

COMMONWEALTH BANCSHARES, INC.

(a Kentucky corporation)

\$ 21,400,000 of Senior Subordinated Securities

PLACEMENT AGENCY AGREEMENT

July 23, 2012

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Sandler O'Neill & Partners, L.P.
as Placement Agents
c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Bryant Park
New York, New York 10036
and
Sandler O'Neill & Partners, L.P.
1251 Avenue of the Americas, 6th Floor
New York, New York 10020

Ladies and Gentlemen:

Commonwealth Bancshares, Inc., a Kentucky corporation (the "Company"), Commonwealth Bank & Trust Company, and First Security Trust Bank, Inc., each a Kentucky banking corporation (together the "Bank"), and the United States Department of the Treasury (the "Selling Shareholder") each confirms its agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and Sandler O'Neill & Partners, L.P. ("Sandler O'Neill," and collectively with Merrill Lynch, the "Placement Agents") with respect to the direct sale by the Selling Shareholder to one or more Winning Bidders (as defined in Section 2(a) hereof) and the placement, as agent of the Selling Shareholder, by the Placement Agents of \$21,400,000 aggregate principal amount of Senior Subordinated Securities of the Company (the "Securities"). The Securities were issued pursuant to a letter agreement between the Company and the Selling Shareholder, dated May 22, 2009, and the related Securities Purchase Agreement-Standard Terms (collectively, the "SPA").

Offers in the auction for the Securities (the "Auction") will only be made to potential investors who are (i) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "1933 Act")); (ii) institutions or other persons that are "accredited investors" that meet the standards in Rule 501 (a)(1), (2), (3) or (7) under the Act and having total assets of not less than \$25,000,000; or (iii) directors or executive officers of the Company who or which, in each case, meet the suitability requirements set forth in the Bidder Letter attached hereto as Schedule A ("Bidders"), and such offers and the sale of the Securities to the Winning Bidder(s) will be made without registration under the 1933 Act.

The Company has supplied, and agrees to supply, to the Bidders, the Placement Agents and the Selling Shareholder documents and other information requested by, or otherwise communicated to, any of

the foregoing (collectively, the “Disclosure Information”) with respect to the transactions contemplated in this Agreement and the bidder letter provided by each Bidder, a form of which is attached hereto as Schedule A (each, a “Bidder Letter”).

This Agreement and the SPA are referred to herein, collectively, as the “Operative Documents.”

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to the Winning Bidder(s), each Placement Agent and the Selling Shareholder, at the date of execution of this Agreement, on the date (the “Pricing Date”) and at the time that the clearing price for the Securities is determined in accordance with Section 2(a) hereof (the “Applicable Time”) and the Closing Time (as defined below) (each, a “Representation Date”), and agrees with the Winning Bidder(s), each Placement Agent and the Selling Shareholder, as follows:

(i) Accurate Information. The Disclosure Information did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(ii) Financial Statements. The financial statements of the Company included in the Disclosure Information present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders’ equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applied on a consistent basis throughout the periods involved. The financial statements of businesses or properties acquired or proposed to be acquired, if any, included in the Disclosure Information present fairly the information set forth therein, have been prepared in conformity with GAAP applied on a consistent basis and otherwise have been prepared in accordance with the financial statement requirements of Regulation S-X, as applicable. The supporting schedules, if any, present fairly in accordance with GAAP the information required to be stated therein. The pro forma financial statements and the related notes thereto, if any, included in the Disclosure Information present fairly the information shown therein, have been prepared in accordance with the rules and guidelines of the Securities and Exchange Commission (the “Commission”) with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(iii) No Material Adverse Change. Since the date of the latest audited balance sheet included in the Disclosure Information, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a “Material Adverse Change”), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) except for regular dividends on the Company’s capital stock in amounts per share that are consistent with past practice, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class or series of its capital stock.

(iv) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the Commonwealth of Kentucky and has all requisite power and authority to own, lease and operate its properties, to conduct its business and to enter into and perform its obligations under, and to consummate the transactions contemplated under, the Operative Documents, including the purchase by the Company of Securities in the Auction, and the Securities. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not, singly or in the aggregate, result in a material adverse effect (A) in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (B) on the ability of the Company to enter into and perform its obligations under, or consummate the transactions contemplated in, the Operative Documents or the Securities (a “Material Adverse Effect”). The Company is duly registered as a financial holding company under the Gramm-Leach-Bliley Act. The Company has furnished to the Winning Bidder(s), the Placement Agents and the Selling Shareholder complete and correct copies of the Company’s Articles of Incorporation (the “Charter”) and By-Laws and all amendments thereto, and no change thereto is contemplated or has been authorized or approved by the Company or its stockholders.

