

Kentucky Bancshares, Inc.

INVESTOR PRESENTATION

LOUIS PRICHARD, PRESIDENT AND CEO

JIM BRADEN, SVP AND CAO

FEBRUARY 8, 2017

TRADING SYMBOL: KTYB

WWW.KYBANK.COM



Cautionary Statement Regarding Forward-Looking Statements

Statements in this presentation relating to Kentucky Bancshares, Inc. (“KTYB”, the “Company”, “we”, “our” or “us”) contain forward-looking statements under the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the federal securities laws. These statements are not historical facts, but rather statements based on our current expectations regarding our business strategies and their intended results and our future performance. Forward-looking statements are preceded by terms such as “expects,” “believes,” “anticipates,” “intends,” “estimates,” “potential,” “may,” and similar expressions. These forward-looking statements are based on management’s current expectations. KTYB cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements due to various risks and uncertainties. These and other risks and uncertainties are described in greater detail under “Risk Factors” in the Form 10-K and subsequent periodic reports filed with the Securities and Exchange Commission. Investors are cautioned that many of the assumptions upon which KTYB's forward-looking statements are based are likely to change after the forward-looking statements are made due to uncertainties KTYB cannot control. The forward-looking statements in this presentation are made as of the date of the release and the Company does not assume any responsibility to update these statements.

At a Glance

- Headquartered in Paris, Kentucky
- Primary subsidiary is Kentucky Bank
- Kentucky Bank is a commercial bank offering standard business and retail banking services including trust and brokerage
- Roots date to 1851 and currently operate 17 locations predominantly within 30 miles of Lexington, Kentucky

Financial Highlights

12.31.16*

Total Assets \$1.03 billion

Total Net Loans \$648.5 million

Total Deposits \$803.0 million

EPS \$2.87

Cash Dividend \$1.08

ROAE 9.10%

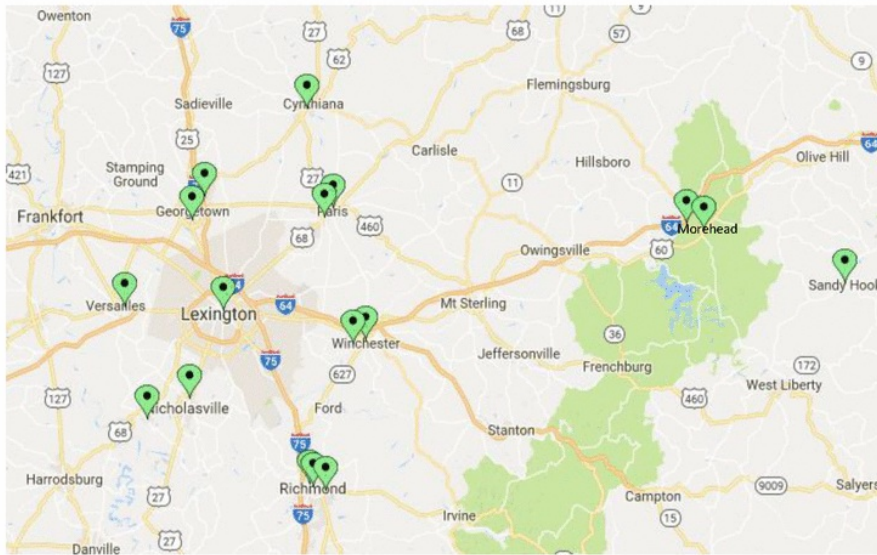
ROAA 0.86%

NIM TE 3.62%

NPAs 0.82%

*Unaudited

Markets Served



www.mapcustomizer.com

Kentucky Bank

- 17 locations serving 11 communities
- Serving every contiguous county to Lexington, KY which is the economic engine for Central Kentucky
- Serving the Morehead, KY market which is a regional economic engine for Eastern Kentucky
- Strategically located along the I-75 and I-64 corridors

