



**STOCK YARDS BANCORP, INC.**  
2014 SUMMARY ANNUAL REPORT



**Stock  
Yards<sup>®</sup>**  
Bank & Trust

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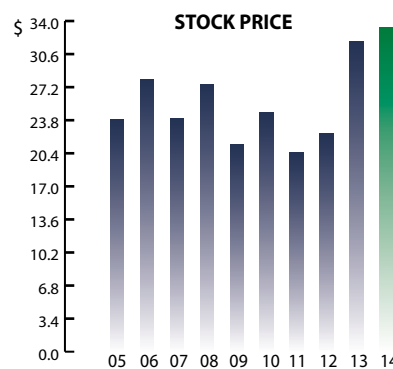
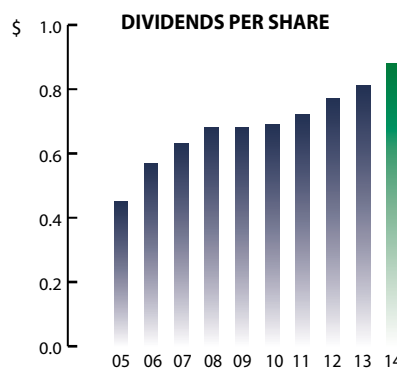
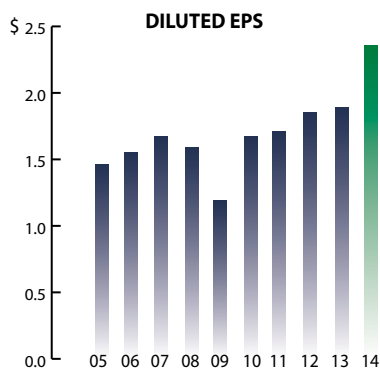
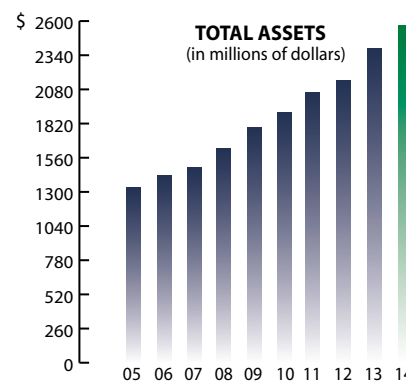
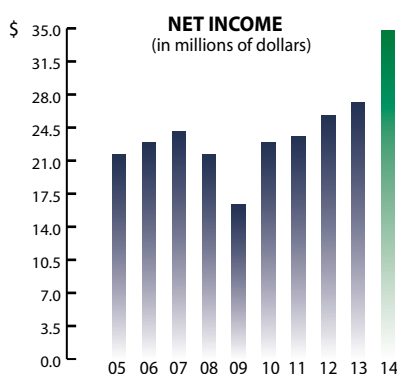
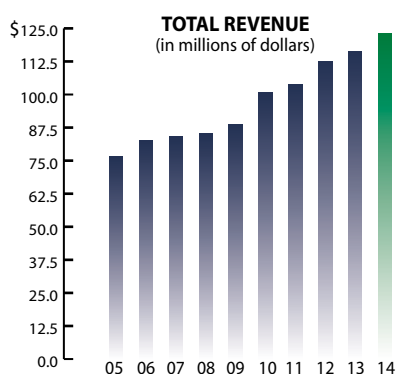
**A TRUSTED PARTNER  
since 1904**

# 2014 Financial Highlights

*“We believe Stock Yards Bancorp – as a leading community bank in economically strong markets – remains poised for growth.”*