(v) Good Standing of Subsidiaries. Each “significant subsidiary” of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (including the Bank) (each, a “Significant Subsidiary” and, collectively, the “Significant Subsidiaries”) has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or other organization, has all requisite power and authority to own, lease and operate its properties, to conduct its business and, in the case of the Bank, to enter into, and perform its obligations under, this Agreement and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not, singly or in the aggregate, result in a Material Adverse Effect. All of the issued and outstanding shares of capital stock of or other equity interests in each Significant Subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital stock of or other equity interests in any Significant Subsidiary were issued in violation of the preemptive or similar rights of any securityholder of such Significant Subsidiary or any other entity. The only subsidiaries of the Company other than the Significant Subsidiaries are subsidiaries which, considered in the aggregate as a single subsidiary, do not constitute a “significant subsidiary” within the meaning of Rule 1-02 of Regulation S-X. The deposit accounts of each of the Company’s banking subsidiaries are insured up to the applicable limits by the Deposit Insurance Fund of the Federal Deposit Insurance Corporation (the “FDIC”) to the fullest extent permitted by law and the rules and regulations of the FDIC, and no proceeding for the revocation or termination of such insurance is pending or, to the knowledge of the Company, threatened.

(vi) Regulatory Matters. Except as described in the Disclosure Information, neither the Company nor any of its subsidiaries is subject or is party to, or has received any notice or advice that any of them may become subject or party to any investigation with respect to, any corrective, suspension or cease-and-desist order, agreement, consent agreement, memorandum of understanding or other regulatory enforcement action, proceeding or order with or by, or is a party to any commitment letter or similar undertaking to, or is subject to any directive by, or has

been a recipient of any supervisory letter from, or has adopted any board resolutions at the request of, any Regulatory Agency (as defined below) that currently relates to or restricts in any material respect the conduct of their business or that in any manner relates to their capital adequacy, credit policies, management or business (each, a “Regulatory Agreement”), nor has the Company or any of its subsidiaries been advised by any Regulatory Agency that it is considering issuing or requesting any Regulatory Agreement. There is no unresolved violation, criticism or exception by any Regulatory Agency with respect to any report or statement relating to any examinations of the Company or any of its subsidiaries. The Company and its subsidiaries are in compliance in all material respects with all laws administered by the Regulatory Agencies. As used herein, the term “Regulatory Agency” means any federal or state agency charged with the supervision or regulation of depository institutions or holding companies of depository institutions, or engaged in the insurance of depository institution deposits, or any court, administrative agency or commission or other authority, body or agency having supervisory or regulatory authority with respect to the Company or any of its subsidiaries.

(vii) Capitalization. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the latest balance sheet included in the Disclosure Information. The outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of capital stock of the Company were issued in violation of the preemptive or other similar rights of any securityholder of the Company or any other entity.

(viii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by each of the Company and the Bank.

(ix) Authorization, etc. of Securities and SPA. Each of the Securities and SPA has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligations of the Company, each enforceable against the Company in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, receivership, conservatorship, insolvency, reorganization, moratorium or similar law affecting the enforcement of creditors’ rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity. Other than a purchase by the Company of Securities in the Auction, the Company has no present intention to redeem the Securities within the 12 months following the date of this Agreement. The Securities do not constitute a separate class of equity securities, are subordinate and junior in right of payment to the Senior Indebtedness to the extent set forth in Article VI of the SPA, and are senior to the Company’s common stock (and any other class of equity in the event the Company ceases to be a validly electing S corporation within the meaning of Sections 1361 and 1362 of the Internal Revenue Code of 1986, as amended (the “Code”)), whether or not issued or outstanding, with respect to the distribution of assets in the event of any dissolution, liquidation or winding up of the Company. The Company has lawfully amended its Charter and any other applicable organizational documents to permit the Holders to elect the Senior Note Directors in accordance with, and upon the events set forth in, the SPA.

(x) Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its subsidiaries is (A) in violation of its charter, by-laws or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the properties, assets or operations of the Company or any of its subsidiaries is subject (collectively, “Agreements and

Instruments”), except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency (including, without limitation, each applicable Regulatory Agency) or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations (each, a “Governmental Entity”), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of the Operative Documents and the consummation of the transactions contemplated in this Agreement, including the purchase of Securities by the Company in the Auction, and compliance by the Company and the Bank with their respective obligations under the Operative Documents and the Securities have been duly authorized by the Company and the Bank, as the case may be, by all requisite action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties, assets or operations of the Company or any of its subsidiaries pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter, by-laws or similar organizational document of the Company or any of its subsidiaries or any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity. As used herein, a “Repayment Event” means any event or condition which gives the holder of any note, debenture or other financing instrument (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of the related financing by the Company or any of its subsidiaries.

(xi) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary’s principal suppliers, manufacturers, customers or contractors, which could, singly or in the aggregate, result in a Material Adverse Effect.

(xii) Absence of Proceedings. Except as described in the Disclosure Information, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which could, singly or in the aggregate, result in a Material Adverse Effect, or which might materially and adversely affect their respective properties, assets or operations, or the consummation of the transactions contemplated in this Agreement, or the performance by the Company of its obligations under the Operative Documents or the Securities.

(xiii) Absence of Further Requirements. Assuming the accuracy of the representations, warranties and covenants of the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the Company or the Bank to enter into, or perform their respective obligations under, the Operative Documents or the Securities or the consummation of the transactions contemplated in this Agreement, except such as have been already obtained. If any directors or executive officers of the Company are intending to bid in the Auction, the Company has delivered to the Selling Shareholder and the Placement Agents, prior to the date hereof, evidence sufficient to the Selling Shareholder and the Placement Agents that such directors and/or executive officers of the Company have complied and will comply with the requirements under applicable state securities law.

