



HOPFEDBANCORP, INC.

JOHN E. PECK • PRESIDENT AND CEO

P.O. Box 537 • 2700 FORT CAMPBELL BOULEVARD • HOPKINSVILLE, KY 42240 • 270-885-1171 • FAX: 270-889-0313

March 6, 2009

VIA EMAIL (SIGTARP.response@do.treas.gov)
and US MAIL

Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, N.W., Suite 1064
Washington, D.C. 20220

Dear Sirs:

We are writing this letter in response to your February 6, 2009, letter requesting certain information on HopFed Bancorp, Inc. (the "Company"), its use of funds obtained from the U.S. Treasury Department's recent investment of \$18.4 million in the Company's preferred stock, and compliance with executive compensation requirements associated with the funding.

We appreciate the opportunity to discuss our productive use of funds obtained under the Capital Purchase Program and the Company's ongoing compliance with the terms of your investment.

Upon receiving the \$18.4 million investment from the Treasury Department on December 12, 2008, the Company contributed \$14.0 million to its subsidiary thrift, Heritage Bank (the "Bank"). The Company will maintain the remaining \$4.4 million of funds so that it may meet its liquidity needs, including required dividend payments to the U.S. Treasury. (b) (4)

(b) (4)

In 2008, the Bank originated more than \$350.0 million in loans and grew its loan portfolio by approximately \$53.4 million. Despite a slowing economy in the fourth quarter of 2008, the Bank originated loans totaling \$61.9, and its loan portfolio grew by approximately \$7.3 million, or an annualized growth rate of 4.6%. In January 2009, the Bank originated more than \$18.8 million in loans, including more than \$3.0 million in loans to finance single family loans.

During November and December of 2008, the Bank placed a significant marketing emphasis on growing its deposit base. This growth was deemed necessary as both a defensive measure, providing additional levels of liquidity during a time of crisis in the industry, and as a means to foster confidence in our local financial institution. The emphasis on deposit growth was successful, as total deposits grew by more than \$68.3 million in the fourth quarter of 2008, to \$715.0 million. Without the commitment of additional capital from the Treasury, the Bank's plans for deposit growth would have been dramatically reduced.

On November 12, 2008, the Company received a notification of preliminary approval to participate in the Capital Purchase Program. The Bank began to deploy capital, including the use of a modest leverage strategy, prior to the closing of the transaction. The deployment of capital included the use of the Bank's recent deposit growth as well as more than \$50.0 million in money borrowed from the Federal Home Loan Bank of Cincinnati. Without the commitment of funds from the United States Treasury, the Bank would not have made the sizable commitment of funds to purchase investments due to the impact this growth would have had on its capital.

During the three month period ended January 31, 2009, the Bank purchased more than \$125.2 million in permissible investments. A complete list of these investments is enclosed, but a summary of these investments include projects used for:

○ Kentucky municipal school bonds	\$ 7,830,000
○ Kentucky hospital and utility bonds	\$ 1,400,000
○ Out of state municipal housing projects	\$ 500,000
○ Small business administration bonds	\$ 34,950,000
○ Unsecured U.S. Agency bonds	\$ 28,350,000
○ Agency mortgage backed securities	\$ 24,990,000
○ Non-agency mortgage backed securities	\$ 27,180,000

The Company believes that the investment purchases listed above fulfill the intent and purpose of Congress under the Emergency Economic Stabilization Act of 2008 by providing a source of funding to the credit markets. By purchasing these investments, the Bank provided necessary funding for many small businesses, the construction and maintenance of local schools, the renovation of a local hospital, the upgrade of local utility services, the purchase and refinancing of home loans in both the conforming and jumbo mortgage market and provided unsecured loans for Freddie Mac, Fannie Mae and the Federal Home Loan Bank system.

The Bank believes that the timing of these purchases was equally important as credit markets were weak during the fourth quarter of 2008. Specifically, municipal, conforming mortgage and jumbo mortgage markets suffered from a lack of liquidity, resulting in higher interest cost to borrowers despite treasury rates that were at all time lows. The Bank was able to provide liquidity to the system as a result of the U.S. Treasury's injection of capital. Without this injection of capital, the Bank would have been a net seller of securities as a means to reduce its assets and improve its capital ratios, thus compounding liquidity problems in the marketplace.

The Bank is a leading agricultural lender in Western Kentucky and anticipates strong loan demand during the spring planting season as area farmers are planning to increase production of both corn and soybeans. Our Clarksville, Tennessee market recently was chosen by the Hemlock Corporation ("Hemlock") as a site of a \$1.2 billion investment to produce silicon for solar panels. Hemlock's expansion, along with the additional companies that relocate here because of Hemlock, will provide the basis for a major industrial expansion for our region for many years. Management is confident that our communities are economically diverse, vibrant and will be among the first to recover from the current recession.

The Bank is, and will continue to be open for lending business across its footprint and will embark on a concerted marketing campaign in the spring of 2009 to reassure our communities of our willingness to lend. The Bank ran an advertisement in local newspaper discussing our ability to remain open during a severe ice storm and our ability and willingness to continue to meet the lending needs of our communities.

