FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of	
CENTURY BANK OF KENTUCKY, INC. LAWRENCEBURG, KENTUCKY	ORDER TO CEASE AND DESIST
(INSURED STATE NONMEMBER BANK)	FDIC-08-262b

Century Bank of Kentucky, Inc., Lawrenceburg, Kentucky ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law, rule, or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and under section 286.3-690 of the Kentucky Revised Statutes, Ky. Rev. Stat. Ann. § 286.3-690 (Michie 2006), regarding hearings before the Department of Financial Institutions for the Commonwealth of Kentucky ("DFI"), and having waived those rights, entered into a

STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with representatives of the Federal Deposit Insurance Corporation ("FDIC") and DFI, dated March 19, 2009, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and DFI.

The FDIC and DFI considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations. The FDIC and DFI, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices:

A. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

B. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule or regulation.

C. Operating with inadequate internal routine and controls.

D. Inaccurately reporting the income, expenses and assets of the institution.

E. Operating with an inadequate allowance for loan and lease losses ("ALLL") for the volume, kind, and quality of loans and leases held.

F. Operating with an inadequate asset management policy.

G. Operating in violation of laws, rules, and regulations as set forth in the Report of Examination dated June 30, 2008 (Report).

H. Engaging in hazardous lending and lax collection practices.

I. Operating with an inadequate level of capital protection for the kind and quality of assets held.

J. Operating with an excessive level of adversely classified loans and delinquent loans.

K. Operating with inadequate liquidity in light of the Bank’s asset and liability mix.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. MANAGEMENT.

(a) Within 90 days from the effective date of this ORDER, the Bank shall have and retain qualified management. At a minimum, such management shall include a new chief executive officer or president with proven ability in managing a bank of comparable size and complexity. Such persons shall be provided the necessary written authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

(ii) Operate the Bank in a safe and sound manner;

(iii) Comply with applicable laws, rules, and regulations; and

(iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(b) During the life of this ORDER, the Bank shall notify the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director") and the Commissioner of the DFI ("Commissioner") in writing of any changes in any of the Bank's directors or senior executive officers/ management. For purposes of this ORDER, "management" is defined as members of the board of directors and "senior executive officer" as that term is defined in section 32 of the Act, 12 U.S.C. § 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b), including any person identified by the FDIC and DFI, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the Bank.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 of the FDI Act, 12 U.S.C. 1831(i) and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100-303.104. Further, prior to the addition of any director or the employment of any senior executive officer, the Bank shall request and obtain the written approval of the Commissioner.

2. BOARD OF DIRECTORS. Upon the effective date of this ORDER, the board of directors (“Board”) shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank’s activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: audit activities; reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

3. COMPLIANCE COMMITTEE.

(a) Within 10 days from the date of this Order, the Bank’s Board shall establish a Compliance Committee to monitor the Bank’s compliance with the provisions of this Order, and the Bank’s written policies and procedures. The Compliance Committee shall be comprised of outside directors who are not executive officers or principal shareholders of the Bank, as those terms are defined in Section 215.2(e)&(m) of Regulation O, 12 C.F.R. §§ 215.(e)&(m). At a minimum, the Compliance Committee shall meet no less often than monthly, shall keep detailed minutes of each meeting signed by each member of the Committee, and shall report its findings to the Bank's Board of Directors monthly.

(b) The Compliance Committee shall ensure that the policies, plans, and procedures required by provisions contained herein are submitted to the Commissioner and the Regional Director for review and approval within the required time periods, and that the approved plans, policies, and procedures are not amended or rescinded without the prior approval of the Commissioner and the Regional Director.

4. LOAN POLICIES AND PROCEDURES.

(a) Within 90 days from the effective date of this ORDER, and annually thereafter for the life of this Order, the Bank shall revise, adopt, and implement its loan policy. The revised, written loan policy shall be in a form and manner acceptable to the Regional Director and Commissioner as determined at subsequent examinations and/or visitations.

(b) The revised loan policy shall, at a minimum, include procedures to address concerns as delineated in pages 1 through 13 of the Report.