(xiv) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, “Governmental Licenses”) issued by the appropriate Governmental Entities necessary to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, result in a Material Adverse Effect. The Company and its subsidiaries are in compliance with the terms and conditions of all Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect. All of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, result in a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any Governmental Licenses which, if the subject of an unfavorable decision, ruling or finding, could, singly or in the aggregate, result in a Material Adverse Effect.

(xv) Title to Property. The Company and its subsidiaries have good and marketable title to all real property owned by them and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as do not, singly or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries. All of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, are in full force and effect, and neither the Company nor any such subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to its rights under any of the leases or subleases mentioned above or affecting or questioning its rights to the continued possession of the leased or subleased premises under any such lease or sublease.

(xvi) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, “Intellectual Property”) necessary to carry on the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict, if the subject of an unfavorable decision, ruling or finding, or invalidity or inadequacy, could, singly or in the aggregate, result in a Material Adverse Effect.

(xvii) Environmental Laws. Except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, “Hazardous Materials”) or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, “Environmental Laws”), (B) the Company and its subsidiaries have all permits,

authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xviii) Payment of Taxes. All United States federal income tax returns of the Company and its subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. The United States federal income tax returns of the Company and its subsidiaries through the fiscal year ended December 31, 2011 have been settled and no assessment in connection therewith has been made against the Company or any of its subsidiaries. The Company and its subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law except insofar as the failure to file such returns would not, singly or in the aggregate, result in a Material Adverse Effect, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any of its subsidiaries, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Company. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not, singly or in the aggregate, result in a Material Adverse Effect.

(xix) Insurance. The Company and its subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any of its subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not, singly or in the aggregate, result in a Material Adverse Effect. Neither of the Company nor any of its subsidiaries has been denied any insurance coverage which it has sought or for which it has applied.

(xx) No Registration Under 1933 Act. Assuming the accuracy of the representations, warranties and covenants of the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), it is not necessary in connection with the offer, sale and delivery of the Securities by the Selling Shareholder through the Placement Agents to the Winning Bidder(s) in accordance with this Agreement and the Bidder Letter(s) to register the Securities under the 1933 Act or to qualify an indenture under the Trust Indenture Act of 1939, as amended (the "1939 Act").

(xxi) Investment Company Act. Neither the Company nor the Bank is required, or upon the consummation of the transactions contemplated in this Agreement will be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xxii) Absence of Manipulation. Neither the Company nor any subsidiary or other affiliate of the Company has taken, nor will the Company or any such subsidiary or other affiliate take, directly or indirectly, any action which is designed, or would be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or to result in a violation of Regulation M.

(xxiii) Foreign Corrupt Practices Act. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “FCPA”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company, its subsidiaries and, to the knowledge of the Company, its other affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xxiv) Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “Money Laundering Laws”). No action, suit or proceeding by or before any Governmental Entity involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(xxv) OFAC. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries is (A) an individual or entity (“Person”) currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”), or other relevant sanctions authority (collectively, “Sanctions”) or (B) located, organized or resident in a country or territory that is the subject of Sanctions.

(xxvi) Prohibition on Dividends. Except as described in the Disclosure Information, no subsidiary of the Company is currently prohibited, directly or indirectly, under any order of any Regulatory Agency (other than orders applicable to bank or savings and loan holding companies and their subsidiaries generally), under any applicable law, or under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary’s capital stock, from repaying to the Company or any other subsidiary of the Company any loans or advances to such subsidiary or from transferring any of such subsidiary’s properties, assets or operations to the Company or any other subsidiary of the Company.

(xxvii) Not a U.S. Real Property Holding Corporation. The Company is not, and has not been, a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended.

(xxviii) Fair Saleable Value of Assets. Each of the Company and its subsidiaries owns and, after giving effect to the transactions contemplated in this Agreement, will own assets the fair saleable value of which are greater than (A) the total amount of its liabilities (including known contingent liabilities) and (B) the amount that will be required to pay the probable liabilities of its existing debts as they become absolute and matured considering the financing alternatives reasonably available to it. The Company has no knowledge of any facts or circumstances which lead it to believe that it or any of its subsidiaries will be required to file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction, and has no present intent to so file.

(b) *Representations and Warranties by the Bank.* The Bank represents and warrants to the Winning Bidder(s), each Placement Agent and the Selling Shareholder at each Representation Date, and agrees with the Winning Bidder(s), each Placement Agent and the Selling Shareholder, as follows:

(i) Good Standing. The Bank has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to own, lease and operate its properties, to conduct its business and to enter into and perform its obligations under, and to consummate the transactions contemplated in, this Agreement and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not, singly or in the aggregate, result in a Material Adverse Effect. The deposit accounts of the Bank are insured up to the applicable limits by the Deposit Insurance Fund of the FDIC to the fullest extent permitted by law and the rules and regulations of the FDIC, and no proceeding for the revocation or termination of such insurance is pending or, to the knowledge of the Company, threatened.

(ii) Regulatory Matters. Except as described in the Disclosure Information, the Bank is not subject or party to, and has not received any notice or advice that it may become subject or party to any investigation with respect to, any Regulatory Agreement, and the Bank has not been advised by any Regulatory Agency that it is considering issuing or requesting any Regulatory Agreement. There is no unresolved violation, criticism or exception by any Regulatory Agency with respect to any report or statement relating to any examinations of the Bank. The Bank is in compliance in all material respects with all laws administered by the Regulatory Agencies.