After the closing of the Treasury's capital investment, John Peck, President and CEO of the Company and the Bank began a campaign locally to educate and inform the Company's shareholders and customers about the Capital Purchase Program, its effect on the Company and how the program enhances the Bank's ability to meet the credit needs of its communities. Mr. Peck conducted the following media interviews to discuss the Company's participation in the Capital Purchase Program:

- December 16, 2008 WKDZ Radio, Cadiz, Kentucky
- December 18, 2008 WCKK Radio, Calvert City, Kentucky
- December 19, 2008 WJZM Radio, Clarksville, Tennessee
- December 19, 2008 WHOP Radio, Hopkinsville, Kentucky
- December 22, 2008 Kentucky New Era Newspaper, Hopkinsville, Kentucky
- December 22, 2008 TV-43, Hopkinsville, Kentucky
- December 23, 2008 WFGE Radio, Murray, Kentucky
- December 23, 2008 WCBL Radio, Benton, Kentucky

The Bank and the Company reviewed the details of the compensation requirements prior to accepting the investment from the United States Treasury. Senior Executive Officers of the Company and the Bank agreed to waive any "golden parachute" provisions of their contracts during the term of the Treasury investment in the Company. The Company's risk management team has reviewed the terms of the executive contracts and determined that the contracts do not contain incentives that could increase the risk profile of the Company and/or the Bank. (b) (4)

(b) (4)

(b) (4)

(b) (4)

Letter Agreements with each of the Senior Executive Officers are attached hereto.

Elements of executive compensation that may relate to risk-taking and are considered by the Compensation Committee include:

- The balance between fixed compensation and performance based compensation. (b) (4)
(b) (4) (b) (4)
The Company does not believe that elements of its executive compensation arrangements encourage or otherwise affect risks assumed in the loan portfolio.
- The balance between restricted stock awards or other full value equity awards and the grant of stock options.
- Multi-year performance periods for incentive compensation awards.
- The balance between current compensation and deferred compensation.

(b) (4)

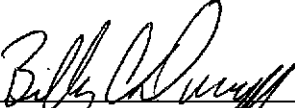
(b) (4)

The Company has reviewed the manner in which current and future limitations on executive compensation will be implemented in line with Treasury Department guidelines.

The Company has instituted procedures to limit a compensation deduction under IRC Section 162(m)(5) to \$500,000 (including any performance-based compensation).

None of the current limitations on executive compensation may be offset by changes to other, longer-term or deferred forms of executive compensation.

I, Billy C. Duvall, Treasury of HopFed Bancorp, Inc., hereby certify that: I have reviewed this response and supporting documents, and, based on my knowledge, this response and supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.



Billy C. Duvall, Treasurer
HopFed Bancorp, Inc.



Date: 12/01/08
 Time: 10:38:11
 User: BNDKXX

Transaction Settlement Report
 From 11/01/08 to 11/30/08

Report#: 5020
 Version:
 Page#: 1

Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information				
Sec-Trans#	Security Description			Traded	Cost-Basis	Accrued-Int	Fees + Comm	Trans#	Sfx	Sloc	Receipt#	Par Value
0811240025	BUY	83162CPB3	NONCBS	DDA	11/24/08	1,440,894.53	1,389,562.66					1,440,894.53
		SEAP 2004-20J 1			11/19/08	D32 96-14	10,309.60					
T-Posted		4.86000	10/01/2024	10/13/04			0.00					
							1,399,872.26					
0811240020	BUY	83162CPE7	NONCBS	DDA	11/24/08	3,501,467.25	3,389,857.98					3,501,467.25
		SEAP 2004-20L 1			11/19/08	D32 96-26	81,945.03					
T-Posted		4.87000	12/01/2024	12/15/04			0.00					
							3,471,803.01					
0811240026	BUY	83162CPH0	NONCBS	DDA	11/24/08	2,113,735.84	2,018,617.73					2,113,735.84
		SEAP 2005-20E 1			11/19/08	D 95.5000000	30,685.87					
T-Posted		4.62500	02/01/2025	02/16/05			0.00					
							2,049,303.60					
0811180017	BUY	83162CQV8	NONCBS	DDA	11/07/08	2,701,265.16	2,626,980.37					2,701,265.16
		SEAP 2007-20B 1			11/03/08	D32 97-8	39,546.52					
T-Posted		5.49000	02/01/2027	02/14/07			0.00					
							2,666,526.89					
0811190023	BUY	83162CRU9	NONCBS	DDA	11/21/08	1,116,428.53	1,094,099.96					1,116,428.53
		SBIC SEAP 2008-20E 1			11/18/08	D 98.0000000	3,405.11					
T-Posted		5.49000	05/01/2028	05/14/08			0.00					
							1,097,505.07					
0811180001	BUY	831641EF8	CBS	DDA	11/13/08	2,178,159.04	2,175,436.34					2,178,159.04
		SBIC 2007-P10A 1			11/07/08	D32 99-28	3,909.23					
T-Posted		5.45900	02/01/2017	02/28/07			0.00					
							2,179,345.57					
0811170032	BUY	831641EL5	CBS	DDA	11/13/08	931,445.35	931,445.35					931,445.35
		SBIC 2008 10A			11/07/08	D 100.0000000	10,191.88					
T-Posted		5.47100	03/01/2018	03/26/08			0.00					
							941,637.23					
0811240007	BUY	3128X5V70	CBS	DDA	11/21/08	3,000,000.00	2,968,500.00					3,000,000.00
		FHLMC (1 X CALL 3/22/12)			11/20/08	D 98.9500000	27,041.67					
T-Posted		5.50000	03/22/2022	03/22/07			0.00					
							2,995,541.67					
0811240005	BUY	3133XHK68	CBS	DDA	11/24/08	3,000,000.00	3,014,361.00					3,000,000.00
		FHLB			11/21/08	D 100.4787000	14,947.92					
T-Posted		5.12500	10/19/2016	10/19/06			0.00					
							3,029,308.92					