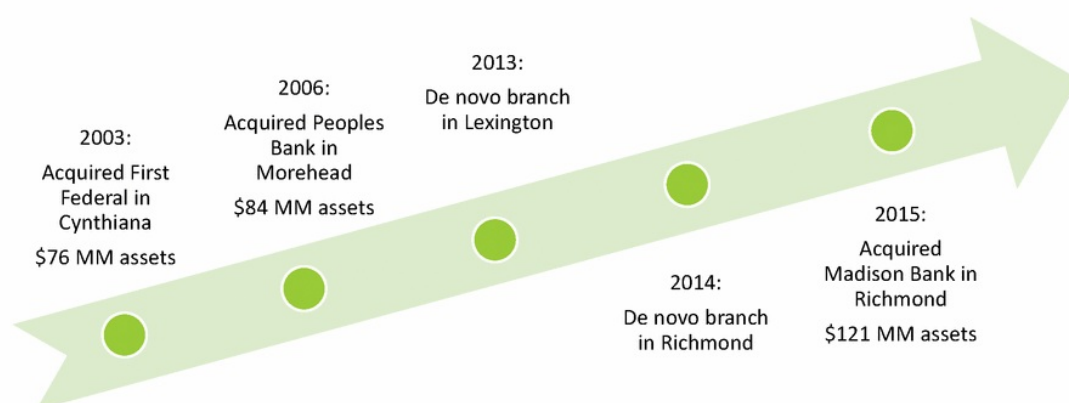
Branch Franchise

Street Address	City	State	06.30.16 Deposits (\$000)	06.30.15 Deposits (\$000)
401 Main St	Paris	KY	145,604	142,905
939 US Hwy 27 S	Cynthiana	KY	94,926	85,124
24 W Lexington Ave	Winchester	KY	62,620	83,267
520 Marsailles Rd	Versailles	KY	54,192	49,424
660 University Shopping Ctr	Richmond	KY	51,419	36,951
1001 Gibson Bay Dr Ste 101	Richmond	KY	46,583	58,186
920 N Main St	Nicholasville	KY	46,352	51,052
260 Blossom Park Dr	Georgetown	KY	44,192	45,326
144 S KY 7	Sandy Hook	KY	32,591	32,778
1500 Flemingsburg Rd	Morehead	KY	32,273	30,393
2021 Main St	Paris	KY	28,588	27,560
400 W First St	Morehead	KY	28,544	26,724
103 W Showalter Dr	Georgetown	KY	27,900	20,556
360 E Vine St	Lexington	KY	22,589	12,371
1975 Bypass Rd	Winchester	KY	20,786	21,034
108 E Main St	Wilmore	KY	13,245	12,830
724 W Main St	Richmond	KY	0	1

Source: www.snl.com

2016 Rank	Institution (ST)	Branches	Dep. In Mkt. (\$000)	Market Share (%)
Lexington-Fayette, KY				
1	Central Bancshares Inc. (KY)	19	1,555,220	16.55
2	JPMorgan Chase & Co. (NY)	17	1,389,972	14.79
3	Fifth Third Bancorp (OH)	13	1,113,570	11.85
4	PNC Financial Services Group (PA)	14	733,024	7.80
5	Traditional Bancorp. Inc. (KY)	7	676,261	7.20
6	Kentucky Bancshares Inc. (KY)	11	466,068	4.96
7	BB&T Corp. (NC)	8	439,697	4.68
8	Farmers Capital Bank Corp. (KY)	13	376,710	4.01
9	Community Trust Bancorp Inc. (KY)	11	367,275	3.91
10	Whitaker Bank Corp. of KY (KY)	8	308,175	3.28
	Total For Institutions In Market	184	9,395,955	
Richmond-Berea, KY				
1	Whitaker Bank Corp. of KY (KY)	11	306,640	24.85
2	Community Trust Bancorp Inc. (KY)	5	208,716	16.91
3	JPMorgan Chase & Co. (NY)	2	121,481	9.84
4	Rockcastle Bancorp Inc. (KY)	2	98,785	8.01
5	Kentucky Bancshares Inc. (KY)	3	98,002	7.94
6	Central Bancshares Inc. (KY)	2	86,323	7.00
7	U.S. Bancorp (MN)	4	70,402	5.71
8	PNC Financial Services Group (PA)	2	62,605	5.07
9	Cumberland Valley Finl Corp. (KY)	3	49,778	4.03
10	Citizens Guaranty Finl Corp. (KY)	3	40,330	3.27
	Total For Institutions In Market	43	1,233,954	

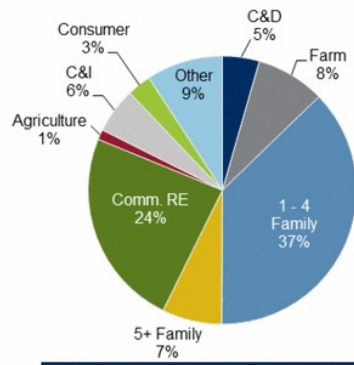
Expansion Timeline (De Novo & Purchases)