(iii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Bank.

(iv) Absence of Violations, Defaults and Conflicts. The Bank is not (A) in violation of its charter, by-laws or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any Agreement and Instrument to which the Bank is a party or by which it may be bound or to which any of the properties, assets or operations of the Bank is subject, except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity (including, without limitation, each applicable Regulatory Agency) having jurisdiction over the Bank or any

of its properties, assets or operations, except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect.

(v) Noncontravention. The execution, delivery and performance of this Agreement and compliance by the Bank with its obligations under this Agreement have been duly authorized by the Bank by all requisite action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties, assets or operations of the Bank pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter, by-laws or similar organizational document of the Bank or any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity.

(vi) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the performance by the Bank of its obligations under this Agreement.

(vii) Investment Company Act. The Bank is not required to register as an “investment company” under the 1940 Act.

(c) *Representations and Warranties by the Selling Shareholder*. The Selling Shareholder represents and warrants to, and agrees with, the Company, the Winning Bidder(s) and each Placement Agent at each Representation Date as follows:

(i) Good and Marketable Title. The Selling Shareholder now has and at the Closing Time will have good and marketable title to the Securities to be sold by it, free and clear of any liens, encumbrances, equities and claims, and full right, power and authority to effect the sale and delivery of the Securities. Upon the delivery of, against payment for, the Securities pursuant to this Agreement and the Bidder Letter with each Winning Bidder and, assuming a Winning Bidder does not have notice of any adverse claim (within the meaning of the Uniform Commercial Code as in effect in the State of New York), such Winning Bidder will acquire good and marketable title thereto, free and clear of any liens, encumbrances, equities and claims.

(ii) Authorization of Agreement. The Selling Shareholder has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and this Agreement has each been duly authorized, executed and delivered by or on behalf of the Selling Shareholder.

(iii) Absence of Further Requirements. No consent, approval or waiver is required under any instrument or agreement to which the Selling Shareholder is a party or by which the Selling Shareholder is bound in connection with the Auction, the offering and sale by the Selling Shareholder and the purchase by a Winning Bidder of any of the Securities under this Agreement or the Bidder Letter with such Winning Bidder or the consummation by the Selling Shareholder of any of the other transactions contemplated under this Agreement or such Bidder Letter.

(d) *Officer’s Certificates*. Any certificate signed by any officer of the Company or any of its subsidiaries (including the Bank) and delivered to the Winning Bidder(s) and/or the Placement Agents shall be deemed a representation and warranty by the Company and, if applicable, the Bank to the Winning Bidder(s) and the Placement Agents as to the matters covered thereby.

SECTION 2. Sale and Delivery of Securities; Closing.

(a) *Securities.* On the basis of the representations, warranties and covenants contained herein and in each Bidder Letter, and subject to the terms and conditions contained herein and in the Auction Procedures described in each Bidder Letter, the Selling Shareholder agrees to sell, and each Placement Agent agrees to use commercially reasonable efforts to place, the principal amount of Securities at the clearing price, in each case, determined in accordance with the Auction Procedures, directly to the Bidder or Bidders that the Placement Agents and the Selling Shareholder determine, pursuant to the Auction Procedures, has won the Auction (each such Bidder, a "Winning Bidder"); provided that the Selling Shareholder may, in its discretion, determine not to sell any Securities upon completion of the Auction. The Selling Shareholder shall notify the Placement Agents whether it has decided to sell the Securities in the Auction as promptly as practicable after completion of the Auction and determination of the clearing price, as well as the specific principal amount of Securities it has decided to sell.

(b) *Compensation.* The Company shall not be responsible for the payment of any fees to the Placement Agents hereunder for the services to be provided by the Placement Agents in connection with the Auction.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Securities shall be made at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or at such other place as shall be agreed upon by the Winning Bidder(s) and the Selling Shareholder, at 9:00 A.M. (New York City time) on August 9, 2012, or such other time not later than ten business days after such date as shall be agreed upon by the Winning Bidder(s) and the Selling Shareholder (such time and date of payment and delivery being herein called "Closing Time").

Prior to the Closing Time, the Selling Shareholder, or a Placement Agent, if so directed by the Selling Shareholder, will provide payment and wire transfer instructions to the Winning Bidder(s). At the Closing Time, each Winning Bidder shall make payment to the Selling Shareholder by wire transfer of immediately available funds in accordance with such instructions against delivery to such Winning Bidder of certificates for the Securities in physical form registered in the name of such Winning Bidder or its authorized agent or nominee.

Notwithstanding anything to the contrary contained herein, neither Placement Agent shall have any obligation to purchase any Securities from the Selling Shareholder or have any liability, to the Selling Shareholder or otherwise, in the event that a Winning Bidder fails to consummate the purchase of the Securities.

SECTION 3. Covenants of the Company. The Company covenants with the Winning Bidder(s), each Placement Agent and the Selling Shareholder as follows:

(a) *Update of Information.* If, prior to the Closing Time, any event shall occur or condition shall exist (i) which would, singly or in the aggregate, result in a Material Adverse Effect or (ii) as a result of which the Disclosure Information would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a Winning Bidder, the Company will promptly give the Winning Bidder(s), the Placement Agents and the Selling Shareholder written notice of such event or condition and effects therefrom, as well as copies of any related documentation.

