From: SIGTARP.response
Sent: Tuesday, March 10, 2009 11:33 AM
To: Kennedy, Michael; Shafer, James
Subject: FW: SIGTARP response
Attachments: Exhibit I; Exhibit II.pdf; amended and restated proxy statement.DOC

From: Brian Karst [mailto:bkarst@fcbok.com]
Sent: Tuesday, March 10, 2009 11:31 AM
To: SIGTARP.response
Subject: SIGTARP response

March 10, 2009

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

Dear Mr. Barofsky:

This letter is in response to your letter dated February 6, 2009 regarding FCB Bancorp, Inc.'s (company) receipt of Troubled Asset Relief Program (TARP) funds.

First Capital Bank of Kentucky (bank), the sole banking subsidiary of FCB Bancorp, Inc., met all regulatory requirements of a "well capitalized" bank when the Emergency Economic Stabilization Act of 2008 was signed into law. Although the bank was "well capitalized", it was beginning to approach the limits for its total risk based capital ratio. As a result of this, the bank had implemented a plan to slow its loan growth in the fourth quarter of 2008, in order to preserve capital and increase liquidity.

The bank's primary regulator, the FDIC, encouraged banks to apply for TARP funds and we complied. On December 20, 2008, the bank (through the company) received almost $9.3 million in funds. Eventually, the TARP funds will allow the bank to increase its loan portfolio by approximately $100 million. Obviously, it would not be prudent or possible to loan all of these funds immediately; therefore, the bank engaged in substantial planning for the use of these funds in the short term and over the long term. The bank utilized Morgan Keegan to help analyze the use of these funds. As can be seen on the attached spreadsheet (Exhibit I), it was quickly determined that in order to cover the cost of the funds acquired, the bank would need to leverage the capital. Since it is impractical to loan the amount of funds immediately to cover the cost of the capital, the bank determined that it would initially use the capital to help fund an investment plan. This plan would not only cover the cost of the capital in the short term, but would add to the bank's profitability over the next several years. As you can see in Exhibit II, the bank determined that it would leverage the funds received to borrow approximately $50 million from the Federal Home Loan Bank. With these funds in addition to the $9.3 million, it allowed the bank to invest in a variety of mortgage-backed securities in the amount of approximately $60 million. (b) (4) [redacted] The bank implemented this plan late in December 2008. The TARP funds have provided the necessary capital to allow the bank to continue lending, rather than preserve capital.

The bank has done several things in order to ensure compliance with guidance on executive compensation. The board of directors, at its normally scheduled meeting in March, intends to approve a resolution that establishes the appropriate standards of executive compensation for TARP recipients including the following: (1) Limits on compensation that include incentives for senior executive officers to take unnecessary and excessive risks; (2) a provision for the recovery by the bank of any bonus, retention award or incentive compensation paid to a senior executive officer or any of the next 20 most highly compensated employees of the bank based on statements of earnings, revenues, gains or other criteria that are later found to be materially inaccurate. The company also provided its shareholders with an amended and restated proxy statement that details the company's executive compensation and provides for the shareholder vote on executive compensation required under the American Recovery and Reinvestment Act of 2009. A copy of the amended and restated proxy statement is enclosed for your convenience.

I certify that the preceding statements, representations, and supporting information provided are accurate, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely,

Brian G. Karst
Executive Vice President, COO & CFO
First Capital Bank of Kentucky

293 N. Hubbards Lane
Louisville, KY 40207

AMENDED AND RESTATED PROXY STATEMENT

For the Annual Meeting of Stockholders of
FCB Bancorp, Inc.
to be held on March 17, 2009

You are receiving this Amended and Restated Proxy Statement, and the new blue Proxy Form accompanying this document (the "Blue Proxy Form"), because the recently adopted federal stimulus package requires the Company to conduct an advisory vote at the 2009 annual meeting of stockholders as described below. The Blue Proxy Form is solicited by the Board of Directors of FCB Bancorp, Inc. (the “Company”) for use at the Annual Meeting of Stockholders to be held on Tuesday, March 17, 2009, at 10:00 a.m. at 295 North Hubbards Lane, Lower Level, Louisville, Kentucky. The Blue Proxy Form is intended to replace the original green Proxy Form you received (the "Green Proxy Form") with the first Proxy Statement mailed to stockholders on February 20, 2009.