Key Members of Management Team

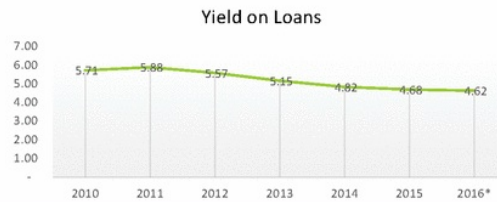
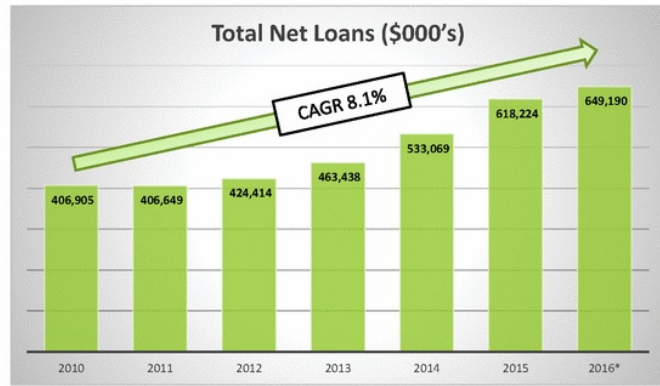
Name	Position	Years of Banking Experience	Years with Kentucky Bank
Louis Prichard	President and Chief Executive Officer	40	11
Norman Fryman	EVP, Chief Credit Officer	45	45
Brenda Bragonier	SVP, Director of Marketing	38	38
Jim Elliott	SVP, Director of Wealth Management	32	5
Greg Dawson	SVP, Chief Financial Officer	32	32
Chris Gorley	SVP, Director of Operations	25	4
William Hough	SVP, Director of Sales and Service	16	16
Jim Braden	SVP, Chief Administrative Officer	15	6
Carol Caskey	SVP, Director of Human Resources	7	5

Loan Portfolio



Dollars in Thousands
For the period ended December 31, 2016

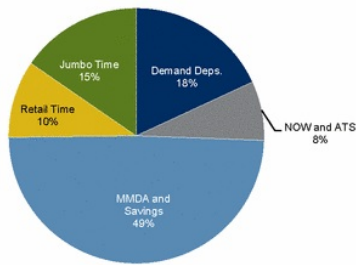
		Kentucky Bank	
Construction & Development	\$	29,169	4.4%
Secured by Farmland		54,538	8.3%
1 - 4 Family Real Estate		245,362	37.4%
5+ Family Real Estate		47,199	7.2%
Commercial Real Estate		156,969	23.9%
Agricultural		7,953	1.2%
Commercial & Industrial		36,161	5.5%
Consumer		18,867	2.9%
Other		60,513	9.2%
Gross Loans and Leases	\$	656,731	100.0%



Source: www.snl.com

*Unaudited

Deposits

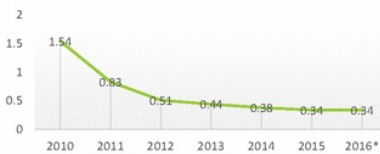


Dollars in Thousands
For the period ended December 31, 2016

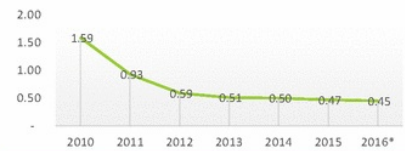
Kentucky Bank			
Demand Deposits	\$ 145,535	18.1%	
NOW and ATS	60,152	7.5%	
MMDA and Savings	396,067	49.2%	
Retail Time Deposits (< \$100K)	78,822	9.8%	
Jumbo Time Deposits (> \$100K)	123,754	15.4%	
Total Deposits	\$ 804,330	100.0%	



Cost of Int-bearing Deposits



Cost of Funds



Source: www.snl.com

*Unaudited 9

Kentucky is Centrally Located

Primary Reasons for Expanding Business in Kentucky

1. Centrally Located – Kentucky is within a day's drive of two-thirds of the U.S. population.
2. Logistical Solutions – Kentucky ranks 3rd in the nation in total air cargo shipments.
3. Value Proposition – Kentucky ranks 2nd lowest in the nation in cost of doing business according to CNBC.