(b) *Blue Sky Qualifications.* The Company will use its best efforts, in cooperation with the Placement Agents and the Selling Shareholder, to qualify the Securities for offering and sale under the applicable securities laws of such states as the Placement Agents and the Selling Shareholder may

designate and to maintain such qualifications in effect so long as required to complete the placement of the Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a broker-dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(c) *Restriction on Sale of Securities.* Except to the extent related to a purchase by the Company of Securities in the Auction, during a period of 30 days from the date of this Agreement, the Company will not, without the prior written consent of the Placement Agents, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any debt securities, or any securities convertible into or exercisable or exchangeable for debt securities, or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of debt securities, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of debt securities or such other securities, in cash or otherwise.

(d) *Registrar; Transfer Agent.* The Company will maintain a registrar, transfer agent and paying agent for the Securities.

SECTION 4. [Intentionally Omitted]

SECTION 5. Payment of Expenses.

(a) *Expenses.* The Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, issuance and delivery of the certificates for the Securities in physical form to each Winning Bidder, but excluding any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to such Winning Bidder, (ii) the fees and disbursements of the Company's counsel and other advisors, (iii) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(b) hereof, (iv) the fees and expenses of the registrar, transfer agent and paying agent for the Securities, (v) the costs and expenses of any state securities law analysis in connection with the transactions contemplated by this Agreement, and (vi) the costs and expenses (including, without limitation, any damages or other amounts payable in connection with legal or contractual liability) associated with the reforming of any contracts for sale of the Securities caused by a breach of the representation contained in Section 1(a)(i) hereof.

(b) *Termination of Agreement.* If this Agreement is terminated by the Placement Agents in accordance with the provisions of Section 6 or Section 10(a)(i) hereof, the Company shall reimburse the Placement Agents for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Placement Agents.

(c) *Other Agreement.* The provisions of this Section 5 shall not supersede or otherwise affect any agreement that the Company and the Selling Shareholder may otherwise have entered into for the allocation of such expenses between them.

SECTION 6. Conditions of Placement Agents' Obligations. The obligations of the Placement Agents hereunder are subject to the accuracy of the representations and warranties contained herein or in certificates of any officer of the Company or any of its subsidiaries (including the Bank) delivered

pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Opinion of Counsel for Company.* At the Closing Time, the Placement Agents and the Selling Shareholder shall have received the favorable opinion, dated the Closing Time, of Frost Brown Todd LLC, counsel for the Company, in form and substance satisfactory to the Placement Agents and the Selling Shareholder, to the effect set forth in Exhibit A hereto and to such further effect as counsel to the Placement Agents and the Selling Shareholder may reasonably request.

(b) *Officers' Certificate.* At the Closing Time, there shall not have been, since the date hereof or since the date of the latest audited balance sheet included in the Disclosure Information, any Material Adverse Change, and the Placement Agents and the Selling Shareholder shall have received a certificate of the Chief Executive Officer or the President and of the chief financial or chief accounting officer of each of the Company and the Bank, dated the Closing Time, to the effect set forth in Exhibit B hereto.

(c) *Evidence of Blue Sky Compliance.* If any directors or executive officers of the Company are intending to bid in the Auction, the Company shall have delivered to the Selling Shareholder and the Placement Agents, prior to the date hereof, evidence sufficient to the Selling Shareholder and the Placement Agents that such directors and/or executive officers of the Company have complied and will comply with the requirements under applicable state securities law.

(d) *Maintenance of Rating.* Since the execution of this Agreement, there shall not have been any decrease in or withdrawal of the rating of any securities of the Company, including the Securities, or any of its subsidiaries (including the Bank) by any "nationally recognized statistical rating organization" (as defined for purposes of Section 3(a)(62) of the 1934 Act) or any notice given of any intended or potential decrease in or withdrawal of any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(e) *Determination of Clearing Price.* The Selling Shareholder and the Placement Agents shall have determined, in writing, the clearing price for the Securities in the Auction.

(f) *Reissuance of Securities.* The Company shall have reissued the Securities, in the respective numbers determined in accordance with the Auction Procedures, in physical form in the name of each Winning Bidder or its authorized agent or nominee.

(g) *Additional Documents.* At the Closing Time, all proceedings taken by the Company and the Bank in connection with this Agreement shall be satisfactory in form and substance to the Selling Shareholder and the Placement Agents.

(h) *Termination of Agreement.* If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, the obligations of the Placement Agents may be terminated by the Placement Agents by notice to the Company and the Selling Shareholder at any time at or prior to Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 5 and except that Sections 1, 7, 8, 9, 14, 15 and 16 shall survive any such termination and remain in full force and effect.

SECTION 7. Indemnification.