If the Company has received your Green Proxy Form, your shares will be voted pursuant to your instructions on the election of directors unless you revoke the Green Proxy Form by sending notice to the Secretary of the Corporation or by submitting a new Blue Proxy Form. We encourage you to submit a Blue Proxy Form so that your advisory vote on the Company's executive compensation program will be counted.

Only holders of record of the Company’s Common Stock at the close of business on February 17, 2009, (the “Record Date”) are entitled to notice of and to vote at the 2009 Annual Meeting. On February 17, 2009, there were 1,558,507 shares of Common Stock issued and outstanding and entitled to vote at the 2009 Annual Meeting.

Each holder of Common Stock has one vote per share on all matters coming before the Annual Meeting, except the election of directors. In the election of directors, each stockholder may vote the number of shares held by him on the Record Date for each vacancy to be filled, or he may cumulate his votes by casting the number of votes equal to the number of his shares multiplied by the total number of vacancies to be filled. Such cumulated votes may be cast for one nominee or distributed among as many nominees and in any manner that the stockholder chooses. The Board of Directors is soliciting discretionary authority to cumulate votes. A stockholder may revoke a proxy by delivering written notice of revocation to the Secretary of the Company at any time before the taking of the vote at the Annual Meeting.

The stimulus package, or the American Recovery and Reinvestment Act of 2009 (the "ARRA"), was signed into law on February 17, 2009. The ARRA, among other things, implements certain executive compensation requirements and restrictions on recipients of funds under the Troubled Asset Relief Program ("TARP") and the Capital Purchase Program implemented in connection with TARP (the "CPP"). The Company has received TARP funding. The ARRA requires that any proxy statement for an annual meeting of stockholders of any TARP recipient during the period in which any obligation arising from financial assistance provided under TARP remains outstanding shall permit a separate non-binding stockholder vote to approve the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (the "Commission"). The Company is sending this Amended and Restated Proxy Statement to solicit proxies in compliance with this recently adopted requirement. This proxy statement supersedes in its entirety the previously distributed solicitation materials.

PROPOSAL ONE: ELECTION OF DIRECTORS

The Company's Bylaws provide that the Board of Directors shall fix the number of directors and may increase or decrease that number from time to time. Article 8 of the Articles of Incorporation of the Company (the "Articles") provides that when there are nine or more directors, the Directors will be divided into three classes of as nearly equal numbers as possible. The Board of Directors is presently fixed at eight directors divided into three classes, two classes consisting of three directors and one class consisting of two directors. Each class of directors serves for a three-year term, and one class of directors is elected at each Annual Meeting of Stockholders.

The following table presents information about the nominees for election as directors at the 2009 Annual Meeting and about the directors who are continuing in office for terms expiring after the 2009 Annual Meeting.

Name	Principal Occupation or Employment
Nominees (for terms to expire in 2012)	
Paranita S. Bratton	Medical Doctor
Fairleigh Lussky	Chairman of the Board of Progress Paint Company
Continuing Directors (term expires in 2010)	
Albert E. Dix	Retired Newspaper Publisher
John S. Greenebaum	Attorney
Bosworth M. Todd, Jr.	Investment Adviser

Continuing Directors (term expires in 2011)

H. David Hale	Chairman, President & CEO of the Bank
Ronald G. Geary	Chairman of Res-Care, Inc.
Brian G. Karst	Executive Vice President, COO & CFO of the Bank

If any named nominee should refuse or be unable to serve, the shares represented by the enclosed Proxy Form will be voted for any substitute nominee proposed by the Board of Directors. No circumstances are now known, however, that would prevent any of the nominees from serving. If any stockholder votes cumulatively or otherwise for any candidate other than the named nominees, or for fewer than all of the named nominees, the persons named in the enclosed Proxy Form reserve the right to vote cumulatively for fewer than all of the named nominees or their substitute nominees.

The Board of Directors recommends a vote for each of the nominees for director.

