in Bancorp stock, which is then actually purchased and held in trust at the Bank. Approximately 80 percent of the total amounts owed directors under this NQ Plan as of the last fiscal year end was invested in Bancorp stock.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee acts under a written charter approved and adopted by the Board of Directors. The Audit Committee reviews S.Y. Bancorp s financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls.

The Committee discussed with management, the internal auditors and the independent auditors the quality and adequacy of S.Y. Bancorp s internal controls and the internal audit function s organization, responsibilities, budget and staffing. The Committee reviewed both with the independent and internal auditors their audit plans, audit scope and identification and evaluation of financial and related audit risks. The Committee also discussed the results of the internal audit examinations.

In this context, the Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that S.Y. Bancorp s consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the quarterly and year end consolidated financial statements contained in filings with the Securities and Exchange Commission with management and the independent auditors. The Audit Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

In addition, the Audit Committee has discussed with the independent auditors the auditors independence from S.Y. Bancorp and its management, including the matters in the written disclosures required by the applicable requirements of the Public Company Accounting Oversight Board. The Audit Committee has also considered whether the independent auditors provision of non-audit services to S.Y. Bancorp is compatible with the auditors independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in S.Y. Bancorp s Annual Report on Form 10-K for the year ended December 31, 2010, for filing with the SEC.

The Audit Committee of the Board of Directors of S.Y. Bancorp, Inc.

[redacted]
Richard A. Lechleiter Bruce P. Madison

Nicholas X. Simon

The following table presents fees for professional audit services rendered by KPMG LLP for the audits of S.Y. Bancorp s financial statements for 2010 and 2009 and fees billed for other services rendered by KPMG LLP:

	2010	2009
Audit fees, excluding audit related (1)	$ 281,500	$ 289,150
Audit-related fees		
All other fees		
Total fees	$ 281,500	$ 289,150

(1) Audit fees include fees for the consolidated audit and review of Form 10-K as well as fees for the reviews of quarterly financial information filed with the SEC on Form 10-Q and FDICIA reporting.

The Audit Committee is responsible for pre-approving all auditing services and permitted non-audit services to be performed by its independent auditors, except for both 2010 and 2009, they pre-approved the performance of unspecified audit-related services for which fees may total up to $20,000 annually. For 2010 and 2009, no fees have been incurred under this approval.

TRANSACTIONS WITH MANAGEMENT AND OTHERS

The Bank has had, and expects to have in the future, banking transactions in the ordinary course of business with certain directors and officers of S.Y. Bancorp and the Bank and their associates, as well as with corporations or organizations with which they are connected as directors, officers, shareholders or partners. These banking transactions are made on substantially the same terms including interest rates and collateral as those prevailing at the time for comparable transactions with persons not related to the Bank or S.Y. Bancorp. In the opinion of management of S.Y. Bancorp and the Bank, such transactions do not involve more than the normal risk of collectibility or present other unfavorable features. Loans made to directors and executive officers are in compliance with federal banking regulations and are thereby exempt from insider loan prohibitions included in the Sarbanes-Oxley Act of 2002.

At December 31, 2010, loans to directors and officers of S.Y. Bancorp and the Bank and their associates totaled $642,000 equaling 0.4% of the Bancorp s consolidated stockholders equity.

Compensation Committee Interlocks and Insider Participation

During 2010 Messrs. Carrico, Edinger, Lechleiter and Tasman, all of whom are independent, non-employee directors, served on the Compensation Committee of the Board of Directors. None have served as an officer of Bancorp nor had any relationship with Bancorp requiring disclosure under the Securities and Exchange Commission s rules regarding related persons transactions. The Compensation Committee members have no interlocking relationships requiring disclosure under the rules of the Securities and Exchange Commission.

Review of Related Person Transactions

Bancorp has written procedures for reviewing transactions between Bancorp and its directors and executive officers, their immediate family members and entities with which they have a position or relationship. These procedures are intended to determine whether any such related person transaction impair the independence of a director or presents a conflict of interest on the part of a director or executive officer. Quarterly we require each of our directors and executive officers to complete a questionnaire listing any related person transactions. These are compiled by the internal audit department, and results are reported to the Audit Committee of the Board of Directors. Annually we require each director and executive officer to complete a directors and officers questionnaire that elicits information about related person transactions. Any related person transactions identified are discussed with the Audit Committee and evaluated to determine whether any likelihood exists that the transaction could impair the director s independence or present a conflict of interest for that director. Any such conclusion would be considered by the Board of Directors. Should it be determined a director is no longer

independent, he/she would be removed from the Audit, Compensation or Nominating and Corporate Governance Committee(s) as applicable. If the transaction were to present a conflict of interest, the Board would determine the appropriate response. Upon receiving notice of any transaction on the part of an executive officer that may present a conflict of interest, the internal auditor will discuss the transaction with the Chief Executive Officer or if the transaction involves the Chief Executive Officer, the Chair of the Audit Committee, to determine whether the transaction presents a conflict of interest. In a case involving a conflict of interest, the Chief Executive Officer, or Chair of the Audit Committee, along with the director of Human Resources will determine the appropriate response.

Other than banking transactions described above, there were no transactions in 2010 with related persons needing to be disclosed under the SEC s disclosure requirements.

The Audit Committee established a procedure under which any related person transaction or series of transactions in excess of $25,000, other than banking transactions in the ordinary course of business and in compliance with federal banking regulations, will be reported to and preapproved by the audit committee.

ANNUAL REPORT ON FORM 10-K

A copy of S.Y. Bancorp, Inc. s 2010 Annual Report on Form 10-K as filed with the Securities and Exchange Commission, without exhibits, will be provided without charge following receipt of a written or oral request directed to: Nancy B. Davis, Executive Vice President, Treasurer and Chief Financial Officer, S.Y. Bancorp, Inc., P.O. Box 32890, Louisville, Kentucky 40232, (502) 625-9176; or nancy.davis@syb.com. A copy of the Form 10-K may also be obtained at the company s website, www.syb.com or the SEC s website, www.sec.gov.

OTHER MATTERS

The officers and directors of S.Y. Bancorp do not know of any matters to be presented for shareholder approval at the Annual Meeting other than those described in this Proxy Statement. If any other matters should come before the Annual Meeting, the Board of Directors intends that the persons named in the enclosed form of proxy, or their substitutes, will vote such proxy in accordance with their best judgment on such matters.

By Order of the Board of Directors

/s/ David P. Heintzman

David P. Heintzman
Chairman and Chief Executive Officer
S.Y. Bancorp, Inc.

Louisville, Kentucky
March 21, 2011

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