	2014	2013	Change
<b>FOR THE YEAR</b>			
Net income	\$ 34,822	\$ 27,170	28.2 %
Cash dividends declared	12,924	11,670	10.7
<b>PER COMMON SHARE</b>			
Net income per share, basic	\$ 2.39	\$ 1.91	25.1 %
Net income per share, diluted	2.36	1.89	24.9
Cash dividends declared	0.88	0.81	8.6
Book value at year end	17.63	15.71	12.2
Market price at year end	33.34	31.92	4.4
<b>AVERAGES FOR THE YEAR</b>			
Total assets	\$ 2,398,430	\$ 2,232,868	7.4 %
Loans	1,773,011	1,656,777	7.0
Deposits	2,010,823	1,843,426	9.1
Stockholders' equity	245,425	220,107	11.5
<b>AT YEAR END</b>			
Total assets	\$ 2,563,868	\$ 2,389,262	7.3 %
Loans	1,868,550	1,721,350	8.6
Deposits	2,123,627	1,980,937	7.2
Stockholders' equity	259,895	229,444	13.3
<b>RATIOS</b>			
Return on average assets	1.45%	1.22%	23 bp
Return on average equity	14.19	12.34	185
Efficiency	59.09	60.82	(173)

bp = basis point = 1/100 of a percent



Note: Per share information has been adjusted as necessary for stock splits and stock dividends.



**David P. Heintzman**  
Chairman and  
Chief Executive Officer

## To Our Stockholders

I am pleased to write you about the continued growth of Stock Yards Bancorp. We began 2014 with a sense of optimism against the backdrop of ongoing economic recovery, an improving credit climate, and the fundamental strength of our banking footprint across our three markets. Looking back on 2014, the momentum we saw building early in the year continued to accelerate, translating into net growth in our loan portfolio of almost 9% and the strongest credit metrics we have experienced in several years. This success, together with 12% growth in our enviable investment management and trust revenue, helped drive earnings per share to a record level for the fourth consecutive year.

The foregoing comments also provide a positive framework for our view ahead and point to opportunities yet to be realized. Looking forward to 2015, Stock Yards Bank remains well positioned as a premier community bank in Louisville, Indianapolis and Cincinnati and well prepared to extend its long-term record of growth, profitability and attractive shareholder returns.

### 2014 BY THE NUMBERS

Net income for 2014 rose 28% to \$34.8 million from \$27.2 million for 2013. Earnings per diluted share rose 25% to \$2.36 compared with \$1.89 for 2013. Returns on average equity and assets both improved significantly for 2014, rising to 14.19% and 1.45%, respectively, from 12.34% and 1.22%, respectively, for 2013.

Our results for 2014 translated in a very tangible way for investors in terms of enhanced stockholder value. During 2014, we raised our cash dividends to you on two occasions, resulting in a cumulative increase of 9%. With the increases in 2014, we now have raised our dividend six times over the past four years for a cumulative increase of more than 35%. Totalling \$0.88 per share for the year, cash dividends to stockholders represented a payout of approximately 37% of earnings for 2014. The most recent increase in November resulted in a forward dividend yield of 2.8% as of December 31, 2014.

Additionally, our strong capital position during and through the financial crisis, along with a solid earnings track record, has enabled Stock Yards Bancorp to pursue a consistent and dependable dividend strategy as a way of enhancing total return. Since our very first dividend payment to stockholders, we have never reduced or suspended dividend payments.

Many banks that experienced difficult times during the crisis are now eager to overlook how their returns fared then, intent rather on highlighting recent performance during more forgiving industry conditions. In our opinion, a recent run-up in stock price is not a reliable proxy for true performance. Instead, we think it is measured over a meaningful timeframe, one that takes into account both up and down market cycles. For the 10-year period ended with 2014, Stock Yards Bancorp total return increased 92% compared with a 6% decline for a commonly used NASDAQ bank index. We believe most investors, particularly those that take a long-term view of the market, appreciate consistency in earnings growth coupled with steadily increasing dividends, as delivered by

***“Our record results for 2014 translated in a very tangible way for investors in terms of enhanced stockholder value.”***

Stock Yards Bancorp over the past decade. We are proud that our total return to our investors remains an enviable benchmark for many other community banks.

***“During 2014, our lenders achieved a 10% increase in loan production, marking the second consecutive year of record loan production for the Bank.”***

#### **LOAN AND DEPOSITS**

As a premier community bank and a trusted partner to businesses and consumers for more than 110 years, Stock Yards Bank & Trust Company is well positioned as an attractive alternative to super-regional and national banks that dominate our market. Known for a responsive,

customer-driven approach to service, our bank offers an unmatched combination of service excellence, capabilities and products that continues to maintain the loyalty of existing customers and gain new customers in Louisville, Indianapolis and Cincinnati.