PROPOSAL TWO: ADVISORY VOTE ON EXECUTIVE COMPENSATION

In addition to a wide variety of programs intended to stimulate the economy, the ARRA imposes significant new requirements for, and restrictions relating to, the compensation arrangements of financial institutions that received government funds through TARP, including institutions like the Company that participated in the CPP before the ARRA. These restrictions apply during the period in which any obligation arising from financial assistance provided under TARP remains outstanding.

The ARRA requires that the Company permit a non-binding advisory vote by stockholders on the compensation of its executives. Under the ARRA, your vote is advisory and is not binding on the Board of Directors and does not overrule any decision made by the Board of Directors, or create or imply any additional fiduciary duty by the Board of Directors. The Board of Directors may take into account the outcome of the vote when considering future executive compensation decisions and arrangements. The Company's executive compensation as disclosed in this Amended and Restated Proxy Statement will be approved, in a non-binding advisory vote, if the votes cast in favor of the proposal exceed the votes cast opposing the proposal.

Accordingly, as a stockholder you are being provided with the opportunity to endorse or not endorse our executive compensation program through the following resolution:

> "Resolved, that the stockholders hereby approve the compensation of executive officers, as disclosed in the Amended and Restated Proxy Statement dated March 6, 2009."

We believe that our compensation policies and procedures are reasonable in comparison both to our peer bank holding companies and to the Company's and the bank's performance during 2008. We also believe that our compensation program strongly aligns with the interests of our stockholders in the long-term value of the Company as well as the components that drive long-term value.

The board of directors recommends a vote "FOR" approval of the non-binding advisory proposal on executive compensation.

EXECUTIVE COMPENSATION

First Capital Bank of Kentucky, Inc. (the "bank") is a wholly owned subsidiary of the Company. Though the officers and directors identified below may also be officers and directors of the Company, their compensation from our organization is paid by the bank.

Compensation Discussion and Analysis (CD&A)

Overview of Compensation Program

The full board of directors administers the bank's executive compensation program consistent with the bank's compensation philosophy. The board ensures that the total compensation paid to the executive officers is fair, reasonable and competitive.

The board takes into account the competitive data, business considerations, local market conditions, bank performance and peer group information in determining total compensation. The board considers all of these factors and makes determinations as to the total compensation of executive officers without the presence of Mr. Hale and Mr. Karst, although Mr. Hale does make recommendations regarding compensation for Mr. Karst and Mr. Vassallo.

Overview of Compensation Philosophy

The bank's executive compensation program is designed to:

- retain executive officers by paying them competitively, motivate them to contribute to the bank's success and reward them for their performance;
- link a portion of each executive officer's compensation to the performance of the bank and the individual officer; and
- encourage ownership of the bank common stock by executive officers.

The bank's fundamental philosophy is to link executive compensation with the achievement of annual financial and non-financial performance goals. It is the bank's intent to provide a balanced mix of cash, equity based compensation and non-cash compensation that the bank believes promotes the best interest of the bank's stockholders.

The bank does not rely on predetermined formulas, specific benchmarks or a limited set of criteria when it evaluates the performance of executive officers. Rather, the bank through its board of directors considers the following:

- earnings per share and increases in earnings per share;
- earnings quality;
- asset quality;
- interest rate risk;
- stock performance;
- dividend history;
- growth;
- peer group compensation data; and
- recommendations from the President and CEO related to other named executive officers.

2008 Executive Compensation Components

For the year ended December 31, 2008, the principal components of compensation for the named executive officers were:

- salary;
- bonus;
- supplemental employee retirement plan;
- 401(k); and
- other benefits

Salaries

The first element of the executive compensation program is salaries. Salaries of the named executive officers are reviewed on an annual basis. In setting salaries, the board does not use a predetermined formula or percentage increase. Rather, the salaries of the executive officers are based on:

- consideration of salaries paid by peer groups to executive officers holding similar positions;
- consideration of local market conditions and competition for executive officers;
- consideration of the aggregate amount of all components of compensation paid to the executive officers;
- consideration of the Chief Executive Officer's recommendation for other executive officers based on their performance evaluations; and
- an assessment of the bank's performance based on numerous factors including: earnings, asset quality, earnings quality, stock price trend, dividends and franchise value.

Based on these factors, salary increases have been limited over the past several years for executive officers. Mr. Hale's base salary, which was $237,500 in 2004, is $260,000 for 2009. That is an average annual increase of 1.9%.