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 User: BNDXXX

Transaction Settlement Report
 From 11/01/08 to 11/30/08

Report#: S020
 Version:
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Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information				
Sec-Trans#	====Security Description====				Traded	Cost-Basis	Accrued-Int	Trans#	Sfx	Sloc	Receipt#	Par Value
							Fees + Comm					
0811240006	BUY	3133XLCD3	NONCBS	DDA	11/21/08	3,750,000.00	3,768,750.00				FHCI	3,750,000.00
		FHLB (1 X CALL 6/29/10)			11/20/08	D 100.5000000	88,750.00					
T-Posted		6.00000	06/29/2022	06/29/07			0.00					
							3,857,500.00					
0811240015	BUY	31359M4Y6	NONCBS	DDA	11/21/08	3,000,000.00	2,990,625.00				FHCI	3,000,000.00
		FNMA CALLABLE 2/1/10			11/20/08	D 99.6875000	51,333.33					
T-Posted		5.60000	02/01/2017	02/01/07			0.00					
							3,041,958.33					
0811240009	BUY	31359M7M9	CBS	DDA	11/21/08	1,000,000.00	978,750.00				FHCI	1,000,000.00
		FNMA (1 X CALL 4/11/12)			11/20/08	D 97.8750000	5,972.22					
T-Posted		5.37500	04/11/2022	04/11/07			0.00					
							984,722.22					
0811170004	BUY	3136F73E5	CBS	DDA	11/17/08	3,500,000.00	3,430,000.00				FHCI	3,500,000.00
		FNMA (1 X CALL 10/5/09)			11/13/08	D 98.0000000	23,275.00					
T-Posted		5.70000	10/05/2021	10/05/06			0.00					
							3,453,275.00					
0811240008	BUY	31398AAW2	CBS	DDA	11/21/08	4,000,000.00	3,976,250.00				FHCI	4,000,000.00
		FNMA - ONE TIME CALL 5/11/1			11/20/08	D 99.4062500	6,388.89					
T-Posted		5.75000	05/11/2022	05/11/07			0.00					
							3,982,638.89					
0811180057	BUY	31398AHL9	NONCBS	DDA	11/18/08	2,000,000.00	1,998,000.00				FHCI	2,000,000.00
		FNMA (1 X CALL 4/3/09)			11/17/08	D 99.9000000	13,750.00					
T-Posted		5.50000	10/03/2017	10/03/07			0.00					
							2,011,750.00					
0811180041	BUY	31331YX88	NONCBS	DDA	11/12/08	3,000,000.00	2,999,580.00				FHCI	3,000,000.00
		FFCB			11/10/08	D 99.9860000	67,925.00					
T-Posted		5.70000	12/19/2016	06/19/08			0.00					
							3,067,505.00					
Totals: Security Group (AGEN)						40,233,395.70	39,750,816.39					
							479,377.27					
							0.00					
							40,230,193.66					
0811110017	BUY	610623HZ6	CBS	DDA	11/13/08	250,000.00	250,000.00				FHCI	250,000.00
		MONROE CNTY KY SCH REV BQ			10/27/08	D 100.0000000	1,348.96					
T-Posted		4.62500	10/01/2027	10/01/08			0.00					
							251,348.96					



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Transaction Settlement Report
 From 11/01/08 to 11/30/08

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Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information				
Sec-Trans#	-----Security Description-----				Traded	Cost-Basis	Accrued-Int Fees + Comm	Trans#	Sfx	Sloc	Receipt#	Par Value
Totals: Security Group (MUNI)						250,000.00	250,000.00					
							1,348.96					
							0.00					
							251,348.96					
0811030001	BUY	949779AL6	NONCBS	DDA	10/29/08	1,571,860.96	1,482,461.37				FHCI	60,014.85
		WFMB	2004-EE 24 DAY PYMT DE		10/24/08	D 94.3125000	5,333.17					
T-Posted		4.38230	12/25/2034	12/01/04			0.00					
							1,487,794.54					
Totals: Security Group (OMB)						1,571,860.96	1,482,461.37					
							5,333.17					
							0.00					
							1,487,794.54					
0811100003	BUY	31409VEX5	CBS	DDA	11/13/08	1,853,345.40	1,812,803.47				FHCI	1,853,345.40
		FNMA	POOL 979838		11/07/08	D32 97-26	3,397.80					
T-Posted		5.50000	12/01/2035	02/01/06			0.00					
							1,816,201.27					
0811100002	BUY	3128E2V60	CBS	DDA	11/13/08	1,950,442.49	1,942,518.82				FHCI	1,950,442.49
		FRLMC	GOLD POOL #D96037		11/07/08	D32 99-19	3,250.74					
T-Posted		5.00000	05/01/2023	05/01/03			0.00					
							1,945,769.56					
0811190021	BUY	31406V6C5	NONCBS	DDA	11/24/08	3,000,359.70	2,965,668.04				FHCI	3,000,359.70
		FNMA	ARM POOL 821767		11/17/08	D 98.8437500	9,471.39					
T-Posted		4.94100	06/01/2035	05/01/05			0.00					
							2,975,139.43					
Totals: Security Group (POOL)						6,804,147.59	6,720,990.33					
							16,119.93					
							0.00					
							6,737,110.26					
Totals:						48,859,404.25	48,204,268.09					
							502,179.33					
							0.00					
							48,706,447.42					

