

TERMS AND CONDITIONS OF THE ONLINE BANKING SERVICE

I. INTRODUCTION

This Agreement ("Agreement") governs the use of the Kentucky Bank Online Banking services ("Service" or "the Service") and is made and entered into by and between Kentucky Bank ("Bank") and each person (i) who signs Kentucky Bank's signature card for the Account, or (ii) who is referenced on Kentucky Bank's records as an owner of the Account ("Customer," also referred to as "you"). Each Customer is jointly and individually liable for all transactions initiated through the Service, including overdrafts, even if the Customer did not participate in the transaction that resulted in the transaction.

For terms and conditions of the Bill Pay Service, please refer to ["TERMS AND CONDITIONS OF THE BILL PAYMENT SERVICE."](#) For terms and conditions of Estatements, please refer to ["AGREEMENT AND CONSENT REGARDING RECEIPT OF ELECTRONIC COMMUNICATIONS."](#)

General Terms Applicable To All Users

The terms and conditions of any deposit Account, rules and regulations, schedule, signature card, credit agreement, including any disclosures made pursuant to such agreements, or authority executed by or made available to Customer and any subsequent amendments to any of the foregoing, are incorporated herein by reference. Credit agreements may include line of credit agreements you have with Kentucky Bank. However, if there is any conflict or inconsistency between the terms and conditions stated in the other agreements and those of this Agreement, the terms and conditions of this Agreement shall control to the extent of such conflict or inconsistency. The terms and conditions of this Agreement may be modified or amended by Kentucky Bank upon written notice sent to you or by posting to the web site. Your continued use of the Service after such notification of change shall be understood as your agreement to be bound by all such changes.

The Electronic Funds Transfer Act governs some of the transactions permitted under this Agreement and some terms and conditions included in the Agreement are required by this Act.

Electronic Consent To The Service

By accepting the electronic version of this Agreement, you agree that Kentucky Bank may make agreements with you concerning the Service through electronic means. All agreements entered into by electronic means will be deemed valid, authentic, and shall have the same legal effect as agreements entered into on paper. You will be deemed to have received any electronic messages sent to you if such messages are sent to the latest email address you have provided to Kentucky Bank.

You further agree that electronic copies of your Online account statement are valid as "originals" and you will not contest the validity of the electronic copies, absent proof of altered data or tampering. This consent to the use of electronic agreements and communications shall apply to all agreements and communications made in conjunction with this agreement and the Service.

By executing this Consent Form, and accepting the terms and conditions of this Agreement, you represent and warrant that you are authorized to do so on behalf of all Owners Of the Designated Accounts.

Account Requirements

To subscribe to the Online Banking Service, you must maintain at least one Account with Kentucky Bank which may include the following types of Accounts: checking account, savings account, money market account, certificate of deposit, Individual Retirement Account, and loan or line of credit ("Accounts"). The Service will allow you to access more than one Account, to view Account balance and transaction information, transfer funds among designated Accounts, and pay bills from designated Accounts (not savings Accounts).

Kentucky Bank reserves the right to refuse to open an Account or to deny Customer the ability to access the Service, to limit access or transactions or to revoke a Customer's access to Service without advance notice to Customer.

Service Access

The Service is accessed through a computer and network connection to electronically connect with banking information and services that allow you to view Account balance and transaction information, transfer funds among designated Accounts, pay bills from designated Accounts, view statements and select statement delivery method.

You understand that the Bank has implemented a security procedure for the purpose of verifying the authenticity of the payment instructions transmitted to Bank by you ("instructions"), and not for the purpose of detecting errors in such instructions. Such security procedure includes (i) a unique user identification number and password, (ii) encryption (iii) security questions and (iv) registration of your computer address. You agree that this procedure constitutes a commercially reasonable method of providing security against unauthorized instructions. You agree to be bound by any instruction issued by you and received and verified by Bank in accordance with such security procedure, and you shall indemnify and hold Bank harmless from and against any loss suffered or liability incurred by, or arising from, the execution of instructions in good faith and in compliance with such security procedure.

II. ONLINE SECURITY GUARANTEE

Kentucky Bank is committed to providing online clients with a secure and dependable environment for accessing account information. In the unlikely event that unauthorized access to your deposit account is established through Kentucky Bank Online Banking, you are covered for 100% of the funds removed, including loss of interest, insufficient funds and overdraft charges. Read Your Responsibilities below for more information about preventing unauthorized access to your accounts.