5. LOAN MONITORING.

(a) Within 90 days of the effective date of this ORDER, the Bank shall develop, adopt and implement written loan monitoring procedures. The written loan monitoring procedures shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

(b) The loan monitoring procedures shall be designed to ensure compliance with policy, to identify and categorize problem credits, and to assess the overall quality of the Bank's loan portfolio. The loan monitoring procedures shall, at a minimum:

(i) Correct the loan documentation deficiencies identified in the Report;

(ii) Review all loans 90 days or more past due;

(iii) Place all loans 90 days or more past due on non-accrual status;

(iv) Ensure that loans are made at the rates and terms approved by the appropriate loan committee;

(v) Ensure loans are properly documented at origination and that loans are not disbursed until loan files are complete and accurate.

6. BUDGET AND PROFIT PLAN.

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2009. The written profit plan and budget shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations. The plan(s) required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank’s overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components. The written profit plan shall address, at a minimum:

(i) Forecast of income;

(ii) Estimation of economic conditions;

(iii) Funding strategies;

(iv) Asset mix;

(v) Growth objectives;

(vi) Overhead costs;

(vii) Personnel expenses;

(viii) Legal fees; and

(ix) Consulting fees.

(b) Within 30 days from the end of each calendar quarter following completion of the profit plan(s) and budget(s) required by this paragraph, the Board shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Board's meeting at which such evaluation is undertaken.

(c) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect.

7. ALLOWANCE FOR LOAN AND LEASE LOSSES.

(a) Within 90 days from the effective date of this ORDER, the Bank shall amend the Adequacy of the Loan Loss Reserve section of its loan policy to be in conformity with the Interagency Policy Statement on Allowance for Loan and Lease Losses.

(b) The Board shall review the adequacy of the Bank's ALLL at least quarterly and provide for an adequate ALLL. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the Board shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or DFI.

(c) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

8. CAPITAL.

(a) By March 31, 2009, the Bank shall have and maintain its level of Tier 1 capital as a percentage of its total assets ("capital ratio") at a minimum of eight percent (8%). For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any such increase in Tier 1 capital may be accomplished by the following:

(i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or

(ii) The elimination of all or part of the assets classified “Loss” in the Report, without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged off pursuant to this ORDER; or

(iii) The collection in cash of assets previously charged off; or

(iv) The direct contribution of cash by the directors and/or the shareholders of the Bank; or

(v) Any other means acceptable to the Regional Director and the Commissioner, or

(vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the Board shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public distribution of

Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to the Kentucky Department of Financial Institutions, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, for their review. Any changes requested to be made in the materials by the FDIC or DFI shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

9. LOSS CHARGE-OFF. As of the effective date of this ORDER, the Bank shall eliminate from its books all assets or portions of assets classified "Loss" in the Report that have not been previously collected or charged off.

10. REDUCTION OF SUBSTANDARD ASSETS.

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a written plan to reduce the Bank's risk position in:

(i) Each asset in excess of $250,000 which is classified "Substandard" or "Doubtful" in the Report; and

(ii) Each asset in the portfolio discussed on page 10 through 11 of the Report.

(b) In developing such plans, the Bank shall, at a minimum:

(i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and

(ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

(c) The plan to reduce substandard assets shall include, but not be limited to, dollar levels to which the Bank shall reduce each asset within six months and twelve months from the effective date of this ORDER. As used in this paragraph, "reduce" means to: (1) collect; (2) charge off; or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC or DFI.

(d) The plan shall provide for the submission of monthly written progress reports to the Board for review and notation in minutes of the meetings of the Board.

(e) The plan shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

11. REDUCTION OF DELINQUENCIES. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan for the reduction and collection of delinquent loans. A copy of the written plan shall be

submitted to the Regional Director and the Commissioner upon its completion. The plan shall include, but not be limited to, provisions which:

(a) Prohibit the extension of credit for the payment of interest unless the extension is in the Bank's best interest and receives prior Board approval, in which case there must be a thorough written explanation maintained in the loan documentation as to how the extension is in the Bank's best interests;

(b) Establish acceptable guidelines for the collection of delinquent credits;

(c) Establish levels to which the Bank shall reduce delinquencies within six and twelve months from the effective date of this ORDER; and

(d) Provide for the submission of monthly written progress reports to the Board for review and notation in minutes of the meetings of the Board.

(e) Thereafter, the Bank shall implement and follow the plan.

12. SPECIAL MENTION. Within 60 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the Report. In the event the Bank cannot correct a deficiency or deficiencies, it will notify the Regional

Director and the Commissioner why it is unable to make the correction(s) and what steps it has taken.

