

AGREEMENT BY AND BETWEEN
The First National Bank of Manchester
Manchester, Kentucky
and
The Office of the Comptroller of the Currency

The First National Bank of Manchester, Manchester, 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, through his National Bank Examiner, has found unsafe or unsound banking practices at the Bank as contained in the Report of Examination, dated January 28, 2008 (“ROE”).

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) Pursuant to 12 C.F.R. § 5.51(c)(6)(ii), the Bank shall be subject to the requirements of 12 C.F.R. § 5.51, unless otherwise informed in writing by the Comptroller. Pursuant to 12 C.F.R. § 5.3(g)(4), the Bank shall not be “eligible” 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

CONFLICT OF INTEREST POLICY

(1) Within thirty (30) days, the Board shall amend, and thereafter ensure Bank adherence to its Conflict of Interest/Code of Ethics Policy and Procedures. The amendments shall include, at a minimum, a provision stating that all directors, officers, and employees of the Bank or the Bank’s holding company:

- (a) Must not advance his or her own personal or business interests, or those of others with whom he or she has a personal or business relationship, at the expense of the Bank; and

- (b) Must, if he or she has an interest in a matter or transaction before the Board:
 - (i) disclose to the Board all material non-privileged information relevant to the Board's decision on the matter or transaction, including the existence, nature, or extent of his or her interests and the facts known to him or her as to the matter or transaction under consideration;
 - (ii) refrain from participating in the Board's discussion of the matter or transaction; and
 - (iii) recuse him or her from voting on the matter or transaction.

(2) The items in paragraph (1)(b)(i) thru (iii) of this Article shall be documented in the Board's minutes.

(3) Upon adoption of the amendments, a copy of the amended conflict of interest policy shall be forwarded to the Assistant Deputy Comptroller for review and determination of no supervisory objection.

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

Article III

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that the Bank corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within sixty (60) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in any subsequent Report of Examination and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

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

Article IV

CREDIT AND COLLATERAL INFORMATION

(1) Within ninety (90) days, the Bank shall obtain and analyze current and satisfactory credit information on all loans listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such

information provided to management by the National Bank Examiners at the conclusion of an examination.

(2) Within ninety (90) days, the Bank shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(3) If the Bank is unable to obtain the credit information or collateral documentation required by paragraphs (1) or (2) of this Article within ninety (90) days, the Bank shall document its efforts to obtain such information or documentation, and maintain the documentation of its efforts in the loan file.

(4) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit 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; and
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from business operations.

(5) Failure to obtain the information required by paragraph (4)(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 required by paragraph (4)(d)

would be detrimental to the best interests of the Bank. A copy of the Board 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.

(6) The certification exception granted by paragraph (5) of this Article shall not apply to any loan or other extension of credit to an Insider as defined by 12 C.F.R. § 215.2(h).

(7) The aggregate amount of loans certified under paragraph (5) of this Article shall not exceed 3% of the Bank's total loans at the end of the previous calendar quarter.

(8) Beginning on October 31, 2008, and quarterly thereafter, a Credit and Collateral Information Progress Report approved by the Board shall be forwarded to the Assistant Deputy Comptroller detailing the actions taken to reduce the volume of credit and collateral information exceptions and the status of those actions. Charts that, at a minimum, depict comparisons of the volume of commercial credit and the volume of commercial collateral exceptions expressed as a percentage of outstanding commercial loans for all calendar quarters beginning June 30, 2008 shall be included in the report.

(9) The Board shall ensure the Bank has policies, processes, personnel, and control systems to ensure compliance with 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 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 ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written plan (“Workout Plan”) designed to eliminate the basis of criticism of assets 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 two hundred and fifty thousand dollars (\$250,000). This Workout Plan shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the current 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 to eliminate the basis of criticism and the time frame for its accomplishment.

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

(4) The Board, or a designated committee, shall conduct a review, on at least a monthly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds two hundred and fifty thousand dollars (\$250,000);
- (b) management's adherence to the Workout Plan adopted pursuant to this Article;
- (c) the status and effectiveness of the Workout Plan; and

(d) the need to revise the program or take alternative action.

(5) A copy of the monthly reviews shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(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 equal or exceed two hundred and fifty thousand dollars (\$250,000) 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 approval 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 other examiners.

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

Article VI

NONACCRUAL LOANS

(1) The Bank shall immediately reverse or charge off all interest that has been accrued contrary to the requirements contained in the Instructions for Preparation of Consolidated Reports of Condition and Income (Call Report Instructions) governing nonaccrual loans. Further, the Bank shall immediately reverse or charge off that portion of the remaining accrued interest on such loans that, when combined with principal, is not protected by sound collateral values.

(2) Within sixty (60) days, the Board shall revise, adopt, and implement written policies and procedures governing the supervision and control of nonaccrual loans. Such policies and procedures shall:

- (a) be consistent with the accounting requirements contained in the Call Report Instructions;
- (b) address the circumstances under which accrued interest due on a loan may be added to the outstanding principal amount when the loan is renewed or restructured; and
- (c) require the monthly presentation to the Board of all loans meeting any of the nonaccrual criteria.

(3) In no event, shall the Board approve any exception to the policy adopted pursuant to paragraph (2) of this Article that is inconsistent with the accounting requirements contained in the Call Report Instructions.

(4) Upon adoption, a copy of the written policies and procedures shall be forwarded to the Assistant Deputy Comptroller.

(5) The Board shall thereafter ensure Bank adherence to all policies and procedures developed pursuant to this Article.

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

Article VII

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 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) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) 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 its 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 arrangements, or negotiations 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.

Signed

Curtis D. Schuman
Assistant Deputy Comptroller
Louisville Field Office

5/28/08

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.

<u>/s/</u> James Dobson	<u>5-28-08</u> Date
<u>/s/</u> Charles Goins	<u>5-28-08</u> Date
<u>/s/</u> Jerry Greer	<u>5-28-08</u> Date
<u>/s/</u> Lanny Greer	<u>5-28-08</u> Date
<u>/s/</u> Randell Greer	<u>5-28-08</u> Date
<u> </u> Rex Greer	<u> </u> Date
<u>/s/</u> Clint Harris	<u>5-28-08</u> Date
<u>/s/</u> Kristen McCowan	<u>5/2808</u> Date
<u>/s/</u> Kenneth Smith	<u>5/28/08</u> Date