

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): February 12, 2009

(Commission File Number) 001-34214

THE BANK OF KENTUCKY FINANCIAL CORPORATION
(Exact name of Registrant as specified in its charter)

Kentucky
(State of incorporation)

61-1256535
(I.R.S. Employer Identification Number)

**111 Lookout Farm Drive
Crestview Hills, Kentucky 41017**
(Address of Registrant's principal executive office)

(859) 371-2340
(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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Item 1.01. Entry into a Material Definitive Agreement.**Item 3.02. Unregistered Sales of Equity Securities.****Item 3.03. Material Modification of the Rights of Security Holders.****Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 13, 2009, as part of the Capital Purchase Program established by the U.S. Department of the Treasury (“Treasury”) under the Emergency Economic Stabilization Act of 2008 (the “EESA”), The Bank of Kentucky Financial Corporation (the “Company”) entered into a Letter Agreement (including the Securities Purchase Agreement—Standard Terms incorporated by reference therein, the “Purchase Agreement”) with Treasury dated February 13, 2009. Pursuant to the Purchase Agreement, the Company issued and sold to Treasury (i) 34,000 shares of the Company’s Fixed Rate Cumulative Perpetual Preferred Stock, Series A, having a liquidation preference of \$1,000 per share (the “Series A Preferred Stock”), and (ii) a warrant (“Warrant”) to purchase up to 274,784 shares of Company common stock, without par value (“Common Stock”), at an initial exercise price of \$18.56 per share, subject to certain anti-dilution and other adjustments, for an aggregate purchase price of \$34 million.

Cumulative dividends on the Series A Preferred Stock will accrue on the liquidation preference at a rate of 5% per annum for the first five years, and at a rate of 9% per annum thereafter, but will be paid only if, as, and when declared by the Company’s Board of Directors. The Series A Preferred Stock has no maturity date and ranks senior to the Common Stock (and pari passu with the Company’s other authorized series of preferred stock) with respect to the payment of dividends and distributions and amounts payable upon liquidation, dissolution and winding up of the Company. The Series A Preferred Stock generally is non-voting.

The Company may redeem the Series A Preferred Stock at par after February 13, 2012. Prior to this date, the Company may redeem the Series A Preferred Stock at par if (i) the Company has raised aggregate gross proceeds in one or more Qualified Equity Offerings (as defined in the Purchase Agreement and set forth below) in excess of \$8.5 million, and (ii) the aggregate redemption price does not exceed the aggregate net proceeds from such Qualified Equity Offerings. Any redemption is subject to the consent of the Board of Governors of the Federal Reserve System.

The Purchase Agreement defines a “Qualified Equity Offering” to mean the sale and issuance for cash by the Company, to persons other than the Company or any Company subsidiary after the closing, of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Company at the time of issuance under the applicable risk-based capital guidelines of the Company’s federal banking agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).

Prior to February 13, 2012, unless the Company has redeemed the Series A Preferred Stock or the Treasury Department has transferred the Series A Preferred Stock to a third party, the consent of the Treasury Department will be required to (1) declare or pay any dividend or make any distribution on our common stock (other than regular semi-annual cash dividends of not more than \$0.28 per share of Common Stock) or (2) redeem, purchase or acquire any shares of the Company’s Common Stock or other equity or capital securities, other than in connection with

benefit plans consistent with past practice and certain other circumstances specified in the Purchase Agreement.

The Series A Preferred Stock and the Warrant were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. Neither the Series A Preferred Stock nor the Warrant are subject to any contractual restrictions on transfer, except that Treasury may only transfer or exercise an aggregate of one-half of the Warrant Shares prior to the earlier of (i) the third anniversary date of the issuance of the Series A Preferred Stock or (ii) the date on which the Series A Preferred Stock has been redeemed in whole or Treasury has transferred all of the Series A Preferred Stock to third parties.

The Warrant is immediately exercisable. In the event the Company completes one or more Qualified Equity Offerings on or prior to December 31, 2009 that result in the Company receiving aggregate gross proceeds of not less than \$34 million, the number of the shares of Common Stock underlying the portion of the Warrant then held by Treasury will be reduced by one-half of the shares of Common Stock originally covered by the Warrant.

In the Purchase Agreement, the Company agreed that, until such time as Treasury ceases to own any debt or equity securities of the Company acquired pursuant to the Purchase Agreement, the Company will take all necessary action to ensure that its benefit plans with respect to its senior executive officers comply with Section 111(b) of EESA as implemented by any guidance or regulation under the EESA that has been issued and is in effect as of the date of issuance of the Series A Preferred Stock and the Warrant, and has agreed to not adopt any benefit plans with respect to, or which covers, its senior executive officers that do not comply with the EESA. Additionally, each of Messrs. Robert W. Zapp and Martin J. Gerrety, in addition to certain other executive officers (the "Senior Executive Officers"), (i) executed a waiver (the "Waiver") voluntarily waiving any claim against Treasury or the Company for any changes to such Senior Executive Officer's compensation or benefits that are required to comply with the regulation issued by Treasury under the Capital Purchase Program and acknowledging that the regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements and policies and agreements (including so-called "golden parachute" agreements) (collectively, "Benefit Plans") as they relate to the period Treasury holds any equity or debt securities of the Company acquired through the Capital Purchase Program; and (ii) entered into a letter agreement (the "Letter Agreement") with the Company amending the Benefit Plans with respect to such Senior Executive Officer as may be necessary, during the period that Treasury owns any debt or equity securities of the Company acquired pursuant to the Purchase Agreement or the Warrant, to comply with Section 111(b) of the EESA.

Copies of the Purchase Agreement, the Warrant, the Sixth Amendment to the Company's Articles of Incorporation with respect to the Series A Preferred Stock, the form of Waiver executed by the Senior Executive Officers, and the form of Letter Agreement are included as exhibits to this Report on Form 8-K and are incorporated by reference into these Items 1.01, 3.02, 3.03 and 5.02. The foregoing summary of certain provisions of these documents is qualified in its entirety by reference thereto.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 12, 2009, the Company filed with the Kentucky Secretary of State its sixth amendment to the Company's Articles of Incorporation (the "Amendment"). The Amendment established a series of preferred stock as Fixed Rate Cumulative Perpetual Preferred Stock, Series A, without par value and having a liquidation preference of \$1,000 per share (the "Series A Preferred Stock"), authorized 34,000 shares of Series A Preferred Stock, and set forth the powers, designations, and certain other preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions of the Series A Preferred Stock. The Amendment was effective immediately upon filing. A copy of the Amendment is included as an exhibit to this Report on Form 8-K and is incorporated by reference into this Item 5.03.

Item 9.01. Financial statements and exhibits.

(d) Exhibits.

The following exhibits are filed herewith:

- 3.1 Sixth Amendment to the Company's Articles of Incorporation establishing the terms of the Series A Preferred Stock, filed with the Kentucky Secretary of State on February 12, 2009.
- 4.1 Warrant to Purchase up to 274,784 shares of Common Stock.
- 4.2 Form of Series A Preferred Stock Certificate.
- 10.1 Letter Agreement, dated February 13, 2009, including Securities Purchase Agreement—Standard Terms incorporated by reference therein, between the Company and the United States Department of the Treasury.
- 10.2 Form of Waiver, executed by each of the Senior Executive Officers.
- 10.3 Form of Letter Agreement, executed by each of the Senior Executive Officers.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

THE BANK OF KENTUCKY FINANCIAL
CORPORATION

By: /s/ Martin J. Gerrety

Name: Martin J. Gerrety

Title: Treasurer and Assistant Secretary

Date: February 19, 2009