During 2014, our lenders achieved a 10% increase in loan production, marking the second consecutive year of record loan production for the Bank. Driven by continued expansion of our commercial loan portfolio, this growth resulted in a net increase in our portfolio of almost 9% for 2014. Notably, each of our markets participated in that success. Like 2013, early repayments of loans continued to exert some pressure on overall loan growth in 2014.

Of course, a growing loan portfolio is only part of the equation in delivering solid, long-term financial performance, as is the case with Stock Yards Bancorp. Throughout 2014, we experienced steady and ongoing improvements in credit quality and, in turn, reductions in credit costs. Last year, many of the measures we use to assess the strength and stability of our portfolio returned to their strongest levels since 2008, enabling us to reduce our provision for loan losses as well as our allowance for loan losses.

Supporting our growth during 2014, we were pleased to see our deposit base expand in lockstep with our lending activities. These deposits, increasing 7% to \$2.12 billion, supply ample funding

resources for our growing loan portfolio.

As we look ahead to 2015, we remain confident and excited about the opportunities for our company to grow market share. Already this year, we have opened one new branch location on the south side of Indianapolis and plan to open two additional branches by midyear in northern Kentucky, a part of the Cincinnati metropolitan area. This strategic expansion extends our footprint in both of these attractive markets and helps us capitalize on local conditions that mesh well with our style of community banking. Equally important, it ensures that we remain at the industry forefront by addressing all the banking channels that our customers use, balancing the desire for emerging technology alongside traditional, face-to-face service from knowledgeable representatives.

#### **FEE REVENUE**

During 2014, we were pleased to see ongoing expansion of our non-interest income, which increased to approximately \$39.2 million and represented about 32% of total revenue. Leading the way in this growth was revenue from our investment management and trust department, branded as our Wealth Management Group, which operates in all three of our markets. It has continued to expand beyond traditional investment management and trust services to provide comprehensive financial services that now include financial and retirement planning, life and disability insurance, and business succession planning.

Our Wealth Management Group, which had assets under management totaling \$2.3 billion at the end of 2014, produced a record \$18.2 million in revenue for 2014, representing an increase of 12% from 2013 fee revenue. Accounting for almost half of our total fee revenue for the year, our Wealth Management Group delivers tangible value to you, our stockholders. Ranking among the top 150

***“Accounting for almost half of our total fee revenue for the year, our Wealth Management Group delivers tangible value to you, our stockholders.”***

trust departments in the country based on revenue, it distinguishes Stock Yards Bank & Trust from most community banks in terms of both size and capabilities and provides us with a significant source of recurring revenue. Most other community banks do not possess these capabilities and, thus, are now experiencing considerable pressure on fee revenue.

Coming off the strongest year in its history, it will be a challenge for the Wealth Management Group to top that performance in 2015, but we believe the infrastructure we have built will continue to produce solid results in the year ahead. Well established in Louisville, we are excited about the opportunities we see in Indianapolis and Cincinnati, as we further leverage our combined banking and wealth management services in those markets.

### GOODBYES AND HELLOS

At midyear 2014, we experienced a changing of the guard at Stock Yards Bank & Trust with the retirement of Gregory Hoeck, head of our retail banking operations since 1998. Over the past 16 years, Greg worked to enhance the Bank's reputation for superior customer service, and we appreciate his many contributions. He approached his work with great enthusiasm and clearly played an important role in our continued growth. We are grateful to have had Greg on our team.

In saying goodbye to Greg last year, we were fortunate to find his replacement within our very ranks, as we promoted Michael Croce to Executive Vice President and Director of Retail Banking. Mike was most recently our Division Manager of Business Banking. He joined us in 2004 to develop and manage the business banking group after serving in business banking roles at other super-regional banks. We are confident that under Mike's leadership, Stock Yards Bank will continue to set the standard for banking capabilities and service in our markets.