Source: Kentucky Cabinet for Economic Development

www.thinkkentucky.com

Meaningful Employers in Our Markets

Employment (Manufacturing & Service & Technology Firms Only)			
Company	Est Employees	Company	Est Employees
Toyota Motor Manufacturing Kentucky	8,100	McLane Cumberland	590
Lexmark International Inc.	2,100	Osram Sylvania	575
Xerox	1,800	3M	570
Hitachi Automotive Systems Americas Inc	1,450	Quad Graphics	535
Amazon.com	1,100	CMWA	500
Lockheed Martin	1,100	Innovative Mattress Solutions	500
Trane Lexington	800	Schneider Electric	500
Adient US LLC	785	Tempur Sealy International	475
Big Ass Solutions	770	Alltech Inc.	450
Link-Belt Construction Equipment Company	675	McKechnie Vehicle Components	390
Webasto Roof Systems Inc	655	Pepsi-Cola Bottling Co	370
Hyster-Yale Group Inc	650	Aichi Forge USA Inc.	350
Galls LLC	640	Yokohama Industries Americas Inc.	340
UPS	630	International Crankshaft Inc.	330
Ashland Consumer Markets (Valvoline)	620	IBM Global Services	310
SRG Global	590	Family Dollar Stores Inc.	300

Source: Kentucky Cabinet for Economic Development

Other Contributors in our Markets

Major Secondary Education Centers (Est Enrollment)

University of Kentucky (Lexington)	29,200
Eastern Kentucky University (Richmond)	16,300
Morehead State University (Morehead)	11,100

Contributing Secondary Education Centers (Est Enrollment)

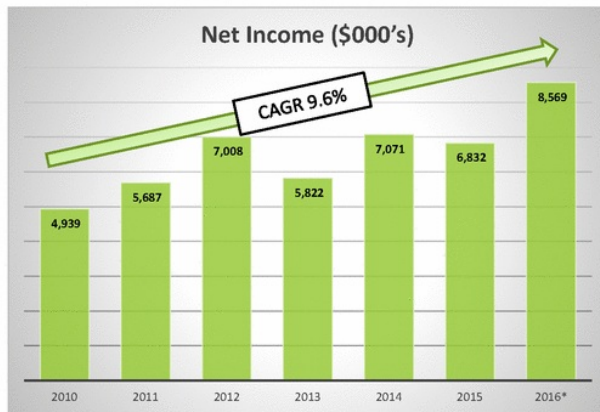
Asbury University (Jessamine County)	1,900
Berea College (Madison County)	1,600
Asbury Theological Seminary (Jessamine County)	1,500
Georgetown College (Scott County)	1,300
Midway University (Woodford County)	1,100
Transylvania University (Fayette County)	1,000

Medical Centers

- Outlying communities may have small hospital or medical plaza
- Lexington and Morehead serve as major medical centers for Central and Eastern Kentucky

Source: Kentucky Cabinet for Economic Development

History of Earnings



Source: www.snl.com

*Unaudited 13

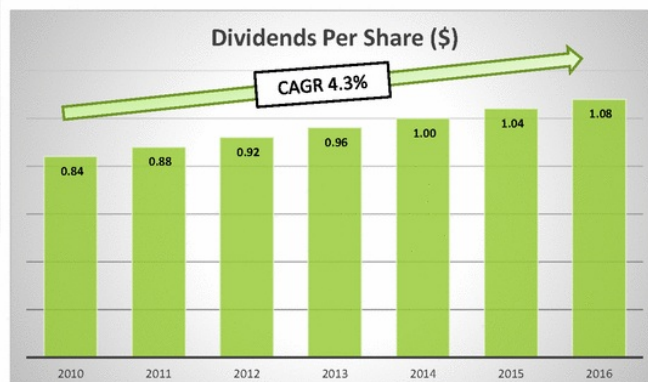
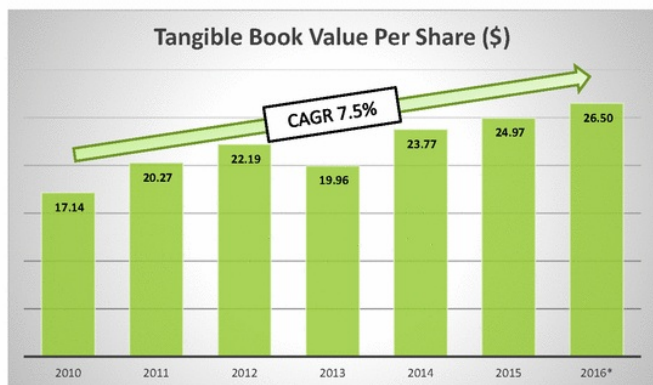
Historical Performance