(a) *Indemnification of Agents.* The Company and the Bank, jointly and severally, agree to indemnify and hold harmless each Placement Agent, its affiliates (as such term is defined in

Rule 501(b) under the 1933 Act Regulations (each, an “Affiliate”), selling agents, partners, officers and directors, each person, if any, who controls a Placement Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), the Selling Shareholder and the Selling Shareholder’s agents, including, without limitation, Houlihan Lokey Capital, Inc. (the “Financial Agent”) as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of (1) the engagement as Placement Agent under this Agreement, (2) any untrue statement or alleged untrue statement of a material fact included in the Disclosure Information (or any amendment or supplement thereto), or the omission or alleged omission in the Disclosure Information (or any amendment or supplement thereto) of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (3) the breach or alleged breach of any representation, warranty or covenant of the Company or the Bank under this Agreement;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 7(c) hereof) any such settlement is effected with the written consent of the Company;

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Placement Agents), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

(b) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party’s election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified

party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel (together with local counsel), approved by the indemnifying party (or by the Placement Agents in the case of Section 8 hereof), representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 7 or Section 8 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(c) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 7(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request (other than those fees and expenses that are being contested in good faith) prior to the date of such settlement.

(d) *Exclusion.* Notwithstanding the foregoing, the indemnification provided for in this Section 7 and the contribution provided for in Section 8 shall not apply to the Bank to the extent that such indemnification or contribution, as the case may be, by the Bank is found by any Regulatory Agency, or in a final judgment by a court of competent jurisdiction, to constitute a covered transaction under Section 23A of the Federal Reserve Act.

SECTION 8. Contribution. If the indemnification provided for in Section 7 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company, the Bank and the Selling Shareholder, on the one hand, and the total placement

fees received by the Placement Agents, on the other hand, bear to the aggregate initial offering price of the Securities.

The relative fault of the Company, the Bank and the Selling Shareholder, on the one hand, and the Placement Agents, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Bank or the Selling Shareholder or by the Placement Agents, as the case may be, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Placement Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 8, neither Placement Agent shall be required to contribute any amount in excess of the placement fees received by such Placement Agent in connection with the Securities sold through it as agent.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 8, each person, if any, who controls a Placement Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Placement Agent's Affiliates, selling agents, partners, officers and directors shall have the same rights to contribution as such Placement Agent. The Placement Agent's respective obligations to contribute pursuant to this Section 8 are several in proportion to the number of Securities sold through each of them as agent, and not joint.

SECTION 9. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement, or in certificates of officers of the Company or any of its subsidiaries (including the Bank) submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of a Placement Agent or its Affiliates, partners, officers, directors and or selling agents, any person controlling a Placement Agent or any person controlling the Company or the Selling Shareholder or any representative of the Selling Shareholder and (ii) delivery of and payment for the Securities. In addition, the representations and warranties of the Company contained herein shall supersede provisions contained in the non-disclosure letter signed by Bidders that state that the Company makes no representation or warranty with respect to Confidential Information (as defined therein) or has any liability for misstatements therein or omissions therefrom.

SECTION 10. Termination of Agreement.

(a) *Termination.* The Placement Agents may terminate this Agreement, by notice to the Company and the Selling Shareholder, at any time at or prior to the Closing Time, (i) if there has been, in the judgment of the Placement Agents, since the time of execution of this Agreement or since the

date of the last audited balance sheet included in the Disclosure Information, any Material Adverse Change, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Placement Agents, impracticable or inadvisable to proceed with the completion of the offering of the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading generally on the New York Stock Exchange or in the Nasdaq Global Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Commission, FINRA or any other Governmental Entity, or (iv) if a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe, or (v) if a banking moratorium has been declared by either Federal, New York or Kentucky authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 5 hereof, and provided further that Sections 1, 7, 8, 9, 14, 15 and 16 shall survive such termination and remain in full force and effect.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Placement Agents shall be directed to Merrill Lynch at One Bryant Park, New York, New York 10036, attention of Syndicate Department, with a copy to Capital Markets Legal, and Sandler O'Neill at 1251 Avenue of the Americas, 6th Floor, New York, New York 10020, attention of General Counsel; notices to the Company and the Bank shall be directed to it at 4350 Brownsboro Road, Suite 310, Louisville, Kentucky 40207, attention of Chairman and CEO, with a copy to Frost Brown Todd LLC, 400 West Market Street, 32ND Floor, Louisville, Kentucky 40202, attention of Nathan L. Berger; and notices to the Selling Shareholder shall be directed to it at 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220, Attention: Chief Counsel, Office of Financial Stability, facsimile number (202) 927-9225.

SECTION 12. No Advisory or Fiduciary Relationship. Each of the Company and the Bank acknowledges and agrees that (a) the placement of the Securities pursuant to this Agreement, including the determination of the initial offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company and the Bank, on the one hand, and the Placement Agents, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, neither Placement Agent is or has been acting as a principal, agent or fiduciary of the Company or any of its subsidiaries or any of their respective stockholders, creditors or employees or any other party, (c) neither Placement Agent has assumed or will assume an advisory or fiduciary responsibility in favor of the Company or any of its subsidiaries, including the Bank, with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Placement Agent has advised or is currently advising the Company or any of its subsidiaries, including the Bank, on other matters) or any other obligation to the Company or any of its subsidiaries, including the Bank, with respect to the offering of the Securities, (d) the Placement Agents and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and the Bank, and (e) the Placement Agents have not provided any legal, accounting, financial, regulatory or tax advice with respect to the offering of the Securities and each of the Company and the Bank has consulted its own respective legal, accounting, financial, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 13. Parties. This Agreement shall inure to the benefit of and be binding upon the Placement Agents, the Company, the Bank, the Selling Shareholder, the Financial Agent and the Winning Bidder(s) and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Placement Agents, the Company, the Bank, the Selling Shareholder, the Financial Agent and the Winning Bidder(s) and the successors and the controlling persons, Affiliates, selling agents, officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Placement Agents, the Company, the Bank, the Selling Shareholder, the Financial Agent and the Winning Bidder(s) and such successors, controlling persons, Affiliates, selling agents, officers and directors, heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities shall be deemed to be a successor by reason merely of such purchase. The Placement Agents, the Company, the Bank, the Selling Shareholder and the Winning Bidder(s) agree that the Financial Agent shall be an express third party beneficiary of this Agreement, and entitled to enforce any rights granted to the Financial Agent hereunder as if it were a party hereto.