Keeping Your Account Information Safe

Kentucky Bank employs advanced encryption technology to protect client information, including Secure Sockets Layering (SSL), preventing unauthorized users from accessing data during sign on or usage of Kentucky Bank Online Banking. [Click here to see how we help protect you online.](#)

Protecting Your Privacy

Keeping your financial information secure and confidential is one of Kentucky Bank's most important responsibilities. For more information about how we protect your privacy, please see our ["PRIVACY POLICY."](#)

Your Responsibilities

Your use of Kentucky Bank's Online Banking confirms your agreement to and understanding of the terms and conditions contained herein. You are responsible for keeping your online password, account numbers, personal identification data, and other account information confidential. Kentucky Bank requires you to:

- Review your account statement regularly and report any unauthorized or suspicious activity promptly to Kentucky Bank within 60 calendar days of the transaction first appearing on your statement.
- You should not leave your computer unattended while using Kentucky Bank Online Banking. Once your banking is completed, sign off and close your browser before leaving your computer.
- Never share your Online Banking User ID or Password, or other personal account information (including your account number & ATM PIN). Sharing this information constitutes a misuse and therefore, all transactions initiated by those with whom you shared information will be considered as authorized by you, regardless of whether you intended those transactions to be made.

Contact Us

If you notice any unauthorized activity in your account or believe your personal account information has been compromised, please contact Kentucky Bank immediately at 1-800-467-1939.

III. BILL PAY SERVICE

PLEASE REFER TO ["TERMS AND CONDITIONS OF THE BILL PAYMENT SERVICE"](#)

IV. ELECTRONIC FUNDS TRANSFER

Daily Processing Deadlines

Account information displayed through Online Banking is the current information at the time the transaction takes place. Payments, Advances and Funds Transfers between Account(s) initiated on your computer using Online Banking, and received by Kentucky Bank or its agent(s) by 5:45 p.m. EST Monday - Friday will be effective on the current business day. Payments, Advances and Funds Transfers processed on your computer using Online Banking, and received after 5:45 p.m. EST Monday - Friday or all day Saturday, Sunday, and Banking holidays will be effective the following business day.

Transfers are limited to the balance in the account. If your payment or transfer exceeds the balance in the account, it will not be processed.

Payment, Advance or Funds Transfer Authorization and Remittance

The Bank shall incur no liability and any Service Guarantee shall be void if the Bank is unable to complete any payment, advance or funds transfers initiated by you because of the existence of any one or more of the following circumstances:

1. If, through no fault of the Bank, your Payment Account does not contain sufficient funds to complete the transaction or the transaction would exceed the credit limit of your overdraft account;
2. The payment, advance or funds transfer function is not working properly and you know or have been advised by the Bank about the malfunction before you execute the transaction;
3. Circumstances beyond control of the Bank (such as, but not limited to, fire, flood, or interference from an outside force) prevent the proper execution of the transaction and the Bank has taken reasonable precautions to avoid those circumstances.

Provided none of the foregoing exceptions are applicable, if the Bank causes an incorrect amount of funds to be removed from your Payment Account or causes funds from your Payment Account to be directed to a Payment Account which does

not comply with your Payment Instructions, the Bank shall be responsible for returning the improperly transferred funds to your Payment Account, and for directing the proper funds to the correct Payment Account.

Funds Transfer Cancellation Requests

You may cancel or edit any scheduled funds transfer (including recurring funds transfers) by following the directions within the application. There is no charge for canceling a scheduled funds transfer. Once Kentucky Bank has begun processing a funds transfer it cannot be cancelled or edited.

Withdrawal Transaction Limitations

The restrictions on the number of withdrawals from your savings and money market Accounts apply to payments and funds transfers between Accounts and bills paid from these Accounts initiated through Service.

The following section is applicable to consumer account holders:

Your Liability for Unauthorized Transfers

If you tell us within two (2) Business Days after you discover your password or other means to access your Account has been lost or stolen, your liability is no more than \$50.00 should someone access your Account without your permission. If you do not tell us within two (2) Business Days after you learn of such loss or theft, and we can prove that we could have prevented the unauthorized use of your password or other means to access your Account if you had told us, you could be liable for as much as \$500.00. If your monthly statement contains transfers that you did not authorize, you must tell us at once. If you do not tell us within sixty (60) days after the statement was sent to you, you may lose any amount transferred without your authorization after the sixty (60) days if we can prove that we could have stopped someone from taking the money had you told us in time. If a good reason (such as a long trip or a hospital stay) prevented you from telling us, we may extend the period.