Date: 12/01/08
 Time: 10:39:11
 User: BNDXXX

Transaction Settlement Report
 From 11/01/08 to 11/30/08

Report#: 8020
 Version:
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Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Security Group	Security Type	Count	Par Value	# Shares	Principal	Accrued-Interest	Fees/Commissions	Net-Settlement
Assets:								
AGEN	M41	7	13,983,395.70	0.0000	13,626,000.39	179,993.24	0.00	13,805,993.63
	M85	1	3,000,000.00	0.0000	2,968,500.00	27,041.67	0.00	2,995,541.67
	M86	2	6,750,000.00	0.0000	6,783,111.00	103,697.92	0.00	6,886,808.92
	M87	5	13,500,000.00	0.0000	13,373,625.00	100,719.44	0.00	13,474,344.44
	M88	1	3,000,000.00	0.0000	2,999,580.00	67,925.00	0.00	3,067,505.00
MUNI	L30	1	250,000.00	0.0000	250,000.00	1,348.96	0.00	251,348.96
OMB	M77	1	1,571,860.96	0.0000	1,482,461.37	5,333.17	0.00	1,487,794.54
POOL	M60	1	1,853,345.40	0.0000	1,812,803.47	3,397.90	0.00	1,816,201.27
	M76	1	1,950,442.49	0.0000	1,942,518.82	3,250.74	0.00	1,945,769.56
	M83	1	3,000,359.70	0.0000	2,965,668.04	9,471.39	0.00	2,975,139.43
Totals:		21	48,859,404.25	0.0000	48,204,268.09	502,179.33	0.00	48,706,447.42



Date: 01/02/09
 Time: 15:52:29
 User: BNDJCB

Transaction Settlement Report
 From 12/01/08 to 12/31/08

Report#: S020
 Version:
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Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information			
Sec-Trans#	Security Description			Traded	Cost-Basis	Accrued-Int	Fees + Comm	Trans#	Slc	Receipt#	Par Value
0812170024	BUY	83162CQG1	CBS	DDA	12/18/08	808,407.65	825,586.31				808,407.65
		SBAP 2006-20E 1			12/15/08	D32 102-4	6,195.32				
T-Posted		5.87000	05/01/2026	05/17/06			0.00				
							831,781.63				
0812170017	BUY	83162CQW6	CBS	DDA	12/18/08	1,533,202.28	1,548,534.30				1,533,202.28
		SBAP 2006-20I 1			12/15/08	D 101.0000000	25,245.88				
T-Posted		5.54000	09/01/2026	09/13/06			0.00				
							1,573,780.18				
0812090036	BUY	83162CRK1	NONCBS	DDA	12/08/08	4,791,444.53	4,779,465.92				4,791,444.53
		SBAP 2007-20K 1			12/03/08	D 99.7500000	27,134.22				
T-Posted		5.51000	11/01/2027	11/14/07			0.00				
							4,806,600.14				
0812090039	BUY	83162CRM5	NONCBS	DDA	12/08/08	4,907,658.34	4,800,303.32				4,907,658.34
		SBAP 1008-201 1			12/03/08	D 97.81250005000	110,652.70				
T-Posted		5.17000	01/01/2028	01/16/08			0.00				
							4,910,956.02				
0812170011	BUY	83162CRP0	CBS	DDA	12/09/08	2,249,610.22	2,204,618.02				2,249,610.22
		SBAP 2008-20B 1			12/04/08	D 98.0000000	41,272.85				
T-Posted		5.16000	02/01/2028	02/13/08			0.00				
							2,245,890.87				
0812090037	BUY	83162CRU9	NONCBS	DDA	12/05/08	2,937,969.81	2,934,297.35				2,937,969.81
		SBIC SBAP 2006-20E 1			12/02/08	D32 99-28	15,233.37				
T-Posted		5.49000	05/01/2028	05/14/08			0.00				
							2,949,530.72				
0812170007	BUY	31398ADU3	CBS	DDA	12/19/08	3,000,000.00	3,169,650.00				3,000,000.00
		FNMA CALLABLE 6/15/12			12/15/08	D 105.6550000	2,106.00				
T-Posted		6.31800	06/15/2027	06/28/07			0.00				
							3,171,756.00				
Totals: Security Group (AGEN)						20,228,292.83	20,262,455.22				
							227,840.34				
							0.00				
							20,490,295.56				
0812170016	BUY	31393BZK4	CBS	DDA	12/09/08	1,600,000.00	1,600,000.00				1,600,000.00
		FNMA REMIC 2003-41 YK			12/04/08	D 100.0000000	1,955.56				
T-Posted		5.50000	01/25/2023	04/01/03			0.00				
							1,601,955.56				