Annual Bonus Compensation

The second element of the executive compensation program is annual bonus compensation. The purpose of the bank's annual bonus compensation is to motivate and reward executives for their contributions to the bank's performance by making a portion of their compensation variable and dependent upon executive officer and bank performance. The board of directors considers a variety of factors when determining annual bonuses, but first and foremost, the board considers annual bank performance. For 2008, Mr. Hale received no bonus and Mr. Karst and Mr. Vassallo received nominal bonuses.

Employment Contracts of Named Executive Officers

H. David Hale, Chairman, President and Chief Executive Officer of the Company and the bank, entered into an employment agreement with the bank effective February 27, 1996. The original term of Mr. Hale's employment agreement was three years, with the provision that the bank review Mr. Hale's performance each year, to determine if it desired to extend the then-remaining term for an additional year. Mr. Hale's agreement has been extended each year by the board of directors, with an increase in annual salary from time to time, so the current agreement's term expires on February 17, 2012. Mr. Hale's agreement includes a provision for severance compensation under certain terms and conditions, but Mr. Hale has waived that provision in order to comply with executive compensation restrictions in the ARRA. Mr. Hale's base salary is $260,000 and has been at that level since March of 2007.

Mr. Karst, Executive Vice President, Chief Operating Officer and Chief Financial Officer, entered into an employment agreement with the bank effective February 27, 1996. The original term of Mr. Karst's employment agreement was two years, with the provision that the bank review Mr. Karst's performance each year, to determine if it desired to extend the then-remaining term for an additional year. Mr. Karst's agreement has been extended each year by the board of directors, with an increase in annual salary from time to time, so the current Agreement's term expires on February 28, 2011. Mr. Karst's agreement includes a provision for severance compensation under certain terms and conditions, but Mr. Karst has waived that provision in order to comply with executive compensation restrictions in the ARRA. Mr. Karst's base salary is currently $195,000.

Mr. Vassallo, Senior Vice President and Chief Lending Officer entered into an employment agreement with the bank effective March 20, 2007. The original term of Mr. Vassallo's agreement was one year, with the provision that the bank review Mr. Vassallo's performance each year, to determine if it is desired to extend the agreement for an additional year. Mr. Vassallo's agreement was extended last year, and the term now ends on February 28, 2009, if not further renewed. Mr. Vassallo's agreement includes a provision for severance compensation under certain terms and conditions, but Mr. Vassallo has waived that provision in order to comply with executive compensation restrictions in the ARRA. Mr. Vassallo's base salary is currently $148,472.

Supplemental Employee Retirement Plan

The bank has entered into Supplemental Retirement Benefits Agreements (SERPs) with several key officers to encourage such officers to remain employees of the bank. The SERPs are designed to provide a certain level of post-retirement income to the individuals who have a significant impact on the long-term growth and profitability of the bank. SERPs have only been offered to key employees who are vital to the bank's overall success.

401(k) Plan

The bank's 401(k) plan is offered to all full time bank employees after just 30 days of employment. Each participant may contribute a portion of compensation to his/her account, subject to Internal Revenue Service maximum deferral limits. The bank matches 50% of the first 6% of the salary deferred. Employee salary deferrals are 100% vested. The bank's match is fully vested after five (5) years of service.

Other Benefits

The bank provides a variety of other benefit plans, some with employee contribution to the cost; others are fully paid for by the bank. Other benefits include a health care plan, of which the bank pays a large percentage of the premium on a monthly basis. Full time employees qualify for participation in the health care plan after just 30 days of service. The bank provides group term life and disability insurance coverage at no cost to the employee. The insurance amount is two times the annual salary of the employee, with a limit of $200,000 for each employee. The value of life insurance on any one individual, which has a face value greater than $50,000, is reported as taxable compensation. These plans do not discriminate in scope, terms or operation, in favor of the executive officers of the bank.

Bank employees, including executive officers, may participate in an employee stock purchase plan whereby its employees may purchase shares of FCB Bancorp, Inc. through payroll deduction at a discount of 15% of the lower of the price at the beginning or end of a six month withholding period.

The bank provides automobile allowances for the executive officers. The allowances are provided at different amounts and at different terms depending on the executive officers complete compensation package.