V. ONLINE STATEMENT (ESTATEMENTS)

FOR TERMS AND CONDITIONS OF THE ESTATEMENT SERVICE, PLEASE REFER TO ["AGREEMENT AND CONSENT REGARDING RECEIPT OF ELECTRONIC COMMUNICATIONS"](#)

VI. DOWNLOAD SERVICES

Download Services enables you to download specific information from Online Banking into Quicken®, QuickBooks®, Microsoft® Money, and other software applications. It is your responsibility to obtain a valid and separate license agreement with the Provider of the software application.

You understand and agree that:

1. The information you download is for tracking purposes only and should not be considered an official record. Statements generated by Kentucky Bank are the sole official record of account transactions, positions, and balances.
2. The account information will not reflect Banking or financial activities and transactions that have not yet been completed and will only reflect the account information at the time that you download the information.
3. It is your responsibility to update your downloaded account information to your software application.
4. Kentucky Bank is not liable for any loss, damages or expenses of any kind as a result of your reliance upon the downloaded information in your software application.

Transmission and Storage

You agree and understand that:

1. You assume all risk for the possibility that any account information you download and store in your software application may be accessed by unauthorized third parties;
2. If you send the information in a manner that is not secure, or if you take the account information out of Kentucky Bank's secure computers by downloading it, Kentucky Bank is no longer responsible for the security and confidentiality of that information, and the responsibility becomes solely yours (or may be shared with others, such as your software application provider); and
3. Kentucky Bank is not responsible for the security and confidentiality of the account information if you: (i) use wireless connections to download your account information, in which case you acknowledge such connection may permit other persons to access the information being downloaded; or (ii) allow other persons access to your software application.

You agree that any account information that you download is processed at your own risk and you are solely responsible for any damage that might occur to the computer (or other electronic device) to which you download any information, or any loss or corruption of data that might occur as a result of the downloading or its storage in a computer or other electronic device.

Additional Limitations of Liability

You agree that Kentucky Bank will not be liable to you for:

1. your inability to use the download service;
2. the accuracy, timeliness, loss, or corruption of account information;
3. unauthorized access to your account information and any misuse, or alteration, of your account information or data, to the extent the unauthorized access results from your acts or omissions;
4. your inability to access your account information (including but not limited to, failure of electronic or mechanical equipment, interconnect problems with telephone providers or Internet service providers ("ISPs"), acts of God, strikes, or other labor problems).

VII. PRIVACY AND SECURITY

Password and Security Procedures

Upon becoming a Service Customer, you will select a password, which will allow you access to your Account information. Use of the password will indicate to Kentucky Bank your acceptance of the terms and conditions governing your Account(s) and this Agreement and if applicable, the Bill Pay Service terms and conditions. Any Service transactions, including, but not limited to accessing Account information, making transfers, giving transfer-related instructions, utilizing the electronic bill payment service, or accessing electronic account statements initiated by person(s) on behalf of a commercial Customer by entering the correct password is deemed as acting with full authority of the Board of Directors, members or general partners, as applicable, of the commercial Customer. Each time you access Account information you will be required to enter your password. If your password is lost or stolen, or is known by another individual, you must notify Kentucky Bank immediately. Failure to notify Kentucky Bank promptly could result in loss of funds. You are responsible for maintaining the confidentiality of your password and any breach of confidentiality shall promptly be reported to Kentucky Bank. You may contact Kentucky Bank at 1-800-467-1939 to report such security breach. Kentucky Bank reserves the right to prevent your access to Service should we have reason to believe the confidentiality of your password has been compromised.

You understand that Kentucky Bank has implemented a security procedure for the purpose of verifying the authenticity of the payment instructions transmitted to Kentucky Bank by you ("instructions"), and not for the purpose of detecting errors in such instructions. Such security procedure includes (i) a unique user identification and password, (ii) encryption (iii) security questions (iv) registration of your computer address and (v) picture with your unique label. You agree that this procedure constitutes a commercially reasonable method of providing security against unauthorized instructions. You agree to be bound by any instruction issued by you and received and verified by Kentucky Bank in accordance with such security procedure, and you shall indemnify and hold Kentucky Bank harmless from and against any loss suffered or liability incurred by, or arising from, the execution of instructions in good faith and in compliance with such security procedure.

Your browser is an important part of the overall security measures designed to protect your Internet banking transactions. Please click on the following link to make sure you are using supported browser/system requirements.

Consumer banking list = <http://www.hostbyweb.net/securebrowser/>

Business banking list = <http://www.hostbyweb.net/securebrowser/ecorp/>

In an effort to provide the highest degree of confidentiality and security, Kentucky Bank recommends the use of browsers that provide encryption using a 128-bit key. The higher the level of encryption, the harder it is for unauthorized people to read information. Current versions of browsers all support 128-bit encryption; however, some older browsers may not be 128-bit encryption versions. Updates are available for download from their respective websites. Kentucky Bank recommends that Customers protect their valuable financial information by using the most secure encryption possible.