13. CORRECTION OF VIOLATIONS.

(a) Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of laws, rules, and regulations listed in the Report.

(b) Within 60 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, regulations and interagency guidelines.

14. DIVIDEND RESTRICTION. As of the effective date of this ORDER, without the prior written consent of the Regional Director and the Commissioner the Bank shall not declare or pay any cash dividend that would result in the Bank’s Tier 1 capital ratio falling below that required to be maintained pursuant to paragraph 8 herein.

15. LIQUIDITY.

(a) Within 90 days from the effective date of this ORDER, the Bank shall revise, adopt and implement its written liquidity policy in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations. The revisions shall include, at a minimum, provisions:

(i) Establishing the membership of the Bank’s Asset and Liability Committee, and the responsibilities of the members, including the frequency with which the committee shall meet and assignment of authority to make funds management decisions;

(ii) Requiring periodic review of the deposit structure, including:

a. Volume and trend to total deposits;

b. Maturity distribution of time deposits;

c. Rates being paid on each type of deposit in comparison to competitors in the Bank’s trade area; and

d. Limits on large time deposits, public funds and out-of-area deposits;

(iii) Establishing limits on concentrations in or excessive reliance upon any single source or type of funding, such as brokered funds, internet deposits, or other similar rate sensitive or credit sensitive deposits;

(iv) Establishing methodologies for computing the cost of funds and analyzing marginal funding costs;

(v) Establishing acceptable risk tolerance levels, such as individual and aggregate limits on borrowed funds by type and source, or a minimum limit on the amount of short-term investments;

(vi) Establishing a minimum liquidity ratio and defining how the ratio is to calculated;

(vii) Establishing procedures for tax planning;

(viii) Addressing the proper use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for appropriate tenor commensurate with the use of the borrowed funds, addressing concentration of funding sources, pricing and collateral requirements with specific allowable funding channels identified (i.e., brokered deposits, internet deposits, Fed funds purchased and other correspondent borrowings);

(ix) Requiring Bank management or the Asset and Liability Committee to make written monthly reports detailing the Bank's liquidity position, including the Bank's net non-core funding ratio and liquidity ratio, to the Bank's board of directors. Any action taken as a result of the reports shall be recorded in the minutes of the meeting of the board of directors; and

(x) Requiring periodic independent review of asset and liability management and compliance with established policies and procedures.

(b) On each Friday that the Bank is open for business, the Bank shall submit to the Regional Director and the Commissioner a liquidity analysis report in a format that is acceptable to the Regional Director and the Commissioner until the Board is notified that submission of such report is no longer warranted.

16. RATE RISK SENSITIVITY. Within 90 days from the effective date of this ORDER, and annually thereafter for the life of this Order, the Bank shall develop, adopt, and implement a plan designed to improve management of the Bank’s sensitivity to market risk. The revised, written rate sensitivity plan shall be in a form and manner acceptable to the Regional Director and Commissioner as determined at subsequent examinations and/or visitations. Annually thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, make any necessary revisions. The initial plan shall, at a minimum include:

(a) Procedures for managing the Bank’s sensitivity to interest rate risk that comply with the Joint Agency Statement of Policy on Interest Rate Risk (June 26, 1996);

(b) Quarterly reporting to the Bank’s board of directors on the status of the interest rate sensitivity position of the Bank and any actions taken by management to improve the Bank’s position as it relates to rate sensitivity, the review of which shall be noted in the minutes of the board of directors.

17. PROGRESS REPORTS.

(a) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof.

(b) Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have, in writing, released the Bank from making further reports.

18. DISCLOSURE TO SHAREHOLDERS. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or description of this ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Registration and Disclosure Section 550 17th Street, N.W., Washington, D.C. 20429 and to the Kentucky Department of Financial Institutions, 1025 Capital Center Drive, Suite

200, Frankfort, Kentucky 40601, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC or DFI shall be made prior to dissemination of the description, communication, notice or statement.

The effective date of this ORDER shall be 10 calendar days after its issuance by the FDIC and DFI.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and DFI.

Pursuant to delegated authority.

Dated: March 23, 2009.

/s/	/s/
M. Anthony Lowe Regional Director Chicago Regional Office Federal Deposit Insurance Corporation	Charles A. Vice Commissioner Department of Financial Institutions Commonwealth of Kentucky