Summary Compensation Table

The following table is a summary of certain information concerning the compensation awarded or paid to, or earned by, the bank's chief executive officer, chief financial officer and the third most highly compensated executive officer of the bank during 2008. The Company awarded no stock options or other stock-based compensation to the named executives in 2008.

Total cash compensation, as measured by salary and bonus, is based on the bank's performance as well as employee performance and certain other factors described in the section entitled "Compensation Discussion and Analysis."

Name and principal position	Year	Salary ($)	Bonus ($)	Change in Pension Value ($)	All other compensation ($)	Total ($)
H. David Hale, Chairman, President & CEO	2008	260,000	0	215,235(4)	17,088(1)(2)(3)	492,323
Brian G. Karst, Executive Vice President, COO & CFO	2008	178,888	1,437	33,612(4)	25,940(1)(2)(3)	239,877
Juan P. Vassallo, Senior Vice President & CLO	2008	148,472	1,572	2,604(4)	17,144(1)(2)(3)	169,792

Footnotes:

(1) Mr. Hale received a car allowance in monthly installments that totaled $9,000. Mr. Karst received a lump sum payment in 2008 as a car allowance for two years in the amount of $20,500. Mr. Vassallo received a car allowance in monthly installments that totaled $12,000.

(2) The bank made 401(k) matching contributions in the amount of $6,900, $5,170 and $4,864 for Mr. Hale, Mr. Karst and Mr. Vassallo, respectively.

(3) The officers were taxed on the value of group term life insurance in excess of $50,000, in the amounts of $1,188, $270, and $180 for Mr. Hale, Mr. Karst and Mr. Vassallo, respectively.

(4) In January of 2004, the bank entered into Supplemental Retirement Benefits Agreements (SERPs) with several key officers, including Mr. Hale and Mr. Karst, to encourage such officers to remain employees of the bank. The SERPs are designed to provide supplemental income after numerous years of service to the individuals who have a significant impact on the long-term growth and profitability of the bank. In 2005, the bank amended Mr. Hale's benefit amount under his SERP. In 2008, the bank amended the benefit amount under Mr. Karst's SERP and entered into a SERP with Mr. Vassallo. No cash payments were made to any of the three officers listed above for 2008. The numbers above represent the difference between the present value of the accrued and vested benefit liability to each executive as of 12/31/08, as compared to that same figure at 12/31/07, using in each case a discount rate of 6%. Just before creation of the SERPs, the bank purchased Bank Owned Life Insurance (BOLI) policies covering several key company officers, including Mr. Hale and Mr. Karst, and in June 2008, the bank purchased a BOLI policy on Mr. Vassallo. The purchase of BOLI represents a tax advantaged financing strategy that permits the bank to meet its benefit liability costs in a more efficient manner. For the year ending 2008, tax exempt income of $194,000 was recorded on all bank BOLI contracts. The after tax expense of all SERP Agreements was $195,000, for a net cost to the bank of $1,000.

The following table sets forth information concerning equity stock options held by the named executives as of the end of the last fiscal year. There were no outstanding stock awards other than stock options.

Name	**Number of securities underlying unexercised options (#) exercisable**	**Number of securities underlying unexercised options (#) unexercisable (1)**	**Option exercise price ($)**	**Option expiration date**
H. David Hale	5,000	0	23.00	2/15/2010
Brian G. Karst	48	72	26.00	12/13/2015
Juan P. Vassallo	4,800	1,200	26.00	02/17/2014

(1) Karst’s 72 unexercisable options become exercisable as follows: 24 shares on December 13, 2009; 24 shares on December 13, 2010; and 24 shares on December 13, 2011;
(2) Vassallo’s 1,200 unexercisable options became exercisable February 17, 2009.

The named executives exercised no stock options during 2008. There was no expense associated with stock options recorded during 2008.

The bank has entered into Supplemental Retirement Benefits Agreements (SERPs) with several key officers to encourage such officers to remain employees of the bank. The SERPs are designed to provide a certain level of post-retirement income to the individuals who have a significant impact on the long-term growth and profitability of the bank. The cost of the SERPs has been offset on the bank’s financial statements by investment in bank owned life insurance (BOLI) on each executive. Benefit amounts accrue and vest under the SERP based on the number of years of service between each agreement's effective date and the agreed-upon date when retirement benefits will begin to be paid.

