

AGREEMENT BY AND BETWEEN
Cumberland Valley National Bank and Trust Company
East Bernstadt, Kentucky
and
The Office of the Comptroller of the Currency

Cumberland Valley National Bank and Trust Company, East Bernstadt, 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 examined the Bank and his findings are contained in the Report of Examination for the examination that commenced on May 19, 2008.

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

INTERNAL CREDIT RISK RATING SYSTEM

(1) Within sixty (60) days, the Board shall re-develop, re-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, and amount of problem loans and leases and the 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 evaluate each internal loan and lease review 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.

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

Article III

CREDIT EXCEPTIONS

(1) Effective immediately, the Bank may continue to grant, extend, renew, alter or restructure any land acquisition and development loan only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected sources of repayment in writing;
- (c) performing a complete internal or external analysis of the feasibility of the project to be funded by loans with balances that equal or exceed two hundred and fifty thousand dollars (\$250,000);

- (d) structuring repayment terms to coincide with the risk in the credit and expected sources of repayment;
- (e) obtaining and analyzing current and satisfactory credit information, including sources of cash available for debt repayment from each borrower, guarantor, and all of their business operations; and
- (f) entering into written loan agreements with the borrowers and guarantors which require, at a minimum, that:
 - (i) the borrowers provide periodic information to the Bank regarding the project's progress and the financial strength of the borrower; and
 - (ii) the guarantors provide periodic information to the Bank regarding the financial strength of the guarantors.

(2) Failure to obtain the information required by paragraph (1)(e) 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 (1)(e) 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.

(3) The certification exception granted by paragraph (2) 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).

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

Article IV

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 less the estimated costs of disposal;
- (c) the position of the Bank’s lien on such collateral where applicable;
- (d) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (e) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) If the Bank is unable to obtain the credit information required by paragraph (2)(d) of this Article, the Bank shall document its efforts to obtain such information and maintain the

documentation of its efforts in the credit file of the borrower and a centralized file for review by the Board, senior management, loan review and other examiners.

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

(5) 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 Workout Plan or take alternative action.

(6) A copy of the most recent monthly review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(7) 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.

(8) 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.

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

Article V

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