Source: www.snl.com

*Unaudited 14

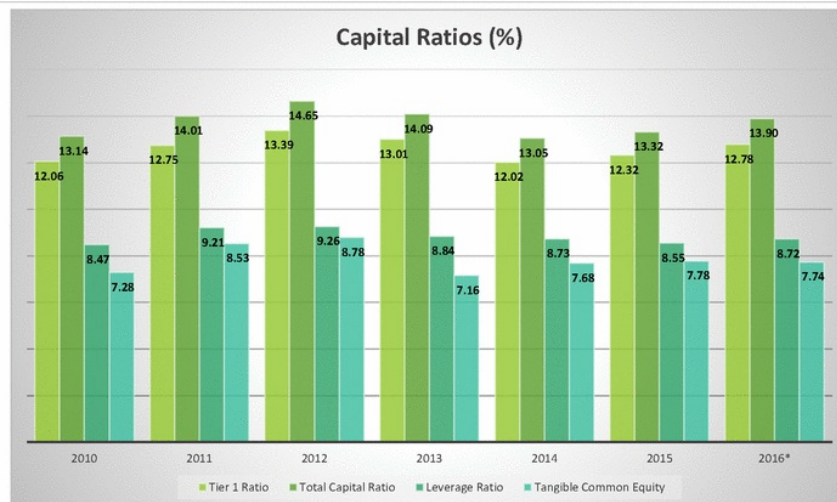
Earnings Allocation



Source: www.snl.com

*Unaudited 15

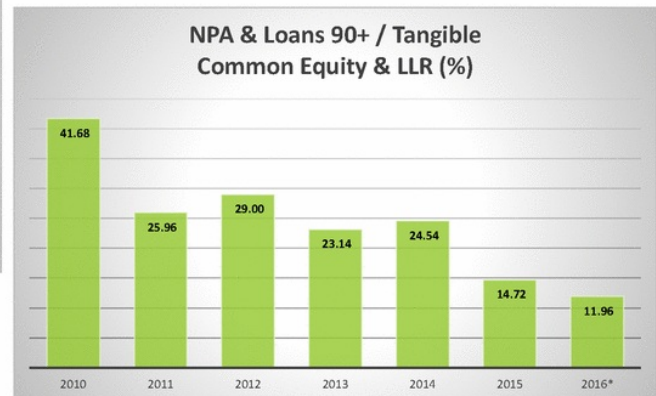
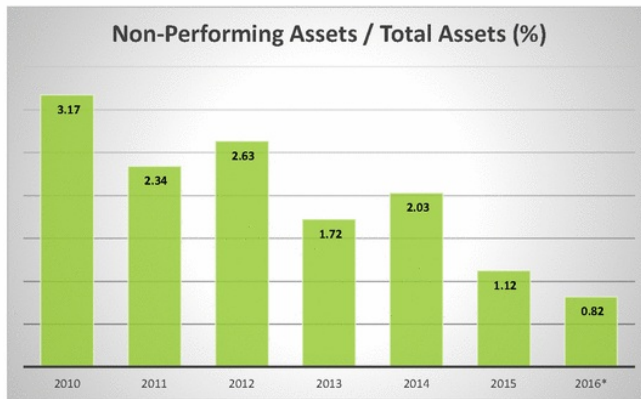
Capital Adequacy



Source: www.snl.com

*Unaudited 16

Asset Quality Stability



Source: www.snl.com

*Unaudited 17

Current Strategic Pursuits

- Increase core profitability through relationship driven loan growth
- Increase core profitability through efficiency improvements driven by streamlining operations and consolidating functions
- Increase core profitability through further diversification of non-interest income through conditionally free product offerings, expansion of wealth management services, and alignment of market opportunities
- Increase core profitability through further reduction of classified assets through loan and problem asset management

Investment Considerations

- Attractive price to tangible book and price to earnings measures
- History of earnings and asset growth
- History of dividend growth
- History of stable and disciplined expansion
- Meaningful market player in central and eastern Kentucky
- Willingness to consider both de novo and acquisitive growth strategies

Kentucky Bancshares, Inc.

TRADING SYMBOL: KTYB