As of end of 2008, Mr. Hale was 83.33% vested in a benefit of $100,000 per year to be paid for 15 years beginning at his age 65, Mr. Karst was 38.46% vested in a benefit of $75,000 per year to be paid for 10 years beginning at his age 55, and Mr. Vassallo was 6.67% vested in a benefit of $12,000 per year to be paid for 10 years beginning at his age 55. The benefits fully vest if employment termination occurs due to death, disability or after a change in control, but if such acceleration is determined to be a severance benefit and the bank is, at that time, subject to the executive officer severance restrictions applicable to banks in which the US government has made a capital investment under the ARRA, then the SERP accelerated vesting will not occur because each executive has waived any such prohibited benefits. The following table illustrates these pension benefits:

Pension Benefits Table

Name	Plan Name	No. of Years of Credit Service since SERP Adopted	Present Value of Accumulated Benefit (1)
David Hale	Supplemental Retirement Benefits Agreement	5	$939,483.96
Brian G. Karst	Supplemental Retirement Benefits Agreement	5	$350,510.44
Juan P. Vassallo	Supplement Retirement Benefits Agreement	1	$39,752.34

(1) The present value of accumulated benefits assumes each executive accrues and vests in the entire benefit due under these agreements and that benefit is paid over time beginning at each executive's respective retirement age. The stream of payments is discounted at 6%.

If employment had terminated at 12/31/08 other than on account of disability, death or after change in control, the present value of the future payments due would have been less due to less-than-100% vesting. Specifically, $783,059.88 was earned and vested for Mr. Hale at year-end, $134,811.71 for Mr. Karst and $2,650.16 for Mr. Vassallo.

Director Compensation – 2008

Name	Fees earned or paid in cash ($)	All other compensation ($)	Total ($)
H. David Hale	12,000	0	12,000
Brian G. Karst	12,000	400	12,400
Dr. Paranita S. Bratton	12,000	400	12,400
Albert E. Dix	12,000	400	12,400
Ronald G. Geary	10,000	400	10,400
John S. Greenebaum	12,000	400	12,400
Fairleigh Lussky	10,000	400	10,400
Bosworth M. Todd, Jr.	10,000	400	10,400

All directors receive $1,000 for each regular board meeting attended. Special board meetings and board committee meetings are not compensated. All directors exclusive of Mr. Hale receive an additional $400 at the December meeting.

OTHER MATTERS

The officers and directors of the Company do not know of any matters to be presented for stockholder approval at the 2009 Annual Meeting other than those described above. If any other matters should come before the 2009 Annual Meeting, the Board of Directors intends that the persons named in the enclosed Proxy Form, or their substitutes, will vote the shares represented by the form in accordance with their best judgment of such matters.

By order of the Board of Directors

H. David Hale, Chairman, President
& Chief Executive Officer

Louisville, Kentucky
March 6, 2009

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EXHIBIT I

TARP Deployment Model for Private Companies — Morgan Keegan

The First Capital Bank of Kentucky — Louisville, KY

	9/30/2008
Total Risk-Weighted Assets	$309,822
Total Equity Capital	$31,643
Equity/Asset Ratio	8.96%
Risk-Based Capital Ratio	10.64%
Marginal Tax Rate	34%

TARP Capital at x% of Risk-Weighted Assets

		1%	2%	3%
Add: TARP Capital		$3,098	$6,196	$9,295
Total Equity Capital Immediately Following Capital Injection		34,741	37,839	40,938
Equity/Asset Ratio		9.76%	10.53%	11.30%
Risk-Based Capital Ratio *		11.58%	12.51%	13.44%
Less: 5% Dividend on TARP Capital (Subtracted from Retained Earnings)		($155)	($310)	($465)
Less: 9% Dividend on Warrant Preferred (Subtracted from Retained Earnings)		($14)	($28)	($42)
Less: Accretion of Warrant Preferred (Assumes 5 Years)		($31)	($62)	($93)
Total Equity Capital After Dividend Payout		34,541	37,440	40,338
Equity/Asset Ratio		9.69%	10.41%	11.12%
Risk-Based Capital Ratio *		11.53%	12.40%	13.27%
* Assumes Risk Weighting on New Assets of	50%			
After-Tax Income from the Investment of Tarp Capital at an Assumed Pre-Tax Rate of	5.25%	$107	$215	$322
Shortfall in Retained Earnings		($92)	($185)	($277)
Amount of Additional Assets Needed to Recoup Retained Earnings Shortfall at a Pre-Tax Spread of	**2.25%**	**$6,228**	**$12,455**	**$18,683**
Equity/Asset Ratio After Asset Growth		9.59%	10.18%	10.75%
Risk-Based Capital Ratio After Growth*		11.47%	12.27%	13.05%