SECTION 14. Trial by Jury. Each of the parties hereto other than the Selling Shareholder (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 15. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF NEW YORK), PROVIDED THAT ALL RIGHTS AND OBLIGATIONS OF THE SELLING SHAREHOLDER UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA.

SECTION 16. Consent to Jurisdiction. Each of the parties hereto other than the Selling Shareholder agrees that any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any Specified Court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of the Specified Courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or proceeding brought in any Specified Court. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any such suit, action or proceeding brought in any Specified Court has been brought in an inconvenient forum.

SECTION 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 18. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among each Placement Agent, the Company, the Bank and the Selling Shareholder in accordance with its terms.

Very truly yours,

COMMONWEALTH BANCSHARES, INC.

By: Mike E. Dugle
Name: Mike E. Dugle
Title: CFO

COMMONWEALTH BANK & TRUST COMPANY

By: John W. Key
Name: John W. Key
Title: President

FIRST SECURITY TRUST BANK, INC.

By: John W. Key
Name: John W. Key
Title: President

UNITED STATES DEPARTMENT OF
THE TREASURY, as Selling Shareholder

By: Tim Massad
Name: Timothy G. Massad
Title: Assistant Secretary for Financial Stability

CONFIRMED AND ACCEPTED,
as of the date first above written:
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED, as Placement Agent

By: _____
Authorized Signatory

SANDLER O'NEILL & PARTNERS, L.P.,
as Placement Agent

By: Sandler O'Neill & Partners Corp.,
the sole general partner

By: _____
Name:
Title:

UNITED STATES DEPARTMENT OF
THE TREASURY, as Selling Shareholder

By: _____
Name: Timothy G. Massad
Title: Assistant Secretary for Financial Stability

CONFIRMED AND ACCEPTED,
as of the date first above written:
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED, as Placement Agent

By: William D. Hobbs
Authorized Signatory

SANDLER O'NEILL & PARTNERS, L.P.,
as Placement Agent

By: Sandler O'Neill & Partners Corp.,
the sole general partner

By: _____
Name:
Title:

UNITED STATES DEPARTMENT OF
THE TREASURY, as Selling Shareholder

By: _____
Name: Timothy G. Massad
Title: Assistant Secretary for Financial Stability

CONFIRMED AND ACCEPTED,
as of the date first above written:
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED, as Placement Agent

By: _____
Authorized Signatory

SANDLER O'NEILL & PARTNERS, L.P.,
as Placement Agent

By: Sandler O'Neill & Partners Corp.,
the sole general partner

By: _____
Name: Robert A. Kleinert
Title: An officer of the Corporation

SCHEDULE A
Form of Bidder Letter

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 6(a)

(i) The Company is validly existing as a corporation in good standing under the laws of the Commonwealth of Kentucky.

(ii) The Company has corporate power and authority to own, lease and operate its properties, to conduct its business and to enter into and perform its obligations under, and to consummate the transactions contemplated under, the Operative Documents, including the purchase by the Company of Securities in the Auction, and the Securities.

(iii) The Company is duly registered as a financial holding company under the Gramm-Leach-Bliley Act.

(iv) Each Significant Subsidiary is validly existing and in good standing under the laws of the jurisdiction of its organization, has the requisite power and authority to own, lease and operate its properties, to conduct its business and, in the case of the Bank, to enter into, and perform its obligations under, this Agreement. All of the issued and outstanding shares of capital stock of each Significant Subsidiary are owned by the Company, directly or through subsidiaries, to the best of such counsel's knowledge free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

(v) The deposit accounts of each of the Company's banking subsidiaries are insured up to the applicable limits by the Deposit Insurance Fund of the FDIC to the fullest extent permitted by law and the rules and regulations of the FDIC, and, to the best of such counsel's knowledge, no proceeding for the revocation or termination of such insurance is pending or threatened.

(vi) To the best of such counsel's knowledge, except as described in the Disclosure Information, (A) neither the Company nor any of its subsidiaries is subject or party to, or has received any notice or advice that any of them may become subject or party to any investigation with respect to, any Regulatory Agreement, (B) neither the Company nor any of its subsidiaries has been advised by any Regulatory Agency that it is considering issuing or requesting any Regulatory Agreement, and (C) there is no unresolved violation, criticism or exception by any Regulatory Agency with respect to any report or statement relating to any examinations of the Company or any of its subsidiaries.

