



Commonwealth of Kentucky Public Protection Cabinet

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Kentucky Financial Institutions Remain Strong

Report Summarizes Status of State-Chartered Banks, Credit Unions, Lenders, Securities

FRANKFORT, Ky. (JULY 13, 2016) – Today the Department of Financial Institutions (DFI) released the 2015 Annual Report. The report summarizes the status of state-chartered banks, credit unions, lenders and investment firms in Kentucky.

“Financial service companies continue to successfully address the challenges facing the industry – such as information technology changes, cybersecurity threats, increased federal regulations and modest economic growth,” said DFI Commissioner Charles Vice. “This report confirms that DFI provides strong consumer protections for residents using financial services, while at the same time providing a sensible regulatory environment for financial service providers.”

DFI supervises 137 state-chartered banks with assets from \$22 million to \$4.2 billion and 25 state-chartered credit unions with assets from \$666,000 to \$1.03 billion. Kentucky state-chartered banks and credit unions continue to maintain strong capital levels compared to contiguous states and the national average for state-charted institutions. While the low interest rate environment has compressed the net interest margin, depository institutions have been able to maintain earnings through improved asset quality and more efficient operations. One concerning trend is consolidation in the banking industry, as state-chartered banks declined by 10 in 2015.

The Nondepository Division oversees a very broad service market, and is responsible for 2,150 licensed entities and 6,878 registered mortgage loan originators and processors. During 2015, the division conducted 1,133 regulatory examinations, and new mortgage examination procedures were implemented to make the examination process more efficient.

The Securities Division provides sound regulatory oversight of investment activities and encourages capital formation for future economic growth. In 2015, the Securities Division conducted 119 examinations and 38 investigations, which resulted in 12 administrative orders and more than \$8 million in investor restitution. In addition to working closely with law enforcement agencies to address regulatory concerns, DFI also provides investor education to help Kentucky residents save, spend and invest wisely.

The successes and achievements of DFI during 2015 indicate appropriate use of the multiple regulatory tools available to the department, such as licensing, registration, examination and enforcement actions.

“The DFI places a high priority on consumer protections, as evidenced by the use of appropriate enforcement actions when noncompliance was noted, restitution to consumers that were harmed, and financial education and outreach,” said Vice. “However, that must be balanced by effective industry oversight that ensures compliance with existing statutes and regulations. The DFI attempts to promote a robust marketplace that has multiple service providers, which gives consumers options for financial services.”

The DFI annual report contains statistical and historical information regarding the financial services industry in Kentucky. For more information, or to view or download the entire report, visit <http://kfi.ky.gov/publications/Pages/annualreports.aspx>.

DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI’s mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

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