This model incorporates Morgan Keegan's interpretation of TARP Capital Purchase Program rules. Results could differ given new oversight from FASB, SEC, etc. Morgan Keegan does not provide accounting or tax advice. Please consult your accountant for specific details on how this program affects your company.

EXHIBIT II

Earnings Optimizer | **Morgan Keegan**

The First Capital Bank of Kentucky, Louisville, KY

Strategy Overview	
$50,049,628	Transaction Size (Par)
Presented By: Rocky Myers & Howard Benz	
As of 1/14/2009	

Reinvestment Assumption

Market Rate for Individual Bonds & Funding Sources (+/- Shocked Interest Rates). Income and Spreads Include Reinvestment of Earnings

Profitability (000's)

	Year 1	Year 2	Year 3	Year 4	Year 5
Spread	[redacted] (b) (4)				
Pre-Tax Income					

Suggested Assets

CUSIP	Description	Par	Market Value	Purchase Price	Current Coupon	Stated Maturity	CPR/PSA	Yield	Effective Duration
31336wad1	FGCI G11805 5.500 12/01/19 FH 15yr GOLD..	2,932,404	3,046,035	103.875	5.50%	12/01/19	14	4.13%	1.50
31402DQJ2	FNCI 725957 5.000 11/01/19 FN 15yr	14,734,442	15,231,730	103.375	5.00%	11/01/19	22	3.55%	1.29
31403cyq8	FNCI 745119 5.500 12/01/19 FN 15yr	4,997,094	5,176,680	103.594	5.50%	12/01/19	9	4.45%	2.73
36241khk7	GNSP 782034 6.000 01/15/36 GN1 30yr SF P.	22,530,248	23,431,458	104.000	6.00%	01/15/36	23	4.66%	1.90
36241kp93	GNSP 782248 5.500 10/15/34 GN1 30yr SF P.	4,855,439	5,039,038	103.781	5.50%	10/15/34	28	3.98%	2.22
	Totals & Weighted Averages	**$50,049,628**	**$51,924,940**	**103.747**	**5.58%**			**4.22%**	**1.81**

[redacted] (b) (4)

[redacted] (b) (4)

Impact on Balance Sheet and Earnings

(000's)	Current	W/Growth	Change
Total Assets	$353,005	[redacted] (b) (4)	
Average Assets	$345,046		
Equity Capital	$31,643		
Average Capital	$31,352		
Equity Cap/Assets	8.96%		
Net Income	$1,475		
ROA	0.427%		
ROE	4.70%		
Marginal Tax Rate	34%		

Source: Current CALL Report Data, Net Income = Last Quarter, Annualized

DISCLAIMER: The Securities and other investment products described herein are: 1) Not insured by the FDIC, 2) Subject to investment risks, including possible loss of the principal amount invested, 3) Not deposits or other obligations of, nor guaranteed by Morgan Keegan & Co., Inc., Regions Financial Corporation or any of their affiliates. The information contained herein is based on sources which we believe reliable but is not guaranteed by us and is not to be considered all inclusive. It is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This firm and/or its individual shareholders and/or members of their families may have a position in the securities mentioned and may make purchases and/or sales of these securities from time to time in the open market or otherwise. Opinions expressed are our present opinions only and are subject to change without notice. Morgan Keegan & Co., Inc. may also perform or seek to perform investment banking for entities referred to herein.