Date: 01/02/09
 Time: 15:52:29
 User: BNDJCB

Transaction Settlement Report
 From 12/01/08 to 12/31/08

Report#: S020
 Version:
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Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information				
Sec-Trans#	---Security	Description---	Traded		Cost-Basis	Fees + Comm	Trans#	Sfx	Sloc	Receipt#	Par Value	
0812090033	BUY	31394NJW9	CBS	DDA	12/02/08	1,000,000.00	1,000,000.00			36A	727488	1,000,000.00
		FHLMC REMIC 2734 PG			12/01/08 D	100.0000000	138.89					
T-Posted		5.00000 07/15/2032	01/01/04				0.00					
							1,000,138.89					
0812110001	BUY	31395G2D3	CBS	DDA	12/04/08	3,420,000.00	3,437,100.00					3,420,000.00
		FHLMC REMIC 2864 NB			12/01/08 D	100.5000000	1,567.50					
T-Posted		5.50000 07/15/2033	09/01/04				0.00					
							3,438,667.50					
0812190001	BUY	31395XHA6	NONCBS	DDA	12/18/08	2,000,000.00	2,015,000.00					2,000,000.00
		FHLMC REMIC 3022 MD			12/15/08 D	100.7500000	4,722.22					
T-Posted		5.00000 03/15/2034	08/01/05				0.00					
							2,019,722.22					
0812100062	BUY	31397TLE5	NONCBS	DDA	12/10/08	3,061,945.78	3,077,255.51					3,061,945.78
		FHLMC REMIC 3452 JA			12/05/08 D	100.5000000	4,592.92					
T-Posted		6.00000 05/15/2038	05/01/08				0.00					
							3,081,848.43					
Totals: Security Group (AMB)						11,081,945.78	11,129,355.51					
							12,977.09					
							0.00					
							11,142,332.60					
0812180046	BUY	170692CJ4	CBS	DDA	12/22/08	1,000,000.00	899,580.00					1,000,000.00
		CHRISTIAN CNTY KY HOSP REV			12/17/08 D	89.9580000	13,708.33					
T-Posted		5.25000 02/01/2028	09/18/08				0.00					
							913,288.33					
Totals: Security Group (MUNI)						1,000,000.00	899,580.00					
							13,708.33					
							0.00					
							913,288.33					
0812300018	BUY	57643MDG6	NONCBS	DDA	12/11/08	1,989,679.41	1,910,092.23					1,989,679.41
		MASTR 2004-5 6A1			12/08/08 D	96.0000000	2,487.10					
T-Posted		4.50000 07/25/2019	06/01/04				0.00					
							1,912,579.33					
0812300020	BUY	05948XSR3	NONCBS	DDA	12/09/08	2,101,012.45	2,016,971.95					2,101,012.45
		BOAMS 2003-7 A2			12/04/08 D	96.0000000	2,217.74					
T-Posted		4.75000 09/25/2018	08/01/03				0.00					
							2,019,189.69					



Date: 01/02/09
 Time: 15:52:29
 User: BNDJCB

Transaction Settlement Report
 From 12/01/08 to 12/31/08

Report#: 5020
 Version:
 Page#: 3

Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information					
Sec-Trans#	Security Description				Traded	Cost-Basis	Accrued-Int Fees + Comm	Trans#	Sfx	Sloc	Receipt#	Par Value	
0812300019	BUY	16162WHE2	NONCBS	DDA	12/05/08	3,059,874.61	2,952,779.00				FHCI	3,059,874.61	
		CHASE MTGE FINANCE CORP				12/02/08 D	96.5000000	1,699.93					
T-Posted		5.00000	02/25/2019	01/01/04			0.00						
							2,954,478.93						
Totals: Security Group (OMB)						7,150,566.47	6,879,843.18						
							6,404.77						
							0.00						
							6,886,247.95						
0812300017	BUY	36202EXP9	NONCBS	DDA	12/18/08	1,998,241.24	2,030,712.66				FHCI	1,998,241.24	
		GNMA II POOL 4286				11/19/08 D	101.6250000	6,133.49					
T-Posted		6.50000	11/20/2038	11/01/08			0.00						
							2,036,846.15						
0812180042	BUY	36202EYFO	NONCBS	DDA	12/18/08	3,000,000.00	3,037,500.00				FHCI	3,000,000.00	
		GNMA II POOL 4310				12/03/08 D	101.2500000	8,500.00					
T-Posted		6.00000	12/20/2038	12/01/08			0.00						
							3,046,000.00						
Totals: Security Group (POOL)						4,998,241.24	5,068,212.66						
							14,633.49						
							0.00						
							5,082,846.15						
Totals:						44,459,046.32	44,239,446.57						
							275,564.02						
							0.00						
							44,515,010.59						



Date: 02/02/09
 Time: 11:32:57
 User: BNDSLK

Transaction Settlement Report
 From 01/01/09 to 01/31/09

Report#: S020
 Version:
 Page#: 1

Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information				
Sec-Trans#	====Security Description====				Traded	Cost-Basis	Accrued-Int	Trans#	Sfx	Slcc	Receipt#	Par Value
							Fees + Comm					
0901020012	BUY	83162CPR8	NONCBS	DDA	12/12/08	3,061,722.35	3,023,450.82					138,534.85
		SBAP 2005-20G CLASS 1			12/09/08	D 98.7500000	65,040.34					
T-Posted		4.75000	07/01/2025	07/13/05			0.00					
							3,088,491.16					
0901020013	BUY	83162CRH8	NONCBS	DDA	12/29/08	1,181,460.57	1,205,089.78					1,181,460.57
		SBAP 2007-20J			12/23/08	D 102.0000000	16,086.24					
T-Posted		5.57000	10/01/2027	10/17/07			0.00					
							1,221,176.02					
0901210023	SELL	3133XHK68	NONCBS	DDA	01/20/09	3,000,000.00	3,357,000.00	0811240005	001	FHCI		3,000,000.00
		FHLB			01/14/09	D 111.9000000	38,864.58					
Z-Disposed		5.12500	10/19/2016	10/19/06			0.00					
							3,395,864.58					
0901020011	BUY	31398ADQ2	NONCBS	DDA	12/18/08	3,000,000.00	3,052,500.00					3,000,000.00
		EMMA (1 X CALL 10/20/10)			12/10/08	D 101.7500000	29,348.00					
T-Posted		6.07200	10/20/2027	06/20/07			0.00					
							3,081,848.00					
Totals: Security Group (AGEN)						10,243,182.92	10,638,040.60					
							149,339.16					
							0.00					
							10,787,379.76					
0901200003	BUY	31394RER6	CBS	DDA	01/21/09	2,000,000.00	2,070,000.00					2,000,000.00
		FHLMC FHR 2750 NE			01/15/09	D32 103-16	5,555.56					
T-Posted		5.00000	04/15/2032	02/01/04			0.00					
							2,075,555.56					
Totals: Security Group (AMB)						2,000,000.00	2,070,000.00					
							5,555.56					
							0.00					
							2,075,555.56					
0901130075	BUY	557250VF1	CBS	DDA	01/06/09	1,455,000.00	1,445,557.05					1,455,000.00
		MADISON CNTY KY SCH REV BQ			11/20/08	D 99.3510000	929.58					
T-Posted		4.60000	11/01/2028	01/01/09			0.00					
							1,446,486.63					
0901230018	BUY	695317C28	CBS	DDA	01/29/09	500,000.00	495,000.00					500,000.00
		PADUCAH KY ELEC PLANT REV			01/22/09	D 99.0000000	0.00					
T-Posted		5.00000	10/01/2028	01/29/09			0.00					
							495,000.00					