Computer Equipment and Software

You are solely responsible for the maintenance, installations and operation of your computer and for the software used in accessing the Service. Kentucky Bank shall not be responsible for any errors, deletions, or failures that occur as a result of any malfunction of your computer or software, nor will Kentucky Bank be responsible for any computer virus that affects your computer or the software while using the Service.

By accessing the Service through the World Wide Web (www), you agree that Kentucky Bank shall not be liable for any indirect, incidental, or consequential costs, expenses or damages (including lost savings or profit, lost data, business interruption or attorney's fees). Additionally, you must have an Internet Service Provider (isp), an email address, and a browser to utilize Service through the Internet.

Address or Banking Changes

It is your sole responsibility to ensure that the contact information we have on record is current and accurate. This includes, but is not limited to, name, address, phone numbers and email addresses. Changes can be made either by contacting Customer Service at 1-800-467-1939 or by visiting your local branch location. Your email address can be changed by logging in to the service and initiating the change. All changes made are effective immediately for scheduled and future payments paid from the updated Payment Account information. The Bank is not responsible for any payment processing errors or fees incurred if you do not provide accurate Payment Account or contact information.

Email Address

You agree to provide us with a current email address to receive email notifications and disclosures from Kentucky Bank. You must immediately notify Kentucky Bank of any changes or updates to your email address or if it becomes inoperative or inactive. You agree to immediately identify another email address to be used for the Service. You also agree that Kentucky Bank is under no obligation to re-transmit any notifications to you that were returned "undeliverable" or otherwise rejected for delivery. Email will be the only notice you will receive advising you that electronic records have been posted to your account.

VIII. OTHER GENERAL INFORMATION

Inactivity

If you do not sign on or have outstanding scheduled bill payments or transfers through Online Banking for 180 days or more, we may cancel your Service without further notice.

The following section is applicable to consumer account holders:

Errors and Questions

In case of errors or questions about your transactions, you should as soon as possible notify Kentucky Bank via one of the following:

1. Telephone us at 1-800-467-1939 during regular Customer Service hours
2. Contact us by visiting your local branch location
3. Write us at: Kentucky Bank, P O Box 157, Paris, KY 40361

If you think your statement is incorrect or you need more information about a Service transaction listed on the statement, you must notify Kentucky Bank no later than sixty (60) days after the FIRST statement was sent to you on which the problem or error appears. You must:

1. Provide your name and Kentucky Bank account number;
2. Describe the error or the transaction in question, and explain as clearly as possible why you believe it is an error or why you need more information; and,
3. Note the dollar amount of the suspected error.

If you choose to initiate verbal contact, Kentucky Bank may require that you send your complaint in writing within ten (10) Business Days after your verbal notification. Kentucky Bank will reveal the investigation results within ten (10) Business Days after your written contact, and will correct any error promptly. However, if Kentucky Bank requires more time to confirm the nature of your complaint or question, we reserve the right to take up to forty-five (45) days to complete our investigation. In this event, your Payment Account will be provisionally credited within ten (10) Business Days for the contested amount. If Kentucky Bank requests a written submission of your complaint or question and does not receive it within ten (10) Business Days, your Payment Account may not be provisionally credited. If it is determined there was no error Kentucky Bank will mail you a written explanation within three (3) Business Days after completion of our investigation. You may ask for copies of documents used in our investigation. Kentucky Bank may revoke any provisional credit provided to you if it is discovered that an error did not occur.

Service Termination, Cancellation or Suspension

In the event you wish to cancel the Bill Pay Service, you may have the ability to do so through the Service, or you may contact Customer Service by one of three means:

1. Telephone Kentucky Bank at 1-800-467-1939 during regular Customer Service hours
2. Contact us by visiting your local branch location
3. Write us at: Kentucky Bank, P O Box 157, Paris, KY 40361

Any payment(s) the Bank has already processed before the requested cancellation date will be completed by the Bank. Scheduled Payments including recurring payments will not be processed once the Bill Pay Service is cancelled. The Bank may terminate or suspend Bill Pay Service to you at any time and for any reason, including but limited to non-use of the Bill Pay Service. Neither termination nor suspension shall affect your liability or obligations under this Agreement.

Hours of Operation

Business Days

Business days are Monday through Friday. Saturday, Sunday and legal holidays are not business days.

