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January 27, 2017

Dr. Harry J. Dempsey
Chairman of the Board
HopFed Bancorp, Inc.
4155 Lafayette Road
Hopkinsville, Kentucky 42240

Dear Dr. Dempsey:

Thank you for your letter dated January 25th and signed by your fellow board members. It's good to know that you're all paying attention. I'll address the items from your letter in the order you raised them.

First, you seem to be misinformed regarding Megan Parisi's exchanges with John Peck. To elaborate on Megan's refusal to meet without first hearing Mr. Peck's proposal(s): we've been offered 'greenmail' by Mr. Peck twice—which is once more than we're used to—and we found that distasteful, nay, offensive. Megan was trying to avoid another meeting where Mr. Peck offered us 'greenmail' again, and given our experience with Mr. Peck, I believe she made a fair demand before meeting.

Second, any fool can grow a bank substantially in ***asset*** size over 16 years. The fact that you equate asset size to "enhancing long-term shareholder value"—as opposed to *per share book value* or *per share earnings* or *return on equity* or *return on assets* is perhaps why you don't understand what a truly poor job Mr. Peck has been doing.

Third, it's pretty lame to still be blaming the financial crisis for "challenges."

Fourth, we often receive mail from local shareholders when we find ourselves in contentious circumstances. (Incidentally, we've invested in many hundreds of community banks where these sorts of problems never arise.) To quote one letter—written by someone from mid-level management at Heritage Bank: "[John Peck] is a small-town boy from Possum Trot, Kentucky (you can't make this stuff up) whose good looks, moderate intelligence and abundant charm have positioned him at a level where the Peter Principle is affirmed on a daily basis. For him to be CEO of a company of this size, one that is publicly traded, is an atrocity. So your remarks about his being a 'liar and incompetent' are right on target."

To quote from another employee, “Just wanted to let you know that I’m an employee of Heritage Bank and we are on your side on the John Peck letters. We are tired of the constant draining he does to this bank. Peck isn’t the only problem in this company.” Perhaps you directors should communicate with the Bank’s employees on a more regular basis.

Finally, having sat on Compensation Committees at other public companies, I know how prone compensation consultants are to exaggeration. Nevertheless, the one you employ is a real belly-buster. To even begin to compare HopFed to the banks in ‘your peer group’ led some in our office to cry from outrage and others to cry from laughing so hard.

I believe it’s more likely than not that you and your fellow directors are decent men. Pay some attention to what’s going on at your Bank, and you will revise your opinion of management. I’ve seen how hundreds of banks are managed. I know what good management looks like, and I know what bad management looks like. Yours looks like bad management.

Sincerely yours,

/s/ Joseph Stilwell

Joseph Stilwell

Cc: Steve Hunt

Ted Kinsey

Thomas I. Miller

Richard Perkins

Clay Smith

Joseph M. Solomon