Date: 02/02/09
 Time: 11:32:57
 User: BNDSLV

Transaction Settlement Report
 From 01/01/09 to 01/31/09

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 Version:
 Page#: 2

Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information			
Sec-Trans#	Security Description			Traded	Cost-Basis	Fees + Comm	Trans#	Sfx	Sloc	Receipt#	Par Value
0901220035	BUY	745464BU0	CBS	DDA	01/15/09	260,000.00	257,894.00			FHCI	260,000.00
			PULASKI CNTY KY PUB PPTYS CR		12/17/08	D 99.1900000	404.44				
T-Posted		4.00000	12/01/2018	01/01/09			0.00				
							258,298.44				
0901120007	BUY	745464BW6	CBS	DDA	01/15/09	100,000.00	99,073.00			FHCI	100,000.00
			PULASKI CNTY KY EPC 1ST MTG		12/17/08	D 99.0730000	163.33				
T-Posted		4.20000	12/01/2020	01/01/09			0.00				
							99,236.33				
0901120022	BUY	745464BY2	CBS	DDA	01/15/09	245,000.00	241,851.75			FHCI	245,000.00
			PULASKI CNTY KY EPC 1ST MTG		12/17/08	D 98.7150000	416.84				
T-Posted		4.37500	12/01/2022	01/01/09			0.00				
							242,268.59				
0901130071	BUY	745464CA3	CBS	DDA	01/15/09	595,000.00	591,656.10			FHCI	595,000.00
			PULASKI CNTY KY EPTYS REV BQ		12/17/08	D 99.4380000	1,064.39				
T-Posted		4.60000	12/01/2024	01/01/09			0.00				
							592,720.49				
0901220036	BUY	745464CB1	CBS	DDA	01/15/09	625,000.00	621,362.50			FHCI	625,000.00
			PULASKI CNTY KY EPC 1ST MTG		12/17/08	D 99.4180000	1,142.36				
T-Posted		4.70000	12/01/2025	01/01/09			0.00				
							622,504.86				
0901130072	BUY	745464CC9	CBS	DDA	01/15/09	655,000.00	647,192.40			FHCI	655,000.00
			PULASKI CNTY KY PUB PPTYS REV B		12/17/08	D 98.8080000	1,209.93				
T-Posted		4.75000	12/01/2026	01/01/09			0.00				
							648,402.33				
0901130073	BUY	745464CD7	CBS	DDA	01/15/09	690,000.00	681,526.80			FHCI	690,000.00
			PULASKI CNTY KY PUB PPTYS RE		12/17/08	D 98.7720000	1,288.00				
T-Posted		4.80000	12/01/2027	01/01/09			0.00				
							682,814.80				
0901130074	BUY	745464CE5	CBS	DDA	01/15/09	720,000.00	708,703.20			FHCI	720,000.00
			PULASKI CNTY KY PUB PPTYS RE		12/17/08	D 98.4310000	1,365.00				
T-Posted		4.87500	12/01/2028	01/01/09			0.00				
							710,068.20				
0901130076	BUY	779446JD6	NONCBS	DDA	01/07/09	500,000.00	493,845.00			FHCI	500,000.00
			ROWAN CNTY KY SCH DIST REV B		11/20/08	D 98.7690000	343.75				
T-Posted		4.12500	11/01/2021	01/01/09			0.00				
							494,188.75				