ASSUMPTIONS: For the leveraged results, Total Assets were increased by the Transaction Size. After Tax Earnings were increased by the forecasted first year earnings for the base case scenario. Asset Income is calculated by multiplying the remaining book balance by the book yield for each, individual security. As these projected, option-adjusted cashflows are received, they are reinvested into like products at each, individual CUSIP's market yield, plus or minus the shocked environment. Thus, a constant balance is assumed for the entire analysis. The coupon payments received from the original and new assets are also reinvested at the market rate. Variable rate assets are calculated in the same manner, except that the coupon is adjusted at the next available repricing date to the current index rate, plus margin. Interest Expense is calculated by multiplying the existing balance by the current rate. As these borrowings mature, it is assumed that the institution will re-borrow at each, individual advance's current rate, plus or minus the shocked environment. As is the case with the assets, the funding is assumed to have a constant balance over the life of the analysis. Pre-Tax Income is simply Asset Income minus the Interest Expense.

* Provided to give an indication of the possible repricing mismatch between the assets and the funding sources. For fixed rate assets, the weighted average life is used. For floating and adjustable rate assets, the next reset date combined with prepayment expectations is used to calculate the weighted average terms for the assets. The funding is the weighted average time to reset or maturity. For municipal securities, the taxable equivalent book yield assumes a Cost of Funds equal to the national bank average.

Constraints Min	Constraints Max	Optimum Weight	Par	Sector	CUSIP & Description	Coupon	Stated Maturity	Next Reset Date	Call Date	Market Price	Min	Min	Constraints Min	Constraints Min	Constraints Max	Constraints Max	Constraints Max	Yld to Worst
			$50,049,628															
									Weighted Averages									
											Inc Return	Inc Return	Inc Return	AL -200	AL Base	AL +200	Price Chg +300	

Constraint Description

Inc Return -200	=	Income Return (3 Year) Down 200
Inc Return Base	=	Income Return (3 Year) Base
Inc Return +100	=	Income Return (3 Year) Up 100
AL -200	=	Average Life Down 200
AL Base	=	Average Life Base
AL +200	=	Average Life Up 200
Price Chg +300	=	% Price Change Up 300

(b) (4)

[redacted]

PURPOSE

The purpose of the Earnings Optimizer is to maximize the expected spread between the securities and the funding, while minimizing the expected risk. The tool helps determine which combinations of securities and funding terms deliver the greatest expected return given their respective risks. The asset optimizer finds the combination of securities that maximizes a target return while not exceeding a set of risk constraints on a weighted average basis. The funding optimizer finds the combination of funding that maximizes the weighted average maturity and, given the return on the assets, does not fall below a particular spread in any interest rate environment.

For example, the Asset Optimizer will choose the combination of securities with the highest possible yield while not exceeding 5 years average life should interest rates increase 300bps. Then the Funding Optimizer will take the optimal yield from the Asset Optimizer and determine the combination of funding terms that has the longest weighted average maturity and does not cause the spread to compress to less than the minimum desired spread in each interest rate environment stated. This effectively locks in the cheapest funding for the longest period of time while not sacrificing too much return should interest rates fluctuate.

All things being held equal, a bond with a higher yield is expected to have higher risk. The idea is based on the risk vs. reward principal. Correspondingly, lower cost of funding (i.e. Federal Home Loan Bank Advance) will have a shorter term and thus greater re-pricing risk. In general, for a balanced, lower risk securities strategy, it is normally desirable for the funding maturities to be similar to the maturities or cash flows of the securities purchased. However, to earn a positive spread on the strategy, some mismatch normally occurs.

OPTIMIZATION METHODOLOGY

The Asset and Funding Optimizer implement the Generalized Reduced Gradient (GRG2) algorithm to calculate the optimum solution. GRG2 optimizes nonlinear problems by using iterative numerical methods that involve inputting trial values into the adjustable cells (for example, the allocation percentage) and observing the results (for example, the yield). Because a pure trial-and-error approach would be extremely time consuming, the system performs extensive analyses of the observed outputs and their rates of change as the inputs are varied to guide the selection of new trial values.

In a typical problem, the constraints and the optimum cell are functions of (that is, they depend on) the adjustable cells. The first derivative of a function measures its rate of change as the input is varied. When there are several values entered, the function has several partial derivatives measuring its rate of change with respect to each of the input values; together, the partial derivatives form a vector called the gradient of the function.