

AGREEMENT BY AND BETWEEN
The Citizens National Bank of Somerset
Somerset, Kentucky
and
The Comptroller of the Currency

The Citizens National Bank of Somerset, Somerset, Kentucky (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe or unsound banking practices relating to the identification, measurement, control, and monitoring of the Bank’s credit risk and violations of law and regulation at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Louisville Field Office
9200 Shelbyville Road, Suite 505
Louisville, Kentucky 40222

ARTICLE II

COMPLIANCE PROGRESS REPORTS

(1) Within forty-five (45) days of the date of this Agreement and at every monthly board meeting thereafter, the Board shall review a written Compliance Progress Report setting forth in detail:

- (a) a description of the actions needed to achieve full compliance with Articles III, IV, and V of this Agreement;
- (b) actions taken to comply with Articles III, IV, and V of this Agreement;
and
- (c) the results and status of those actions.

(2) The Board shall forward a copy of the Compliance Progress Report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

(3) The Board shall note their review of the Compliance Progress Report in the minutes of their meeting.

ARTICLE III

CREDIT AND COLLATERAL REQUIREMENTS

(1) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit that equals or exceeds five thousand dollars (\$5,000) only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from operations; and
- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

(2) Failure to obtain the information required by paragraph (1)(d) of this Article shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information in (1)(d) would be detrimental to the best interests of the Bank. A copy of the certification shall be maintained in the credit file of

the affected borrower(s) and a centralized file for review by the Board, senior management, and examiners.

(3) The aggregate amount of loans certified under paragraph (2) of this Article shall not exceed three percent (3%) of the Bank's total loans at the end of the previous calendar quarter.

(4) The Board shall ensure the Bank has policies, processes, personnel, and control systems to ensure compliance with this Article.

ARTICLE IV

INTERNAL CREDIT RISK RATING SYSTEM

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to an effective and on-going internal loan and lease risk rating system that accurately identifies, categorizes, and reports problem loans and leases. The system shall use a loan and lease grading process consistent with the guidelines set forth in the Rating Credit Risk booklet, A-RCR, of the Comptroller's Handbook. The system shall provide for the submission of a monthly written report to the Board detailing, at a minimum:

- (a) the identification, type, rating, amount, of problem loans and leases and name of the loan officer originating the problem loan or lease;
- (b) the identification of credit and collateral documentation exceptions and the name of the loan officer originating the loan or lease with the credit or collateral documentation exception;
- (c) the identification of all loans and leases not in conformance with the Bank's lending and leasing policies and the name of the loan officer originating the loan or lease not in conformance; and

(d) the identification and status of credit related violations of law, rule or regulation.

(2) The Board shall submit a copy of the Bank's internal loan and lease risk rating system to the Assistant Deputy Comptroller for his prior determination of no supervisory objection.

(3) The Board shall evaluate each internal loan and lease risk rating report it receives pursuant to paragraph (1) of this Article and shall ensure that immediate, adequate, and continuing remedial action is taken, if appropriate, upon all findings noted in the report.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the system developed pursuant to this Article.

ARTICLE V

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination dated September 24, 2007 ("ROE"), in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written plan designed to eliminate the basis of criticism on each asset criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention" with balances that equal or

exceed one hundred thousand dollars (\$100,000) (“Workout Plan”). Each Workout Plan shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the current market value of supporting collateral and the position of the Bank’s lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action or actions to eliminate the basis of criticism and the time frame for their accomplishment.

(3) Upon adoption, a copy of each Workout Plan shall be forwarded to the Assistant Deputy Comptroller.

(4) The full Board shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset that equal or exceed one hundred thousand dollars (\$100,000);
- (b) management’s adherence to the Workout Plan for each criticized asset;
- (c) the status and effectiveness the Workout Plan adopted pursuant to this Article; and
- (d) the need to revise the Workout Plan or take alternative action.

(5) A copy of each review and all of the revised Workout Plans shall be forwarded to the Assistant Deputy Comptroller.

(6) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan

review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions of credit equal or exceed one hundred thousand dollars (\$100,000) only if each of the following conditions is met:

- (a) the Board (or a delegated committee thereof) finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or a delegated committee thereof) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the Workout Plan shows that the plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the Board or committee approval required by paragraph (6)(a) of this Article shall be maintained in the credit file of the affected borrower(s) and a centralized file for review by the Board, senior management, loan review, and examiners.

(8) The Board shall ensure the Bank has policies, processes, personnel, and control systems to ensure compliance with this Article.

ARTICLE VI

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory

responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

Bert A. Otto
District Deputy Comptroller
Central District

12-13-07

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

<hr/> <i>/s/</i> Clay Parker Davis	<hr/> 12/12/07 Date
<hr/> <i>/s/</i> Robert S. Harris	<hr/> 12/12/07 Date
<hr/> <i>/s/</i> Charles R. Hembree	<hr/> 12-12-07 Date
<hr/> <i>/s/</i> Odell Merrick	<hr/> 12/12/07 Date
<hr/> <i>/s/</i> Harris Rakestraw III	<hr/> 12/12/07 Date
<hr/> <i>/s/</i> Cy Waddle	<hr/> 12/12/07 Date
<hr/> William J. Wilson	<hr/> Date