### CONCLUSION

With another year of record results, we enter 2015 with solid momentum and a sense of optimism about growth opportunities for our company in the coming year. Our lending pipeline remains solid, and we expect to increase our visibility in 2015 with the opening of three branch locations. Not only will additional branches make us more convenient to customers, they also will position us to increase our market share as we execute on growth strategies in areas surrounding each location. And while growth for our Wealth Management Group will be more challenging in 2015, it still will continue to factor significantly in our financial results and provide strategic diversity to our revenue streams. With this outlook, we believe Stock Yards Bancorp – as a leading community bank in economically strong markets – remains poised for growth as the overall business climate continues to improve. Moreover, our strong capital base provides us with the financial flexibility to pursue growth opportunities as they arise and positions us to extend our record of steadily higher dividend payments as we strive to further enhance stockholder value.

On behalf of the Board of Directors, management and our employees, please accept our gratitude for your support and for the confidence you express in our company through your continued share ownership.

### David P. Heintzman

Chairman and Chief Executive Officer

*“Looking forward to 2015, Stock Yards Bank remains well positioned as a premier community bank in Louisville, Indianapolis and Cincinnati.”*

# STOCK YARDS BANCORP, INC.

## Selected Consolidated Financial Data

As of and for the year ended December 31,

(Dollars in thousands, except per share data)

	2014	2013	2012	2011	2010
<b>INCOME STATEMENT</b>					
Net interest income	\$ 83,757	\$ 77,298	\$ 73,950	\$ 70,732	\$ 66,879
Provision for loan losses	(400)	6,550	11,500	12,600	11,469
Non-interest income	39,155	39,002	38,457	33,244	33,739
Non-interest expenses	73,209	71,352	65,472	59,581	57,131
Net income	34,822	27,170	25,801	23,604	22,953
<b>PER SHARE</b>					
Basic EPS	\$ 2.39	\$ 1.91	\$ 1.86	\$ 1.71	\$ 1.68
Diluted EPS	2.36	1.89	1.85	1.71	1.67
Cash dividends declared	0.88	0.81	0.77	0.72	0.69
Book value	17.63	15.71	14.74	13.58	12.37
Market value	33.34	31.92	22.42	20.53	24.55
<b>BALANCE SHEET</b>					
Total loans	\$ 1,868,550	\$ 1,721,350	\$ 1,584,594	\$ 1,544,845	\$ 1,508,425
Allowance for loan losses	24,920	28,522	31,881	29,745	25,543
Total assets	2,563,868	2,389,262	2,148,262	2,053,097	1,902,945
Total deposits	2,123,627	1,980,937	1,781,693	1,617,739	1,493,468
Stockholders' equity	259,895	229,444	205,075	187,686	169,861
<b>AVERAGE BALANCE SHEET</b>					
Total loans	\$ 1,773,011	\$ 1,656,777	\$ 1,563,918	\$ 1,529,556	\$ 1,469,116
Total assets	2,398,430	2,232,868	2,070,967	1,959,609	1,847,452
Total deposits	2,010,823	1,843,426	1,659,594	1,549,708	1,454,239
Stockholders' equity	245,425	220,107	197,551	179,638	163,572
<b>EARNINGS PERFORMANCE</b>					
Return on average assets	1.45 %	1.22 %	1.25 %	1.20 %	1.24 %
Return on average equity	14.19	12.34	13.06	13.14	14.03
Net interest margin, full tax equivalent	3.75	3.74	3.94	3.99	3.99
<b>KEY RATIOS</b>					
Non-performing loans to total loans	0.64 %	1.33 %	1.90 %	1.51 %	1.28 %
Non-performing assets to total assets	0.70	1.19	1.74	1.51	1.30
Net loan charge-offs to average loans	0.18	0.60	0.60	0.55	0.40
Allowance for loan losses to average loans	1.41	1.72	2.04	1.94	1.74
Average equity to average assets	10.23	9.86	9.54	9.17	8.85
Tier 1 risk-based capital	12.63	12.29	13.17	12.77	12.06
Total risk-based capital	13.86	13.54	14.42	14.63	13.93
Leverage	10.26	9.75	10.79	10.53	10.31