Business Hours

Online Banking is available seven (7) days a week, 24 hours a day, with the exception of system maintenance and

upgrades. Transactions initiated on a business day after 5:45 p.m., will be processed the next business day. Transactions initiated on Saturday, Sunday or legal holidays will be processed the next business day.

Customer Service Hours

Online Banking Customer Service representatives are available to assist you from 8:00 a.m. to 6:00 p.m. ET five (5) days a week and from 8:00 a.m. to 12:00 p.m. on Saturday.

IX. DISPUTE RESOLUTION AND LIMITATIONS OF LIABILITIES

In the event of a dispute regarding the Service, you and the Bank agree to resolve the dispute by looking to this Agreement. You agree that this Agreement is the complete and exclusive statement of the agreement between you and the Bank which supersedes any proposal or prior agreement, oral or written, and any other communications between you and the Bank relating to the subject matter of this Agreement. If there is a conflict between what an employee of the Bank or Customer Service Department says and the terms of this Agreement, the terms of this Agreement will prevail.

X. GENERAL PROVISIONS

Severability

If any provision of the Agreement is found to be invalid or unenforceable under applicable law, said provision shall be ineffective to the extent of such invalidity only, without affecting the remaining provisions of this Agreement.

Arbitration

For any claim (excluding claims for injunctive or other equitable relief) where the total amount of the award sought is less than \$10,000.00 USD, the party requesting relief may elect to resolve the dispute in a cost effective manner through binding non-appearance-based arbitration. If a party elects arbitration, that party will initiate such arbitration through Judicial Arbitration and Mediation Services ("JAMS"), the American Arbitration Association ("AAA"), or an established alternative dispute resolution (ADR) administrator mutually agreed upon by the parties. The parties agree that the following rules shall apply: (a) the arbitration may be conducted telephonically, online and/or be solely based on written submissions, at the election of the party initiating the arbitration; (b) the arbitration shall not involve any personal appearance by the parties or witnesses unless otherwise mutually agreed by the parties; (c) discovery shall not be permitted; (d) the matter shall be submitted for decision within ninety (90) days of initiation of arbitration, unless otherwise agreed by the parties, and the arbitrator must render a decision within thirty (30) days of submission; and (e) any award in such arbitration shall be final and binding upon the parties and the judgment there may be entered in any court of competent jurisdiction. The parties acknowledge that remedies available under federal, state and local laws remain available through arbitration.

Jury Trial Waiver

YOU AND KENTUCKY BANK EACH HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON OR ARISING OUT OF THIS AGREEMENT OR RELATING TO THE ACCOUNT AS PERMITTED UNDER APPLICABLE LAW.

Waiver/No Waiver

We may waive any term or provision of this Agreement at any time or from time to time, but any such waiver shall not constitute a waiver of the term or provision in the future.

The Bank shall not be deemed to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any rights or remedies shall operate as a waiver of such rights or remedies or any other rights or remedies. A waiver on any one occasion shall not be construed as a waiver of any rights or remedies on future occasions.

Assignment

You may not assign this Agreement to any other party. Kentucky Bank may assign this Agreement to any future, directly or indirectly, affiliated company. Kentucky Bank may also assign or delegate certain of its rights and responsibilities under this Agreement to independent contractors or other third parties.

Captions

The captions of sections hereof are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

Governing law

This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky, without regard to its conflicts of laws provisions and will be subject to the provisions of all applicable provisions of Federal law. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement embodies the entire understanding and agreement between you and Kentucky Bank with respect to the Service, and supersedes any prior understandings and agreements relating thereto.

This Agreement Amends and is in Addition to All Other Agreements

These Terms of Use constitute an agreement by you to use the Service as described herein and may be modified or

amended by us upon written notice sent to you or by posting to the Web Site and sending you a Notice or similar written notice. Your continued use of the Service after such notification of change shall be understood as your agreement to be bound by all such changes. This Agreement is in addition to and part of the terms and conditions of the other agreement(s) governing your use of the Kentucky Bank Web Site, Online Services, and your accounts and relationship with Kentucky Bank.

THE FOREGOING SHALL CONSTITUTE THE BANK'S ENTIRE LIABILITY AND YOUR EXCLUSIVE REMEDY. IN NO EVENT SHALL THE BANK BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING LOST PROFITS (EVEN IF ADVISED OF THE POSSIBILITY THEREOF) ARISING IN ANY WAY OUT OF THE INSTALLATION, USE, OR MAINTENANCE OF THE EQUIPMENT, SOFTWARE, AND/OR THE BANK.