Date: 02/02/09
 Time: 11:32:57
 User: BNDSLIV

Transaction Settlement Report
 From 01/01/09 to 01/31/09

Report#: S020
 Version:
 Page#: 3

Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans# Sec-Trans#	Type	CUSIP	Customer	PSet	Settle Traded	Par/Shares Cost-Basis	Principal Accrued-Int Fees + Comm	----- Safekeeping Information ----- Trans# Sfx SLOC Receipt#	Par Value
0901230022	BUY	88275FKM0	CBS	DDA	01/27/09	500,000.00	470,260.00	FHCI	500,000.00
			TEXAS ST DEPT HSG & CMNTY RE		01/22/09 D	94.0520000	9,733.33		
T-Posted		4.80000	09/01/2020	12/15/05			0.00		
							479,993.33		
0901130077	BUY	947822GK2	CBS	DDA	01/06/09	735,000.00	728,583.45	FHCI	735,000.00
			WEBSTER CNTY KY SCH REV BQ		12/12/08 D	99.1270000	3,304.95		
T-Posted		4.62500	12/01/2025	12/01/08			0.00		
							731,888.40		
Totals: Security Group (MUNI)						7,580,000.00	7,482,505.25		
							21,365.90		
							0.00		
							7,503,871.15		
0901300035	BUY	949758AD8	NONCBS	DDA	01/13/09	3,881,591.49	3,600,176.11	FHCI	3,881,591.49
			WFMS 2004-0 A1		01/08/09 D32	92-24	6,324.26		
T-Posted		4.88788	06/25/2034	07/01/04			0.00		
							3,606,500.37		
0901300026	BUY	57643MGZ1	NONCBS	DDA	01/16/09	1,603,472.21	1,603,472.21	36A	1,603,472.21
			MASTR 2004-10 3A1		01/13/09 D	100.0000000	3,674.62		
T-Posted		5.50000	10/25/2019	10/01/04			0.00		
							1,607,146.83		
0901270030	BUY	05948KCR8	NONCBS	DDA	01/09/09	1,469,713.46	1,403,576.35	FHCI	1,469,713.46
			BOAA 2003-5 2A1		01/06/09 D	95.5000000	1,633.01		
T-Posted		5.00000	07/25/2018	06/01/03			0.00		
							1,405,209.36		
0901290007	BUY	36226F2G0	NONCBS	DDA	01/28/09	3,287,311.15	3,277,038.30	FHCI	3,287,311.15
			GSR MORTGAGE LOAN TRUST		01/27/09 D	99.6875000	13,560.15		
T-Posted		5.50000	05/25/2034	05/01/04			0.00		
							3,290,598.46		
0901300024	BUY	55265XT41	NONCBS	DDA	01/21/09	1,717,679.47	1,674,737.48	FHCI	1,717,679.47
			MASTER ASSET SEC TR2003-10 3		01/14/09 D	97.5000000	5,248.47		
T-Posted		5.50000	11/25/2033	10/01/03			0.00		
							1,679,985.95		
0901270029	BUY	76111X9D6	NONCBS	DDA	01/09/09	2,976,963.09	2,932,308.64	FHCI	2,976,963.09
			RFMSI 2005-81 2A1		01/06/09 D	98.5000000	3,142.35		
T-Posted		4.75000	02/25/2020	02/01/05			0.00		
							2,935,450.99		



Date: 02/02/09
 Time: 11:32:57
 User: BNDSLV

Transaction Settlement Report
 From 01/01/09 to 01/31/09

Report#: S020
 Version:
 Page#: 4

Institution: 036 (HERITAGE BANK) Portfolio: 01 (HERITAGE BANK)

Trans#	Type	CUSIP	Customer	PSet	Settle	Par/Shares	Principal	Safekeeping Information				
Sec-Trans#	---Security Description---			Traded	Cost-Basis	Fees + Comm	Trans#	Sfx	Sloc	Receipt#	Par Value	
0901300036	BUY	949760AM4	NONCBS	DDA	01/22/09	1,951,324.65	1,951,324.71					1,951,324.65
		WFMB	2003-9 LA12		01/15/09 D	100.0000030	5,975.93					
T-Posted		5.25000	08/25/2033	07/01/03			0.00					
							1,957,300.64					
0901270035	BUY	94983FAC4	NONCBS	DDA	01/21/09	2,440,009.14	2,379,008.91					2,440,009.14
		WFMB	2006-1 A3		01/15/09 D	97.5000000	6,777.80					
T-Posted		5.00000	03/25/2021	02/01/06			0.00					
							2,385,786.71					
Totals: Security Group (OMB)						19,328,064.66	18,821,642.71					
							46,336.60					
							0.00					
							18,867,979.31					
Totals:						39,151,247.58	39,012,188.56					
							222,597.22					
							0.00					
							39,234,785.78					

December 9, 2008

Boyd Clark
122 Latham Avenue
Hopkinsville, Kentucky 42240

Mr. Clark:

HopFed Bancorp, Inc. (the "Company") anticipates entering into a Securities Purchase Agreement (the "Agreement"), with the United States Department of Treasury ("Treasury") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "CPP"). If the Company does not participate or ceases at any time to participate in the CPP, this letter ("Letter Agreement") shall be of no further force and effect.

For the Company to participate in the CPP and as a condition to the closing of the investment contemplated by the Agreement, the Company is required to establish specified standards for incentive compensation to its senior executive officers and to make changes to its compensation arrangements. To comply with these requirements, and in consideration of the benefits that you will receive as a result of the Company's participation in the CPP, you agree as follows:

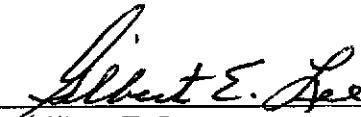
- (1) **No Golden Parachute Payments.** The Company is prohibiting any golden parachute payment to you during any "CPP Covered Period". A "CPP Covered Period" is any period during which (a) you are a senior executive officer and (b) Treasury holds an equity or debt position acquired from the Company in the CPP.
- (2) **Recovery of Bonus and Incentive Compensation.** Any bonus and incentive compensation paid to you during a CPP Covered Period is subject to recovery or "clawback" by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) **Compensation Program Amendments.** Each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2). For reference, certain affected Benefit Plans are set forth in Appendix A to this letter. In addition, the Company is required to review its Benefit Plans to ensure that they do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company. To the extent any such review requires revisions to any Benefit Plan with respect to you, you and the Company agree to negotiate such changes promptly and in good faith.
- (4) **Definitions and Interpretation.** This letter shall be interpreted as follows:
 - "Senior executive officer" means the Company's "senior executive officers" as defined in subsection 111(b)(3) of EESA.