## DIRECTORS

**Charles R. Edinger III**  
President,  
J. Edinger & Son, Inc.

**David P. Heintzman**  
Chairman and Chief Executive Officer,  
Stock Yards Bancorp, Inc. and  
Stock Yards Bank & Trust Company

**Carl G. Herde**  
Chief Financial Officer,  
Baptist Healthcare System, Inc.

**James A. Hillebrand**  
President,  
Stock Yards Bancorp, Inc. and  
Stock Yards Bank & Trust Company

**Richard A. Lechleiter**  
President,  
Catholic Education Foundation

**Bruce P. Madison**  
Chief Executive Officer,  
Plumbers Supply Company, Inc.

**Richard Northern**  
Partner,  
Wyatt, Tarrant & Combs LLP

**Nicholas X. Simon**  
President and Chief Executive Officer,  
Publishers Printing Company

**Stephen M. Priebe**  
President,  
Hall Contracting of Kentucky

**Norman Tasman**  
President,  
Tasman Industries, Inc.  
and Tasman Hide Processing, Inc.

**Kathy C. Thompson**  
Senior Executive Vice President,  
Stock Yards Bancorp, Inc. and  
Stock Yards Bank & Trust Company

## EXECUTIVE OFFICERS

**David P. Heintzman**  
Chairman and Chief Executive Officer

**James A. Hillebrand**  
President

**Kathy C. Thompson**  
Senior Executive Vice President  
Wealth Management Group

**Michael J. Croce**  
Executive Vice President  
Retail Banking Group

**Nancy B. Davis**  
Executive Vice President  
Chief Financial Officer

**William M. Dishman III**  
Executive Vice President  
Chief Risk Officer

**Philip S. Poindexter**  
Executive Vice President  
Chief Lending Officer

**T. Clay Stinnett**  
Executive Vice President  
Chief Strategic Officer



### LOUISVILLE - Corporate Center

1048 East Main Street (502) 582-2571  
Louisville, Kentucky 40206

### INDIANAPOLIS - Regional Center

136 East Market Street (317) 238-2800  
Indianapolis, Indiana 46204

### CINCINNATI - Regional Center

101 West Fourth Street (513) 824-6100  
Cincinnati, Ohio 45202

**Common Stock**

Stock Yards Bancorp, Inc.'s common stock trades on the NASDAQ Global Select Market under the symbol SYBT.

**Forms 10-K And 10-Q**

Stock Yards Bancorp, Inc.'s annual report on Form 10-K and quarterly reports on Form 10-Q, as filed with the Securities and Exchange Commission, can be found at [www.syb.com](http://www.syb.com) (see "Investor Relations") or by writing or calling Nancy B. Davis, Executive Vice President, Stock Yards Bancorp, Inc., [nancy.davis@syb.com](mailto:nancy.davis@syb.com), (502) 625-9176.

**Transfer Agent**

The transfer agent for the common stock of Stock Yards Bancorp, Inc. is:

Computershare  
P.O. Box 30170  
College Station, TX 77842-3170  
(800) 368-5948

**Automatic Dividend Reinvestment Service**

The Company's automatic dividend reinvestment service enables stockholders to reinvest cash dividends in additional shares of Stock Yards Bancorp, Inc. stock. For additional information, contact the Transfer Agent.

**Mailing And Street Addresses**

The mailing address for Stock Yards Bancorp, Inc. is: P.O. Box 32890, Louisville, Kentucky 40232-2890.

The street address is:  
1040 E. Main Street, Louisville, Kentucky 40206.

**Internet Address**

The Internet address for Stock Yards Bancorp, Inc. is [www.syb.com](http://www.syb.com). Stockholders can find share prices, trading volume, insider trading information, and other pertinent information (see "Investor Relations").

# STOCK YARDS BANCORP, INC.

## STOCKHOLDER INFORMATION



A TRUSTED PARTNER  
since 1904