(vii) Each of the Company and the Significant Subsidiaries (A) is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business and (B) holds all Governmental Licenses issued by Governmental Entities necessary to conduct the business now operated by them, except where the failure so to qualify or to be in good standing or to hold any such Governmental Licenses would not, singly or in the aggregate, result in a Material Adverse Effect.

(viii) The Placement Agency Agreement has been duly authorized, executed and delivered by each of the Company and the Bank.

(ix) Each of the Securities and SPA has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligations of the Company, each enforceable against the Company in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, receivership, conservatorship, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity. The Securities do not constitute a separate class of equity securities, are subordinate and junior in right of

payment to the Senior Indebtedness to the extent set forth in Article VI of the SPA, and are senior to the Company's common stock, whether or not issued or outstanding, with respect to the distribution of assets in the event of any dissolution, liquidation or winding up of the Company. The Company has lawfully amended its Charter and any other applicable organizational documents to permit the Holders to elect the Senior Note Directors in accordance with, and upon the events set forth in, the SPA.

(x) To the best of such counsel's knowledge, except as described in the Disclosure Information, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or threatened against or affecting the Company or any of its subsidiaries which could, singly or in the aggregate, result in a Material Adverse Effect, or which might materially and adversely affect their respective properties, assets or operations or the consummation of the transactions contemplated in the Placement Agency Agreement or the performance by the Company of its obligations under the Operative Documents or the Securities.

(xi) Assuming the accuracy of the representations, warranties and covenants of the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), respectively, no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the Company or the Bank to enter into, or perform their respective obligations under, the Operative Documents or the Securities or the consummation of the transactions contemplated in the Placement Agency Agreement, except such as have been already obtained.

(xii) To the best of such counsel's knowledge, the execution, delivery and performance of the Operative Documents and the consummation of the transactions contemplated in the Placement Agency Agreement, including the purchase by the Company of Securities in the Auction, and compliance by the Company and the Bank with their respective obligations under the Operative Documents and the Securities do not and will not, whether with or without the giving of notice or lapse of time or both, conflict with or constitute a breach of, or default or Repayment Event under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties, assets or operations of the Company or any of its subsidiaries pursuant to, the Agreements and Instruments, except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the Charter, By-Laws or similar organizational documents of the Company or any of its subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to such counsel, of any Governmental Entity.

(xiii) Neither the Company nor the Bank is required, or upon consummation of the transactions contemplated in the Placement Agency Agreement will be required, to register as an "investment company" under the 1940 Act.

(xiv) Assuming the accuracy of the representations, warranties and covenants the Winning Bidder(s) set forth in Section 1 of the Bidder Letter(s), it is not necessary in connection with the offer, sale and delivery of the Securities, by the Selling Shareholder through the Placement Agents to the Winning Bidder(s) in accordance with the Placement Agency Agreement and the Bidder Letter(s) to register the Securities under the 1933 Act or to qualify an indenture under the 1939 Act.

Such opinion shall not state that it is to be governed or qualified by, or that it is otherwise subject to, any treatise, written policy or other document relating to legal opinions, including, without limitation, the Legal Opinion Accord of the ABA Section of Business Law (1991); provided, however, that the opinion shall be subject to standard qualifications for opinions of this type.

FORM OF OFFICERS' CERTIFICATE TO BE DELIVERED PURSUANT TO SECTION 6(B)

The undersigned, [*], the [Chief Executive Officer][President] of [*] (the “[Company][Bank]”), and [*], the [Chief Financial Officer][Controller] of the [Company][Bank], each hereby certifies, pursuant to Section 6(b) of the Placement Agency Agreement, dated [*], 2012, among (i) the Company, (ii) the Bank, (iii) the United States Department of the Treasury and (iv) Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler O’Neill & Partners, L.P. (the “Placement Agency Agreement”) that:

- (i) There has been no Material Adverse Change.
- (ii) The representations and warranties of the Company or the Bank, as the case may be, in the Placement Agency Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time.
- (iii) The Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time.

Capitalized terms used herein shall have the same meanings ascribed to them in the Placement Agency Agreement.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

[NAME OF ISSUER]

By: _____

Name:

Title: [TITLE OF OFFICER 1]

By: _____

Name:

Title: [TITLE OF OFFICER 2]

- [1] Name of issuer, in solid capital letters
COMMONWEALTH BANCSHARES, INC.
- [2] Issuer's jurisdiction of incorporation, together with indefinite article
a Kentucky
- [3] Principal amount of securities to be offered, in numerals
21,420,000
- [4] Title of securities
Senior Subordinated Securities
- [5] Name of issuer, in initial capital letters
Commonwealth Bancshares, Inc.
- [6] Names of all banking subsidiaries of issuer
Commonwealth Bank and Trust Company, First Security Trust Bank, Inc.
- [7] Jurisdiction and organizational form of each banking subsidiary of issuer, together with indefinite article
a Kentucky banking corporation
- [8] Title of issuer's charter document
Articles of Incorporation
- [9] Insert either "State" or "Commonwealth" (without quotation marks), whichever is appropriate for the issuer's place of incorporation
Commonwealth
- [10] Issuer's jurisdiction of incorporation, without article
Kentucky
- [11] Name of issuer's counsel
Frost Brown Todd LLC