- "Golden parachute payment" is used with same meaning as in Section 111(b)(2)(C) of EESA.
 - "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Department of the Treasury and as published in the Federal Register on October 20, 2008.
 - The term "Company" includes any entities treated as a single employer with the Company under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date). You are also delivering a waiver pursuant to the Agreement, and, as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.
 - The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
 - Provisions (1) and (2) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the preceding, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).
- (5) **Miscellaneous.** To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of the State of Kentucky. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

The Company's Board of Directors appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Yours sincerely,

HOPFED BANCORP, INC.

By: 
Name: Gilbert E. Lee
Title: Chairman of the Board

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.


Boyd Clark

Date: 12/2/08



HOPFEDBANCORP, INC.

JOHN E. PECK • PRESIDENT AND CEO

P.O. BOX 537 • 2700 FORT CAMPBELL BOULEVARD • HOPKINSVILLE, KY 42240 • 270-885-1171 • FAX: 270-889-0313

WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Date: December 9, 2008

Name: Boyd Clark
Title: Senior Vice President



HOPFEDBANCORP, INC.

JOHN E. PECK • PRESIDENT AND CEO

P.O. Box 537 • 2700 FORT CAMPBELL BOULEVARD • HOPKINSVILLE, KY 42240 • 270-885-1171 • FAX: 270-889-0313

WAIVER

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I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Date: December 9, 2008

Name: Boyd Clark

Title: Senior Vice President

December 9, 2008

Keith Bennett
305 Fairway Drive
Clarksville, Tennessee 37043

Mr. Bennett:

HopFed Bancorp, Inc. (the "Company") anticipates entering into a Securities Purchase Agreement (the "Agreement"), with the United States Department of Treasury ("Treasury") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "CPP"). If the Company does not participate or ceases at any time to participate in the CPP, this letter ("Letter Agreement") shall be of no further force and effect.

For the Company to participate in the CPP and as a condition to the closing of the investment contemplated by the Agreement, the Company is required to establish specified standards for incentive compensation to its senior executive officers and to make changes to its compensation arrangements. To comply with these requirements, and in consideration of the benefits that you will receive as a result of the Company's participation in the CPP, you agree as follows:

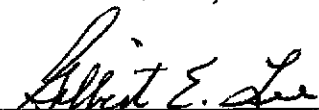
- (1) **No Golden Parachute Payments.** The Company is prohibiting any golden parachute payment to you during any "CPP Covered Period". A "CPP Covered Period" is any period during which (a) you are a senior executive officer and (b) Treasury holds an equity or debt position acquired from the Company in the CPP.
- (2) **Recovery of Bonus and Incentive Compensation.** Any bonus and incentive compensation paid to you during a CPP Covered Period is subject to recovery or "clawback" by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) **Compensation Program Amendments.** Each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2). For reference, certain affected Benefit Plans are set forth in Appendix A to this letter. In addition, the Company is required to review its Benefit Plans to ensure that they do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company. To the extent any such review requires revisions to any Benefit Plan with respect to you, you and the Company agree to negotiate such changes promptly and in good faith.
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 - “EESA” means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Department of the Treasury and as published in the Federal Register on October 20, 2008.
 - The term “Company” includes any entities treated as a single employer with the Company under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date). You are also delivering a waiver pursuant to the Agreement, and, as between the Company and you, the term “employer” in that waiver will be deemed to mean the Company as used in this letter.
 - The term “CPP Covered Period” shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
 - Provisions (1) and (2) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the preceding, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).
- (5) **Miscellaneous.** To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of the State of Tennessee. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.


The Company’s Board of Directors appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Yours sincerely,

HOPFED BANCORP, INC.

By: 
Name: Gilbert E. Lee
Title: Chairman of the Board

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.


Keith Bennett

Date: 12-10-08



HOPFEDBANCORP, INC.

JOHN E. PECK • PRESIDENT AND CEO

P.O. BOX 537 • 2700 FORT CAMPBELL BOULEVARD • HOPKINSVILLE, KY 42240 • 270-885-1171 • FAX: 270-889-0313

WAIVER

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

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Date: December 9, 2008

Name: Keith Bennett

Title: Montgomery County Market President



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Name: Keith Bennett

Title: Montgomery County Market President

December 9, 2008

John E. Peck,
643 Hurl Way
Hopkinsville, Kentucky 42240

Mr. Peck:

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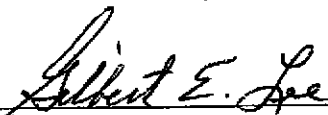
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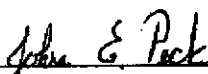
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Date: December 9, 2008



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Title: President and CEO



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December 9, 2008

Billy C. Duvall
230 Wellington Way
Hopkinsville, Kentucky 42240

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By: 

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Title: Chairman of the Board

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Billy C. Duvall

Date: 12/9/2008



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Date: December 9, 2008

Name: Billy C. Duvall
Title: Senior Vice President, CFO
and Treasurer



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December 9, 2008

Michael L. Woolfolk
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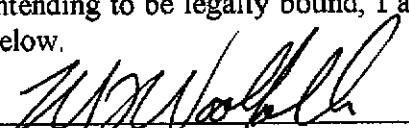
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Date: 12-9-08



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Name: Mike Woolfolk
Title: Executive Vice President and
Chief Operations Officer



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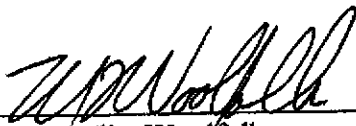
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