



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

The Bank of Kentucky Financial Corporation

Person to be contacted regarding this report:	Martin Gerrety
UST Sequence Number:	0362
CPP Funds Received:	34,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 13, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2291624
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	33022
City:	Crestview Hills
State:	Kentucky

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Total loans increased \$128 million in 2009 or 13%. While the CPP funds have not been segregated, and this increased lending is not directly traceable in a dollar-for-dollar manner to the CPP, the CPP investment has strengthened the Company's balance sheet and capital position.
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The Company increased its investment in U.S Government mortgage-backed securities by \$39 million dollars, or 90%. With these investments, the Company provided incremental liquidity to the residential mortgage markets and at the same time obtained products that generate cash flow.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input checked="" type="checkbox"/>	Reduce borrowings	The Company used \$4 million of the proceeds to extinguish short term debt in the holding company.
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	The Company purchased three banking offices, approximately \$76 million in deposits and \$107 million in loans from Integra Bank. The company also purchased a asset management company in 2009.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The CPP capital allowed the Company to purchase the Integra branches and the asset management company, as described above.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.