



KENTUCKY BANK COMPENSATION COMMITTEE CHARTER

Purpose

The primary purpose of the Compensation Committee (the "Committee") is to aid the Board of Directors (the "Board") in discharging its responsibilities relating to the compensation of the Company's executive officers, including the Chief Executive Officer. The Committee has overall responsibility for evaluating and approving the Company's compensation plans, policies and programs. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

Membership

The Committee shall be composed of at least three (3) members of the Board each of whom shall be encouraged to: (a) meet the independence requirements per listing standards and any other applicable laws, rules and regulations governing independence, as determined by the Board; and (b) qualify as "non-employee directors" as defined in Section 16 of the Securities Exchange Act of 1934.

The members of the committee shall be appointed by the Board of Directors.

Structure and Meetings

The Chairperson of the Committee will preside at each meeting of the Committee and in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The CEO may not be present during voting or deliberations on the CEO's compensation.

Duties and Responsibilities

The Committee shall have the duties, responsibilities and authority to:

- Annually review and determine (i) the annual compensation, including salary, bonus, incentive and other compensation of the chief executive officer (ii) approve corporate goals and objectives relevant to compensation of the chief executive officer, and (iii) evaluate performance in light of these goals and objectives, approve compensation in accordance therewith and provide a report thereon to the Board.
- Annually review the amounts and terms of base salary, incentive compensation and all other forms of compensation for the Company's executive officers, and report the Committee's findings to the Board.

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Duties and Responsibilities - continued

- Review executive officer compensation in reference to Section 162(m) of the Internal Revenue Code, as it may be amended from time to time, and any other applicable laws, rules and regulations.
- Annually review and make recommendations to the Board with respect to incentive based compensation plans and equity based plans. Establish criteria for the terms of awards granted to participants under such plans. Grant awards in accordance with such criteria and exercise all authority granted to the Committee under such plans, or by the Board in connection with such plans.
- Recommend to the Board the compensation for directors (including retainer, committee and committee chair fees, stock options and other similar items, as appropriate).
- Establish and approve policy on employment agreements, severance arrangements and change in control agreements and provisions, as well as any special supplemental benefits.
- Conduct an annual review of the Compensation Committee's performance, periodically assess the adequacy of its charter and recommend changes to the Board as needed.
- Retain, at the expense of the Bank, compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.
- Perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate. Delegate responsibility to subcommittees of the Committee as necessary or appropriate.
- Regularly report to the Board on the Committee's activities.